

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

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

For the fiscal year ended September 30, 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

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

At March 31, 2022, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the Registrant's common stock held by non-affiliates was approximately \$4.50 billion based on the closing price of such stock on the New York Stock Exchange on such date of \$42.78.

Number of shares of common stock outstanding at November 9, 2022: 105,394,298

Portions of the Registrant's 2023 Proxy Statement for the Annual Meeting of Stockholders to be held in calendar year 2023 are incorporated by reference into Part III of this Form 10-K. The 2023 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Form 10-K relates.



HELMERICH & PAYNE, INC. INDEX TO FORM 10-K

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Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K (“Form 10-K”) 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-K, including without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, contract terms, and financing and funding 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;
- contracting of our rigs and actions by current or potential customers;
- 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, upgrade or acquisition of rigs;
- the ongoing effect and impact of public health crises, such as the coronavirus (“COVID-19”) pandemic;
- 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;
- 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;
- 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);
- global economic conditions, such as a general slowdown in the global economy, supply chain disruptions, and inflationary pressures, and their impact on the Company;



- 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 this 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.

Risk Factors Summary

This summary briefly lists the principal risks and uncertainties facing our business, which are only a select portion of those risks. A more complete discussion of those risks and uncertainties is set forth in this Form 10-K under Item 1A—“Risk Factors.” Additional risks not presently known to us or that we currently deem immaterial may also affect us. If any of these risks occur, our business, financial condition or results of operations could be materially and adversely affected. Our business is subject to the following principal risks and uncertainties:

Business and Operating Risks

- the level of activity in the oil and natural gas industry;
- global economic conditions and volatility in oil and gas prices;
- the drilling services and solutions business is highly competitive;
- new technologies may cause our drilling methods and equipment to become less competitive;
- our drilling and technology-related operations are subject to a number of operational risks, and we are not fully insured against all of these risks;
- cybersecurity risks;
- risks associated with our acquisitions, dispositions and investments;
- the impact of technology disputes;
- the effect of unexpected events;
- our reliance on management and competition for experienced personnel;
- the effect of the loss of one or a number of our large customers;
- our current backlog of drilling services and solutions revenue may not be ultimately realized;
- risks associated with our contracts with national oil companies;
- fixed costs may not decline in proportion to decreases in rig utilization and dayrates;
- shortages of drilling equipment and supplies;
- unionization efforts and labor regulations in certain countries in which we operate;



- the impact and effects of public health crises, pandemics and epidemics, such as the COVID-19 pandemic;
- the effect of improvements in or new discoveries of alternative technologies;
- risks associated with doing business in certain foreign countries;

Financial Risks

- covenants in our debt agreements restrict our ability to engage in certain activities;
- we may be required to record impairment charges with respect to our drilling rigs and other assets;
- the impact of a downgrade in our credit ratings;
- our ability to access capital markets could be limited;
- credit, market and interest rate risks may negatively impact the value of our marketable securities;
- our inability to generate cash to service all of our indebtedness;
- the impact of the replacement of the London Interbank Offered Rate ("LIBOR") with an alternative rate on outstanding debt;

Legal and Regulatory Risks

- the impact of the regulation of greenhouse gases and climate change;
- the impact of new legislation and regulatory initiatives related to hydraulic fracturing or other aspects of the oil and gas industry;
- risks related to our statements and disclosures regarding our sustainability goals and initiatives;
- failure to comply with the U.S. Foreign Corrupt Practices Act or foreign anti-bribery legislation;
- complex and evolving laws and regulations regarding privacy and data protection;
- government policies, mandates and regulations specifically affecting the energy sector and related industries;
- the impact of legal claims and litigation;
- the effect of additional tax liabilities, limitations on our use of net operating losses and tax credits and/or our significant net deferred tax liability;
- failure to comply with or changes to governmental and environmental laws;

Risks Related to Our Common Stock and Corporate Structure

- we may reduce or suspend our dividend in the future;
- the market price of our common stock may be highly volatile;
- certain provisions of our corporate governing documents could make an acquisition of our company more difficult; and
- the effect of public and investor sentiment towards climate change, fossil fuels and other environmental, social and governance ("ESG") matters on our cost of capital and the price of our common stock.



PART I

ITEM 1. BUSINESS

Overview

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) was incorporated under the laws of the State of Delaware on February 3, 1940 and is successor to a business originally organized in 1920. We provide 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. We are an important partner for a number of oil and gas exploration and production companies, but we focus primarily on the drilling segment of the oil and gas production value chain. Our technology services focus on developing, promoting and commercializing technologies designed to improve the efficiency and accuracy of drilling operations, as well as wellbore quality and placement.

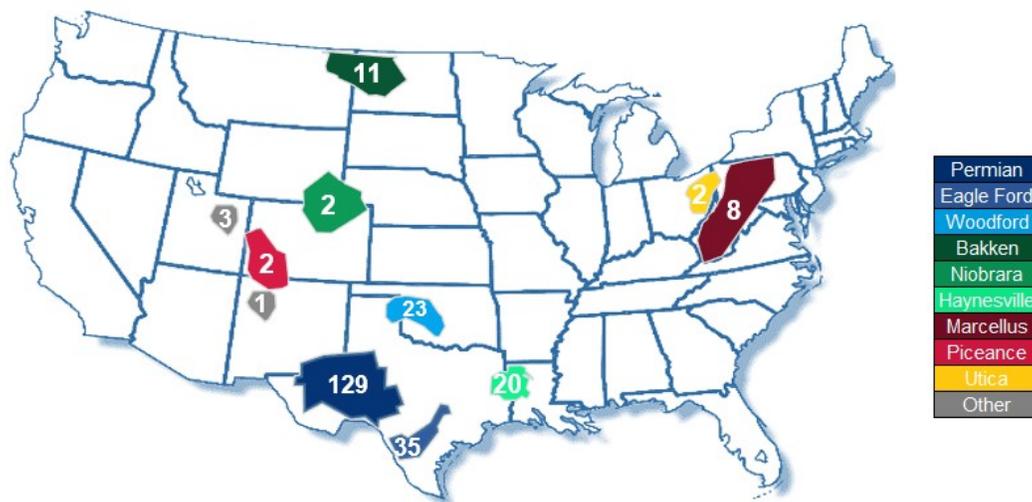
Our drilling services operations are organized into the following reportable operating business segments: North America Solutions, Offshore Gulf of Mexico and International Solutions. Our North America Solutions operations are primarily located in Texas, but traditionally also operate in other states, depending on demand. Such states include: Colorado, Louisiana, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Utah, West Virginia and Wyoming. Additionally, Offshore Gulf of Mexico operations are conducted in Louisiana and in U.S. federal waters in the Gulf of Mexico and our International Solutions operations have rigs and/or services primarily located in four international locations: Argentina, Bahrain, Colombia and United Arab Emirates.

We also own and operate a limited number of commercial real estate properties located in Tulsa, Oklahoma. Our real estate investments include a shopping center containing approximately 366,000 leasable square feet and approximately 176 acres of undeveloped real estate. Our research and development endeavors include both internal development and external acquisition of developing technologies. Our wholly-owned captive insurance companies (the "Captives") are primarily used to insure the deductibles for our workers' compensation, general liability, automobile liability, rig property and a medical stop-loss program. The Company and the Captives maintain excess property and casualty reinsurance programs with third-party insurers in an effort to limit the financial impact of significant events covered under these programs. Our real estate operations, our incubator program for new research and development projects, and our wholly-owned captive insurance companies are included in "Other."



Drilling Fleet

The following map shows the number of available rigs by basin in our North America Solutions reportable segment as of September 30, 2022:



The following table sets forth certain information concerning our North America Solutions drilling rigs as of September 30, 2022:



NORTH AMERICA SOLUTIONS FLEET

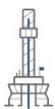
Location	Super-Spec FlexRig ^{®1}		Non Super-Spec FlexRig ^{®2}		Total Fleet	
	Total Available	Rigs Contracted	Total Available	Rigs Contracted	Total Available	Rigs Contracted
TX	132	96	3	—	135	96
NM	40	34	—	—	40	34
OK	21	13	1	—	22	13
LA	11	9	—	—	11	9
ND	11	10	—	—	11	10
PA	5	4	—	—	5	4
CO	1	1	2	2	3	3
WV	3	3	—	—	3	3
UT	3	3	—	—	3	3
OH	2	—	—	—	2	—
WY	1	1	—	—	1	1
Totals	230	174	6	2	236	176

(1) 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.

(2) AC drive, 1,500 horsepower drawworks, 500,000 or 750,000 lbs. hookload rating, 5,000 or 7,500 psi mud circulating system, may or may not have multiple-well pad capability.



The following table sets forth certain information concerning our Offshore Gulf of Mexico drilling rigs as of September 30, 2022:



OFFSHORE GULF OF MEXICO FLEET

Location	Shallow Water ¹		Deep Water ¹		Total Fleet	
	Total Available	Rigs Contracted	Total Available	Rigs Contracted	Total Available	Rigs Contracted
Louisiana ²	3	—	—	—	3	—
Gulf of Mexico	1	1	3	3	4	4
Totals	4	1	3	3	7	4

(1) Deep water rigs operate on floating facilities and shallow water rigs operate on fixed facilities.

(2) Rigs are idle, stacked on land and not in state waters.

The following table sets forth certain information concerning our International Solutions drilling rigs as of September 30, 2022:



INTERNATIONAL SOLUTIONS FLEET

Location	AC (FlexRig [®] 3) ¹		AC (FlexRig [®] 4) ²		Other AC		SCR ³		Total Fleet	
	Total Available	Rigs Contracted	Total Available	Rigs Contracted	Total Available	Rigs Contracted	Total Available	Rigs Contracted	Total Available	Rigs Contracted
Argentina	12	8	4	—	—	—	4	—	20	8
Colombia	2	—	—	—	1	1	2	2	5	3
Bahrain	—	—	3	1	—	—	—	—	3	1
Totals	14	8	7	1	1	1	6	2	28	12

(1) Other than four super-spec rigs in Argentina, the FlexRig[®] 3 is equipped with an AC drive, 1,500 horsepower drawworks, and a 750,000 lb. hookload rating. It can be equipped with an optional skid or walking system, third mud pump, and 7,500 psi high pressure mud system.

(2) The FlexRig[®] 4 model has a small footprint and is designed to be highly mobile. The rig is equipped with a 300,000 lb. mast, 400HP top drive and two mud pumps. Range 3 drill pipe is used without setback. The rig is capable of horizontal and vertical drilling, but is primarily used for vertical drilling.

(3) A silicon-controlled-rectifier ("SCR") system converts alternate current ("AC") produced by one or more AC generator sets into direct current ("DC"). Of the six SCR rigs, one is equipped with 2,100 horsepower drawworks and the remaining five are equipped with 3,000 horsepower drawworks to drill deep conventional wells.

Drilling Services and Solutions

General

We are the largest provider of super-spec AC drive land rigs in the Western Hemisphere. Operating principally in North and South America, we specialize in shale and unconventional resource plays, drilling challenging and complex wells in oil and gas producing basins in the United States and in international locations. In the United States, we have a diverse mix of customers consisting of large independent, major, mid-sized and small cap oil companies and private independent companies (including private equity-backed companies) that are primarily focused on unconventional shale basins. In South America and the Middle East, our customers primarily include major international and national oil companies.

We did not have any individual customers that represented 10% or more of our total consolidated revenues in fiscal years 2022, 2021, or 2020.



The following table presents operating statistics for the fiscal years 2022, 2021, and 2020:

	Year Ended September 30,								
	North America Solutions			Offshore Gulf of Mexico			International Solutions		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Revenue days ¹	59,672	39,199	49,003	1,460	1,552	1,922	3,036	1,815	4,605
Average active rigs ²	163	107	134	4	4	5	8	5	13
Number of active rigs at the end of period ³	176	127	69	4	4	5	12	6	5
Number of available rigs at the end of period	236	236	262	7	7	8	28	30	32

(1) Defined as the number of contractual days we recognized revenue during the period.

(2) Active rigs generate revenue for the Company; accordingly 'average active rigs' represents the average number of rigs generating revenue during the applicable period. This metric is calculated by dividing revenue days by total days in the applicable period (i.e. 365 days). This includes the impact of downsizing our fleet and/or rigs that have been reclassified to assets held-for-sale. See Note 4—Property, Plant and Equipment to our Consolidated Financial Statements.

(3) Defined as the number of rigs generating revenue at the applicable end date of the time period.

Our Segments

North America Solutions Segment

We believe we operate the largest and most technologically advanced AC drive drilling rig fleet in North America and have a presence in most of the U.S. shale and unconventional basins. We have the leading market share in at least three of the most active oil basins, which include the Permian Basin, Eagle Ford Shale, and Woodford Shale. Nearly all of our active rigs are capable of drilling horizontal or directional wells. As of September 30, 2022, we had approximately 22 percent of the total market share in U.S. land drilling and approximately 34 percent of the super-spec market share in U.S. land drilling. In the United States, we have the industry's largest super-spec fleet with 230 rigs, of which 174 were under contract at September 30, 2022. In total, 176 of our 236 marketed rigs were active under contract, 119 were under fixed-term contracts, and 57 were working well-to-well as of September 30, 2022.

Our drilling technology within this segment enables a solutions-based approach that provides performance-driven drilling services designed to help deliver greater levels of drilling efficiency, accuracy, consistency, optimization and a reduction of human error to create higher quality wellbores with lower overall risk. This technology is intended to address our customers' unique challenges based upon their goals and desired outcomes which will often vary from well to well, basin to basin.

Our North America Solutions segment contributed approximately 86.8 percent (\$1.8 billion) of our consolidated operating revenues during fiscal year 2022, compared to approximately 84.2 percent (\$1.0 billion) and 83.1 percent (\$1.5 billion) of our consolidated operating revenues during fiscal years 2021 and 2020, respectively. In North America, our customers are primarily from the major integrated oil companies, large independent oil companies, small cap oil companies and private independent companies (including private equity-backed companies). Revenue from drilling services performed for our largest North America Solutions drilling customer totaled approximately 7.9 percent (\$141.0 million) of the North America Solutions segment revenues during fiscal year 2022.

Offshore Gulf of Mexico Segment

Our Offshore Gulf of Mexico segment has been in operation since 1968 and currently consists of seven platform rigs in the Gulf of Mexico. We supply the rig equipment and crews and the operator, who owns the platform, will typically provide production equipment or other necessary facilities. Our offshore rig fleet operates on conventional fixed leg platforms and floating platforms attached to the sea floor with mooring lines, such as Spars and Tension Leg Platforms. Additionally, we provide management contract services to customer platforms where the customer owns the drilling rig.

As of September 30, 2022, four of the seven offshore rigs were under contract. Our Offshore Gulf of Mexico operations contributed approximately 6.1 percent (\$125.5 million) of our consolidated operating revenues during fiscal year 2022, compared to approximately 10.4 percent (\$126.4 million) and 8.1 percent (\$143.1 million) of our consolidated operating revenues during fiscal years 2021 and 2020, respectively. Revenues from drilling services performed for our largest offshore drilling customer totaled approximately 76.6 percent (\$96.1 million) of offshore revenues during fiscal year 2022.



International Solutions Segment

Our International Solutions segment primarily conducts operations in Argentina, Colombia, Bahrain and U.A.E. As of September 30, 2022, we had twelve land rigs contracted for work in locations outside of the United States. Our International Solutions operations contributed approximately 6.6 percent (\$136.1 million) of our consolidated operating revenues during fiscal year 2022, compared to approximately 4.8 percent (\$57.9 million) and 8.1 percent (\$144.2 million) of our consolidated operating revenues during fiscal years 2021 and 2020, respectively.

Argentina As of September 30, 2022, we had 20 available rigs in Argentina. Revenues generated by Argentine drilling operations contributed approximately 4.4 percent (\$91.4 million) of our consolidated operating revenues during fiscal year 2022 compared to approximately 2.3 percent (\$27.9 million) and 4.8 percent (\$84.4 million) of our consolidated operating revenues during fiscal years 2021 and 2020, respectively. Revenues from drilling services performed for our two largest customers in Argentina totaled approximately 3.5 percent of our consolidated operating revenues and approximately 53.3 percent of our international operating revenues during fiscal year 2022. The Argentine drilling contracts are primarily with large international or national oil companies.

Colombia As of September 30, 2022, we had five available rigs in Colombia. Revenues generated by Colombian drilling operations contributed approximately 1.1 percent (\$22.0 million) of our consolidated operating revenues in fiscal year 2022, compared to approximately 0.1 percent (\$1.7 million) and 0.4 percent (\$6.4 million) of our consolidated operating revenues during fiscal years 2021 and 2020, respectively. Revenues from drilling services performed for our two largest customers in Colombia totaled approximately 1.1 percent of our consolidated operating revenues and approximately 16.2 percent of our international operating revenues during fiscal year 2022. The Colombian drilling contracts are primarily with large international or national oil companies.

Bahrain As of September 30, 2022, we had three available rigs in Bahrain. Revenues generated by Bahrain drilling operations contributed approximately 0.8 percent (\$17.0 million) of our consolidated operating revenues in fiscal year 2022, compared to approximately 2.3 percent (\$27.4 million) and 1.6 percent (\$28.7 million) of our consolidated operating revenues during fiscal years 2021 and 2020, respectively. All of our revenues in Bahrain are from a partner of the local national oil company.

United Arab Emirates During the year ended September 30, 2022, our operations in U.A.E. consisted of services provided to ADNOC Drilling Company P.J.S.C. ("ADNOC Drilling"), primarily in the form of secondment labor, as part of the strategic alliance that was announced in September 2021. H&P's alliance with ADNOC Drilling includes several accretive projects, in addition to general consulting services, that leverage H&P's expertise and technologies to help deliver more competitive well completion times, greater drilling efficiencies, and improved well economics. Currently, H&P does not own any drilling rigs within U.A.E.

Other Operations

We own and operate a limited number of commercial real estate properties located in Tulsa, Oklahoma. Our real estate investments include a shopping center and undeveloped real estate.

On October 1, 2019, we elected to utilize the Captives to insure the deductibles for our workers' compensation, general liability and automobile liability insurance programs. Casualty claims occurring prior to October 1, 2019 will remain recorded within each of the operating segments and future adjustments to these claims will continue to be reflected within the operating segments. Reserves for legacy claims occurring prior to October 1, 2019, will remain as liabilities in our operating segments until they have been resolved. Changes in those reserves will be reflected in segment earnings as they occur. We will continue to utilize the Captives to finance the risk of loss to equipment and rig property assets. The Company and the Captives maintain excess property and casualty reinsurance programs with third-party insurers in an effort to limit the financial impact of significant events covered under these programs. Our operating subsidiaries are paying premiums to the Captives, typically on a monthly basis, for the estimated losses based on the external actuarial analysis. These premiums are currently held in a restricted cash account, resulting in a transfer of risk from our operating subsidiaries to the Captives. 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.

The Company's incubator program includes the activity related to new research and development projects.

Our real estate operations, our incubator program for new research and development projects, and our wholly-owned captive insurance companies are included in "Other" within our segment disclosures.



Rigs, Equipment, R&D, and Facilities

During the late 1990's, we undertook a strategic initiative to develop a new generation drilling rig that would be the safest, fastest-moving and highest performing rig in the land drilling market. Our first FlexRig® drilling rig entered the market in 1998. We continued to innovate and in 2002 introduced our first AC drive rigs, which incorporated new drilling technology and improved safety and environmental design. These rigs found immediate success by delivering higher value wells to the customer and marked the beginning of the AC land rig revolution.

We also changed our pricing and contracting strategy, and beginning in 2005, predominantly all new FlexRig® drilling rigs were built, supported by a firm contract, and generated attractive returns. To date, we have built over 200 FlexRig® rigs that align with this strategy. An important part of our strategy was to design a rig that could support continuous improvement through upgrade capability of the hardware and software on the rigs to take advantage of technology improvements and lengthening the industry rig replacement cycle. These upgrades included, but were not limited to, enhanced drilling control systems and software, skid and walking systems for drilling multiple well pads, 7,500 psi mud systems, set back capacity to accommodate the pipe that the longer laterals demanded, and additional mud system capacity.

In 2011, we introduced a FlexRig® design for long lateral drilling of multiple wells from a single location and for drilling horizontally in unconventional shale reservoirs. The new design preserved the key performance features of earlier designs but added a bi-directional skidding system and equipment capacities suitable for drilling long lateral wells.

In 2016, we saw the further progression of longer lateral wells, which brought additional technical challenges. At that time, we began delivering rigs to the market that were equipped and capable of drilling these longer lateral wells. The industry would later refer to these rigs as super-spec rigs, which have the following specific characteristics: AC drive, minimum 1,500 horsepower drawworks, minimum of 750,000 lbs. hookload rating, 7,500 psi mud circulating system, and multiple-well pad capability. Additionally, our competency in design and construction as well as our financial strength enabled us to efficiently upgrade our other existing rigs to super-spec, resulting in what we believe to be the largest fleet of super-spec rigs in the world. As a result of these investments, today the vast majority of our current domestic fleet is comprised of super spec rigs. As of September 30, 2022, we had a total of 234 super-spec rigs.

In 2017, we introduced our first walking rig by reconfiguring some of our uni-directional skid designed FlexRig® drilling rigs. Since then, we have reconfigured, converted, and upgraded a total of 59 FlexRig® drilling rigs to super-spec walking rigs.

Years of designing and building our fleet of AC drive FlexRig® drilling rigs has given us many competitive benefits. One key advantage is fleet uniformity. We have overseen the design and assembly of all of our AC FlexRig® drilling rigs, and our different rig classes share many common components. We co-designed the control systems for our rigs and have the right to make any changes or modifications to those systems that we desire. A uniform fleet creates an adaptive environment to reach maximum efficiency for employees, equipment and technology and is critical to our ability to provide consistent, safe and reliable operations in increasingly complex basins. In addition, our fleet has greater scale than any other competitor, which enables us to upgrade our existing FlexRig® drilling rigs to super-spec in a capital efficient way. High levels of uniformity in crew training and rotation and our ability to control and remove safety exposures across a more standard fleet allow us to deliver higher performance in a safer and more reliable manner for the customer. Further, our fleet is supported by a cost-effective Company-owned supply chain that provides standardized materials directly to the rigs from our regional warehouses.

A long-standing challenge in our industry is providing high quality and consistent results. In addressing this challenge, we utilize process excellence techniques that are developed internally. We provide experienced drilling and maintenance support for our operations, which provides value by reducing nonproductive time in our operations and improving drilling performance through our Rig Systems Monitoring and Support Center ("RSMS") and Remote Operations Centers ("ROCs"). Our RSMS and ROCs are manned 24 hours a day, seven days a week, with the ability to monitor and detect trends in drilling and drilling services performance onboard our rigs. Our monitoring group within the RSMS provides real-time help and feedback to our wellsite employees, as well as our customers, to fully optimize our operational performance. Additionally, our RSMS and ROCs have staffs of engineers and industry experts that work with our customers to enhance wellbore positioning, drilling program execution and overall drilling performance. The monitoring group and our performance engineers capture our drilling work steps to help provide high quality and reliable results for our customers.

We currently have two facilities that provide vertically integrated solutions for drilling rig manufacturing, upgrades, retrofits and modifications, as well as overhauling, recertification, and repairs as it relates to our rigs and equipment. These facilities utilize lean manufacturing processes to enhance quality and efficiency as well as provide important insights in the maintenance and wear of equipment on our rigs. Our facility located in Galena Park, Texas is primarily utilized for overall rig assembly, overhaul, recommissioning and recertification while our facility near Tulsa, Oklahoma is primarily utilized for modular rig component overhauls and repairs.



We continue to see adoption and growth with our technologically enabled automation solutions. We designed our automation solutions to address challenges within our customers' businesses as much of the drilling process is heavily dependent on human decision making to design, execute and optimize crude oil and natural gas extraction. Utilizing these technologies, we are able to deploy a more data driven solution compared to human decisions and execution, thereby reducing variability and the costs around achieving optimal outcomes. These solutions are designed to continue to help provide differentiated value for our customers through enhanced wellbore quality and placement, improved cost performance and well economics, and better consistency at reduced risk. Our automation focused solutions and applications are enabled by our uniform digital fleet and are designed to provide additional value to our customers' well programs by providing a platform for machine-human collaboration during the drilling process to improve efficiency. Our path to autonomous drilling continues to evolve with several solutions in various stages of commercial testing. All of our technologies play an important role in developing our strategy as we head towards autonomous drilling.

We have historically offered ancillary services, which are now referred to as FlexServices[®]. These services include trucking, surface equipment, casing running services and pipe rental. During the first quarter of fiscal year 2022, we sold the assets associated with two lower margin service offerings, trucking and casing running services, which contributed approximately 2.8 percent to our consolidated revenues during fiscal year 2021, in two separate transactions. The sale of our trucking services assets was completed on November 3, 2021 while the sale of our casing running services 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 proceeds, resulting in a loss of \$3.4 million. During the year ended September 30, 2022 we recognized \$1.1 million in earnout proceeds associated with the sale of our trucking services assets within Other (Gain) Loss on Sale of Assets on the Consolidated Statements of Operations.

Markets and Competition

Our business largely depends on the level of capital spending by oil and gas companies for exploration and production activities. The level of capital spending has traditionally been correlated to oil and gas prices. Oil and gas prices can be volatile at times depending upon both near and long-term supply and demand factors. Sustained increases or decreases in the prices of oil and natural gas generally have a material impact on the exploration and production activities of our customers. As such, significant declines in the prices of oil and natural gas may have a material adverse effect on our business, financial condition and results of operations. As of September 30, 2022, we had 192 active rigs under contract, compared to 137 and 79 rigs under contract as of September 30, 2021 and 2020, respectively. For further information concerning risks associated with our business, including volatility surrounding oil and natural gas prices and the impact of low oil prices on our business, see Item 1A—"Risk Factors" and Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Form 10-K.

Our industry is highly competitive, and we strive to differentiate our services based upon the quality of our FlexRig[®] drilling rigs and our engineering design expertise, operational efficiency, software technologies, and safety and environmental awareness. The number of available rigs generally exceeds demand in many of our markets, resulting in significant price competition. We compete against many drilling companies, some of whom are present in more than one of our operating regions. In the United States, we compete with Nabors Industries Ltd., Patterson-UTI Energy, Inc., Precision Drilling Corporation, and many other competitors with regional operations. Internationally, we compete directly with various contractors at each location where we operate. In the Gulf of Mexico platform rig market, we primarily compete with Nabors Industries Ltd. and Blake International Rigs, LLC.

Drilling Contracts

Our drilling contracts are obtained through competitive bidding or as a result of direct negotiations with customers. Our contracts vary in their terms and rates depending on the nature of the operations to be performed, the duration of the work, the amount and type of equipment and services provided, the geographic areas involved, market conditions and other variables. In many instances, our contracts cover multi-well or pad and multi-year projects. Contracts generally contain renewal or extension provisions exercisable at the option of the customer at prices mutually agreeable to us and the customer. In most instances, contracts provide for additional payments for mobilization and demobilization of the rig.

The duration of our drilling contracts are generally either "well-to-well/pad-to-pad" or for a fixed term. "Well-to-well" contracts can be terminated at the option of either party upon the completion of drilling of any one well. Fixed-term contracts generally have a minimum term of at least six months up to multiple years. These contracts customarily provide for termination at the election of the customer, but may include an "early termination payment" to be paid to us if the contract is terminated prior to the expiration of the fixed term. However, under certain limited circumstances such as destruction of a drilling rig, bankruptcy, sustained unacceptable performance by us or delivery of a rig beyond certain grace and/or liquidated damage periods, no early termination payment would be paid to us.

Each drilling rig operates under a separate drilling contract and, in some instances, these contracts are part of an over-arching term agreement known as a FlexPool. These agreements are with a limited number of customers that operate multiple rigs, often times across multiple basins in the U.S. Under the FlexPool agreements, customers enter into a fixed term contract covering a minimum amount of drilling days, utilizing a minimum number of drilling rigs and have the flexibility to employ more or fewer rigs as long as the minimum number of rigs (outlined in the agreement) is maintained. If any provisions are violated, as in a customer operating below the minimum number of rigs, early termination payments may apply.



Daywork Contracts

Daywork contracts are contracts under which we charge a rate per day, with the price determined by the location, depth and complexity of the well to be drilled, operating conditions, the duration of the contract, and the competitive forces of the market. During fiscal year 2022, a majority of our drilling services were performed on a "daywork" contract basis.

Performance-based Contracts

Performance-based contracts are contracts pursuant to which we are compensated based upon our performance against a mutually agreed upon set of predetermined targets. These contract types are relatively new to the industry and typically have a lower base dayrate, but give us the opportunity to receive additional compensation by meeting or exceeding certain performance targets agreed to by our customers. For example, some performance targets are set based upon days to drill a well or the number of lateral feet drilled in zone per day. We often use our automated technology solutions to assist in achieving the performance targets. The risks associated with these contracts relate to the failure to reach the agreed upon performance targets. If we do not meet these targets, we will not receive additional compensation above what we have received utilizing a "daywork" contract. Based on our operational track record throughout fiscal year 2022 and drilling expertise, our performance-based contracts have produced a positive risk-reward outcome. We are seeing a growing adoption of performance contracts by our customers and we expect this trend to continue.

Contract Backlog

As of September 30, 2022 and 2021, our drilling contract backlog was \$1.2 billion and \$0.6 billion, respectively. Approximately 30.8 percent of the September 30, 2022 backlog is reasonably expected to be fulfilled in fiscal year 2024 and thereafter. See Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations — Contract Backlog" included in this Form 10-K for additional information pertaining to backlog.

Employees

As of September 30, 2022, we had approximately 7,000 employees within the United States and approximately 1,000 employees in our international operations. The number of employees fluctuates depending on the current and expected demand for our services. We consider our employee relations to be robust. None of our U.S. employees are represented by a union. However, some of our international employees are unionized.

Human Capital Objectives and Programs

We strive to create a culture and work environment that enables us to attract, train, promote, and retain a diverse group of talented employees who together can help us gain a competitive advantage.

Core Values and Culture

"The H&P Way" defines our purpose, core values, and the behaviors that drive our culture. What we endeavor to do is anchored in our purpose, improving lives through efficient and responsible energy. Fostering and maintaining a strong, healthy culture is a key strategic focus. Our core values serve to inform who we are and the way our employees interact with one another, our customers, partners and shareholders. Our core value of Actively C.A.R.E. means that we treat one another with respect. We care about each other, and from a safety perspective, our employees are committed to Controlling and Removing Exposures ("C.A.R.E.") for themselves and others. Our core value of Service Attitude means that we do our part and more for those around us. We consider the needs of others and provide solutions to meet their needs. Our core value of Innovative Spirit means that we constantly work to improve and are willing to try new approaches. We make decisions with the long-term view in mind. Our core value of teamwork means that we listen to one another and work across teams toward a common goal. We collaborate to achieve results and focus on success for our customers and shareholders. Finally, we strive to do the right thing. That means we are honest and transparent. We tackle tough situations, make decisions, and speak up when needed.

Talent Attraction & Retention

Our recruiting practices and decisions on whom we hire are among our most important activities. Our Workforce Staffing team provides full staffing services to enable consistent staffing levels on our rigs. This team sources, hires, onboards, trains, assigns and reassigns rig-based employees. In downturn years, we maintain relationships with former employees and prioritize recalling our most experienced people for field positions. In addition, we utilize social media, local job fairs, employee referral bonuses, and educational organizations across the United States to find diverse, motivated and responsible employees.



Education and Training

We are committed to the continual training and development of our employees, especially of those in field operations, to help ensure we can develop future managers and leaders from within our organization. Our training starts with on-boarding procedures that focus on safety, responsibility, ethical conduct and inclusive teamwork.

H&P's strong commitment to our employees' growth is demonstrated through our formal organizational development team, which oversees talent management, training and development. In addition to career and safety training efforts, the team creates, manages and implements enhancements to development and succession plans, change management initiatives and diversity, equity and inclusion ("DE&I") programs. The three training programs include:

- Introduction to Diversity, Equity, and Inclusion and Traits of Inclusive Teams;
- Unconscious Bias and Microaggressions; and
- Allyship and Privilege.

These three courses take employees through an exploratory and educational journey to discover how unique perspectives and curiosity can create an environment to understand, welcome, respect, and value one another.

H&P offers a variety of training programs ranging from job specific programs to leadership development. Some of the prominent training programs that we offer are:

- New Employment Safety Training - onboarding program for new hires in safety sensitive positions. The purpose of the program is to prepare employees to work safely on our rigs and provide necessary certifications to do so; including all Occupational Safety and Health Administration ("OSHA") and IADC training, as well as Company culture education.
- Short Service Employee Training - specialized training program that is a continuation of New Employment Introduction basics and is intended to provide the technical on-the-job training guided by a mentor.
- Ethics and Compliance Training – comprised of several specific training programs, including Code of Conduct, Insider Trading, Anti-Discrimination & Harassment, Data Privacy, Trade Compliance, and Anti-Corruption.
- Change Champions Training - teaches employees to solve complex problems using structured processes, tools and data to drive results while emphasizing leadership and public speaking.
- Leadership Series Training - accessible online to all leaders and covers a variety of topics related to leading The H&P Way.

Safety Training and Serious Injury and/or Fatality ("SIF") Reduction Program

We are committed to creating a culture highlighted by an Actively Caring workforce. We strive to Actively C.A.R.E. for:

- our own safety and health;
- the safety and health of others; and
- the protection of our environment.

Fundamental to our Actively C.A.R.E. culture is every individual's willingness to provide immediate open feedback to others regarding safe and unsafe work practices and to proactively correct recognized exposures that threaten one's health and safety. Through training and accountability, H&P educates our employees on the negative consequences of taking health and safety risks.

Safety Leadership

For more than 20 years, H&P measured safety success the same way other companies in our industry did – the absence of OSHA recordable injuries and declining total recordable injury rates ("TRIR"). We now believe that measuring safety in this manner can be destructive to management's efforts to build trust with field employees. We have redefined safety success as the Control and Removal of Exposures (C.A.R.E.) for self and others and encourage employees to report near miss incidents with serious, life-altering or fatal injury potential, identifying and reporting serious injury exposures for which employees are personally recognized and rewarded monetarily for exemplifying our Actively C.A.R.E culture. We believe trust is key to organizational health, as well as safety and operational success.



SIF Strategy

We are committed to controlling and removing SIF exposures at any H&P rig or facility. We continue to track traditional safety metrics, such as TRIR, to be responsive to customer requests and industry benchmarking, but do not use these metrics as the foundation for our safety culture. H&P data shows that only a small portion of OSHA recordable incidents provide value in preventing potential serious injuries. Incidents that do not result in an injury, but have the potential for a serious injury or fatality provide many more learning opportunities for preventing future serious injuries or fatalities. Based on this data we have a proportionate response approach to incident investigations and corrective actions. Priority is given to those incidents that have the potential to cause a serious injury or fatality. Our safety success at H&P will be based on key performance indicators related to the removal of SIF exposures, such as SIF Potential and SIF Mitigated rates. Our vision for the future of safety at H&P will be guided by these principles.

Diversity, Equity & Inclusion

We believe that creating an environment where our employees feel valued and respected drives engagement, better leverages the unique talents and perspectives of our people to innovate and enhances our ability to attract and retain a diverse workforce. H&P has employed a DE&I specialist, implemented a thriving Women of H&P Employee Resource Group, and established a DE&I Advisory Council with global employee representation. Our commitments are evidenced by formalized policies regarding equal opportunity and a discrimination-free workplace. We are actively tracking diversity data to better understand demographics within the organization.

Employee Benefits, Health and Wellness

H&P values its employees and believes benefit packages are essential to prioritizing the well-being of its staff and offering competitive compensation. Select highlights of our benefits programs include:

- Medical, dental and vision insurance for all full-time employees, and all part-time employees working more than 20 hours per week, and their dependents;
- A 401(k) plan with Company match incentive for all full-time employees, and all part-time employees working more than 20 hours per week;
- Employer paid life insurance benefits, which include a life assistance program, identity theft protection, and travel assistance plan;
- The Employee Assistance Plan, which offers wellness support with counseling, legal assistance, financial coaching, and identity theft resolution;
- The H&P Way Fund, which provides financial assistance to H&P employees during unavoidable emergencies;
- Employee discounts for phone, computer, personal vehicle, car rental, and hotel purchases; and
- An Educational Assistance Plan, which offers reimbursement of tuition fees for any employee pursuing an undergraduate degree and, in some cases, post-graduate degrees.

Insurance and Risk Management

Our operations are subject to a number of operational risks, including personal injury and death, environmental, cyber, and weather risks, which could expose us to significant losses and damage claims. We are not fully insured against all of these risks and our contractual indemnity provisions may not fully protect us. Furthermore, if a significant accident or other event occurs and is not fully covered by insurance or an enforceable or recoverable indemnity from a customer, it could have a material adverse effect on our business, financial condition and results of operations.

We have indemnification agreements with many of our customers and we also maintain liability and other forms of insurance. In general, our drilling contracts contain provisions requiring our customers to indemnify us for, among other things, well control events and reservoir damage. However, our contractual rights to indemnification may be unenforceable or limited due to negligent or willful acts by us, or subcontractors and/or suppliers or by reason of state anti-indemnity laws. Our customers and other third parties may also dispute these indemnification provisions, or we may be unable to transfer these risks to our drilling customers or other third parties by contract or indemnification agreements.

We insure working land rigs and related equipment at values that approximate the current replacement costs on the inception date of the policies. However, we self-insure large deductibles under these policies. We also carry insurance with varying deductibles and coverage limits with respect to stacked rigs, offshore platform rigs, and "named wind storm" risk in the Gulf of Mexico.



We have insurance coverage for comprehensive general liability, automobile liability, workers' compensation and employer's liability, and certain other specific risks. Insurance is purchased over deductibles to reduce our exposure to catastrophic events. We retain a significant portion of our expected losses under our workers' compensation, general liability and automobile liability programs. We self-insure a number of other risks including loss of earnings and business interruption. We are unable to obtain significant amounts of insurance to cover risks of underground reservoir damage.

Our insurance may not in all situations provide sufficient funds to protect us from all liabilities that could result from our operations. Our coverage includes aggregate policy limits. As a result, we retain the risk for any loss in excess of these limits. No assurance can be given that all or a portion of our coverage will not be canceled, that insurance coverage will continue to be available at rates considered reasonable or that our coverage will respond to a specific loss. Further, we may experience difficulties in collecting from our insurers or our insurers may deny all or a portion of our claims for insurance coverage.

Government Regulations

Our operations are affected from time to time and in varying degrees by foreign and domestic political developments and a variety of federal, state, foreign, regional and local laws, rules and regulations, including those relating to:

- drilling of oil and natural gas wells;
- directional drilling services;
- protection of the environment;
- workplace health and safety;
- labor and employment;
- data privacy;
- taxation;
- exportation or importation of equipment, technology and software;
- currency conversion and repatriation;
- global anti-corruption laws; and
- government sanctions and embargo listing.

Environmental laws and regulations that apply to our operations include the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), the Resource Conservation and Recovery Act (each, as amended) and similar laws that provide for responses to, and liability for, air emissions, water discharges or releases of oil or hazardous substances into the environment, including damages to natural resources. Applicable environmental laws and regulations also include similar foreign, state or local counterparts to the above-mentioned federal laws, which regulate air emissions, water discharges, and management of hazardous substances and waste. Environmental laws can have a material adverse effect on the drilling industry, including our operations, and compliance with such laws may require us to make significant capital expenditures, such as the installation of costly equipment or operational changes, and may affect the resale values or useful lives of our drilling rigs.

The Occupational Health and Safety Act ("OSHA") and other similar laws and regulations govern the protection of the health and safety of employees. The OSHA hazard communication standard, the Environmental Protection Agency community right-to-know regulations under Title III of CERCLA, the Emergency Planning and Community Right-to-Know Act and similar state statutes and local regulations require that information be maintained about hazardous materials used in our operations and that this information be provided to employees, state and local governments, emergency responders and citizens.

A number of countries actively regulate and control the importation and/or exportation of oil and gas and other aspects of the oil and gas industries in their countries. In addition, government actions and initiatives by OPEC+ may continue to contribute to oil price volatility. In some areas of the world, government activity has adversely affected the amount of exploration and development work done by oil and gas companies and influenced their need for drilling services, and likely will continue to do so.



In addition, we are subject to a variety of other U.S. and foreign laws and regulations, including, but not limited to, the U.S. Foreign Corrupt Practices Act and other anti-bribery and anti-corruption laws. The U.S. Foreign Corrupt Practices Act and similar anti-bribery and anti-corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Failure to comply with applicable laws or regulations or acts of misconduct could subject us to fines, penalties or other sanctions. For more information, see Item 1A— “Risk Factors — *Failure to comply with the U.S. Foreign Corrupt Practices Act or foreign anti-bribery legislation could adversely affect our business.*”

We are also subject to the jurisdiction of the U.S. Treasury Department’s Office of Foreign Assets Control, the U.S. Commerce Department’s Bureau of Industry and Security, the U.S. Customs and Border Protection and other U.S. and non-U.S. laws and regulations governing the international trade of goods, services and technology. Such regulations regarding exports and imports of covered goods or dealings with sanctioned countries, persons or entities include licensing, recordkeeping and reporting requirements. Failure to comply with applicable laws and regulations relating to customs, tariffs, sanctions and export controls may subject us to criminal sanctions or civil remedies, including fines, denial of export privileges, injunctions or seizures of assets. For more information, see Item 1A— “Risk Factors — *Government policies, mandates, and regulations specifically affecting the energy sector and related industries, regulatory policies or matters that affect a variety of businesses, taxation policies, and political instability could adversely affect our financial condition and results of operations.*”

We are also subject to regulation by numerous other regulatory agencies, including, but not limited to, the U.S. Department of Labor, which sets employment practice standards for workers. In addition, we are subject to certain requirements to contribute to retirement funds or other benefit plans, and laws in some jurisdictions may require payment of statutorily calculated amounts to employees upon termination of employment.

We monitor our compliance with applicable governmental rules and regulations in each country of operation. We have made and will continue to make the required expenditures to comply with current and future regulatory requirements. We do not anticipate that compliance with currently applicable rules and regulations and required controls will significantly change our competitive position, capital spending or earnings during fiscal year 2023. We believe we are materially compliant with applicable rules and regulations and, to date, the cost of such compliance has not been material to our business or financial condition. However, future events such as additional laws and regulations, changes in existing laws and regulations or their interpretation or more vigorous enforcement policies of regulatory agencies, may require additional expenditures by us, which may be material. Specifically, the expansion of the scope of laws or regulations protecting the environment has accelerated in recent years, particularly outside the United States, and we expect this trend to continue. Accordingly, there can be no assurance that we will not incur significant compliance costs in the future. See Item 1A— “Risk Factors — *Failure to comply with or changes to governmental and environmental laws could adversely affect our business.*”

Sustainability

H&P has helped its customers supply energy for more than a century, and we continue to innovate and improve the ways in which we can provide energy safely, reliably, and efficiently. The Company continues to evolve and refine its comprehensive sustainability strategy rooted in our core value to “do the right thing,” as discussed above. Our sustainability strategy uses data to better understand our impacts in areas like emissions, diversity, and safety. Additional information on our sustainability strategy and programs can be obtained by reviewing our Sustainability Reports and related information, located on our website.

Available Information

Our website is located at www.helmerichpayne.com. Annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, earnings releases, and financial statements are made available free of charge on the investor relations section of our website as soon as reasonably practicable after we electronically file such materials with, or furnish such materials to, the Securities and Exchange Commission (“SEC”). The information contained on our website, or accessible from our website, including our Sustainability Reports and related information, is not incorporated into, and should not be considered part of, this Form 10-K or any other documents we file with, or furnish to, the SEC. The SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. Annual reports, quarterly reports, current reports, amendments to those reports, earnings releases, financial statements and our various corporate governance documents are also available free of charge upon written request.

Investors and others should note that we announce material financial information to our investors using our investor relations website (<https://ir.helmerichpayne.com/websites/helmerichandpayne/English/0/investor-relations.html>), SEC filings, press releases, public conference calls and webcasts. We use these channels as well as social media to communicate with our stockholders and the public about our company, our services and other issues. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on the social media channels listed on our investor relations website.



ITEM 1A. RISK FACTORS

An investment in our securities involves a variety of risks. In addition to the other information included and incorporated by reference in this Form 10-K and the risk factors discussed elsewhere in this Form 10-K, the following risk factors should be carefully considered, as they could have a material adverse effect on our business, financial condition and results of operations. There may be other additional risks, uncertainties and matters not presently known to us or that we believe to be immaterial that could nevertheless have a material adverse effect on our business, financial condition and results of operations.

BUSINESS AND OPERATING RISKS

Our business depends on the level of activity in the oil and natural gas industry, which is significantly impacted by the current and expected price of oil and natural gas as well as the volatility in those prices and other factors.

Our business depends on the conditions of the land and offshore oil and natural gas industry. Demand for our services and the rates we are able to charge for such services depend on oil and natural gas industry exploration and production activity and expenditure levels, which are directly affected by trends in oil and natural gas prices and market expectations regarding such prices. The sharp decline in oil prices resulting from the COVID-19 pandemic and the activities of OPEC+ caused a significant decline in both drilling activity and prices for our services in fiscal year 2020. While crude oil prices have stabilized and increased and our rig count has continued to recover, our rig activity has still not reached the level it was at prior to these events and these events therefore continue to have a material adverse effect on our business, financial condition and results of operations. Oil prices are particularly sensitive to actual and perceived threats to geopolitical stability and to changes in production from OPEC+ member states. For example, the ongoing conflict, and the continuation of, or any increase in the severity of, the conflict between Russia and Ukraine, has led and may continue to lead to an increase in the volatility of global oil and gas prices, which could have a corresponding negative impact on the capital expenditure of oil and gas companies as a result of the higher perceived risk.

Oil and natural gas prices and production levels, as well as market expectations regarding such prices and production levels, have been volatile, which has had, and may in the future have, adverse effects on our business and operations. The volatility in prices and production levels are impacted by many factors beyond our control, including:

- the domestic and foreign supply of, and demand for, oil, natural gas and related products;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- uncertainty in capital and commodities markets and the ability of oil and natural gas producers to access capital;
- the availability of and constraints in storage and transportation capacity, including, for example, takeaway constraints experienced in the Permian Basin over the past several years;
- the worldwide economy;
- expectations about future oil and natural gas prices and production levels;
- local and international political, economic, health and weather conditions, especially in oil and natural gas producing countries, including, for example, the impacts of local and international pandemics and other disasters;
- actions of OPEC, its members and other oil producing nations, such as Russia, relating to oil price and production levels, including announcements of potential changes to such levels;
- the levels of production of oil and natural gas of non-OPEC countries;
- the continued development of shale plays which may influence worldwide supply and prices;
- tax policies of the United States and other countries involved in global energy markets;
- political and military conflicts, hostilities or perceived hostilities in oil producing regions or other geographical areas or acts of terrorism in the United States or elsewhere;
- technological advances that are related to oil and natural gas recovery or that affect the global demand for energy;
- the development, exploitation and market acceptance of alternative energy sources as part of a transition to a lower carbon economy;



- increased focus by the investment community on sustainability practices in the oil and natural gas industry;
- legal and other limitations or restrictions on exportation and/or importation of oil and natural gas;
- laws and governmental regulations affecting the use of oil and natural gas; and
- the environmental and other laws and governmental regulations affecting exploration and development of oil and natural gas reserves.

The level of land and offshore exploration, development and production activity and the prices of oil and natural gas are volatile and are likely to continue to be volatile in the future. Higher oil and natural gas prices do not necessarily translate into increased activity because demand for our services is typically driven by our customers' expectations of future commodity prices, as well as our customers' ability to access sources of capital to fund their operating and capital expenditures. However, a sustained decline in worldwide demand for oil and natural gas, as well as excess supply of oil or natural gas coupled with storage and transportation capacity constraints, shutting in of wells or wells being drilled but not completed, prolonged low oil or natural gas prices or a reduction in the ability of our customers to access capital, has resulted in, and may in the future result in, reduced exploration and development of land and offshore areas and a decline in the demand for our services, which has had, and may in the future, have a material adverse effect on our business, financial condition and results of operations.

Global economic conditions and volatility in oil and gas prices may adversely affect our business.

Concerns over global economic conditions, energy costs, geopolitical issues, supply chain disruptions, inflation, the availability and cost of credit have contributed to increased economic uncertainty. An economic slowdown or recession in the United States or in any other country that significantly affects the supply of or demand for oil or natural gas could negatively impact our operations and therefore adversely affect our results. Global economic conditions have a significant impact on oil and natural gas prices and stagnation or deterioration in global economic conditions could result in less demand for our services and could cause our customers to reduce their planned spending on exploration and development drilling. Adverse global economic conditions may cause our customers, vendors and/or suppliers to lose access to the financing necessary to sustain or increase their current level of operations, fulfill their commitments and/or fund future operations and obligations. Furthermore, challenging economic conditions may result in certain of our customers experiencing bankruptcy or otherwise becoming unable to pay vendors, including us. In the past, global economic conditions, and expectations for future global economic conditions, have sometimes experienced significant deterioration in a relatively short period of time and there can be no assurance that global economic conditions or expectations for future global economic conditions will recover in the near term or not quickly deteriorate again due to one or more factors. These conditions could have a material adverse effect on our business, financial condition and results of operations.

The drilling services and solutions business is highly competitive, and a surplus of available drilling rigs may adversely affect our rig utilization and profit margins.

Competition in drilling services and solutions involves such factors as price, efficiency, condition, type and operational capability of equipment, reputation, operating safety, environmental impact, customer relations, rig availability and excess rig capacity in the industry. Competition is primarily on a regional basis and may vary significantly by region at any particular time. Land drilling rigs can be readily moved from one region to another in response to changes in levels of activity, which could result in an oversupply of rigs in any region, leading to increased price competition. In addition, development of new drilling technology by competitors has increased in recent years, which could negatively affect our ability to differentiate our services.

We periodically seek to increase the prices on our services to offset rising costs, earn returns on our capital investment and otherwise generate higher returns for our stockholders. However, we operate in a very competitive industry and we are not always successful in raising or maintaining our existing prices. From time to time we are able to increase our prices, but we may not be able to do so at a rate that is sufficient to offset rising costs. The inability to maintain our pricing and to increase our pricing as costs increase to offset rising costs and capital expenditures could adversely affect our rig utilization and profit margins.

Following periods of downturn in our industry, there may be substantially more drilling rigs available than necessary to meet demand even as oil and natural gas prices, and drilling activity, rebound. In the event of a surplus of available and more competitive drilling rigs, we may continue to experience difficulty in replacing fixed-term contracts, extending expiring contracts or obtaining new contracts in the spot market, and new contracts may contain lower dayrates and substantially less favorable terms, which could have a material adverse effect on our business, financial condition and results of operations. As of September 30, 2022, 79 of our available rigs were not under contract.



Further, as a result of a significant reduction in the demand for oil and natural gas services, certain of our competitors may engage in bankruptcy proceedings, debt refinancing transactions, management changes, or other strategic initiatives in an attempt to reduce operating costs to maintain a position in the market. This could result in such competitors emerging with stronger or healthier balance sheets and in turn an improved ability to compete with us in the future. We may also see corporate consolidations among our competitors, which could significantly alter industry conditions and competition within the industry, and have a material adverse effect on our business, financial condition and results of operations.

New technologies may cause our drilling methods and equipment to become less competitive and it may become necessary to incur higher levels of capital expenditures in order to keep pace with the disruptive trends in the drilling industry. Growth through the building of new drilling rigs and improvement of existing rigs is not assured.

The market for our services is characterized by continual technological developments that have resulted in, and will likely continue to result in, substantial improvements in the functionality and performance, including environmental performance, of rigs and equipment. Our customers increasingly demand the services of newer, higher specification drilling rigs, as well as new and improved technology, such as drilling automation technology and lower-emissions operations and services. This results in a bifurcation of the drilling fleet and is evidenced by the higher specification drilling rigs (e.g., AC rigs) generally operating at higher overall utilization levels and dayrates than the lower specification drilling rigs (e.g., SCR rigs). In addition, a significant number of lower specification rigs are being stacked and/or removed from service.

Although we take measures to ensure that we develop and use advanced oil and natural gas drilling technology, changes in technology, improvements by competitors and increasing customer demands for new and improved technology could make our equipment less competitive. There can be no assurance that we will:

- have sufficient capital resources to improve existing rigs or build new, technologically advanced drilling rigs;
- avoid cost overruns inherent in large fabrication projects resulting from numerous factors such as shortages or unscheduled delays in delivery of equipment or materials, inadequate levels of skilled labor, unanticipated increases in costs of equipment, materials and labor, design and engineering problems, and financial or other difficulties;
- successfully deploy idle, stacked, new or upgraded drilling rigs;
- effectively manage the increased size or future growth of our organization and drilling fleet;
- maintain crews necessary to operate existing or additional drilling rigs; or
- successfully improve our financial condition, results of operations, business or prospects as a result of improving existing drilling rigs or building new drilling rigs.

In the event that we are successful in developing new technologies for use in our business, there is no guarantee of future demand for those technologies. Customers may be reluctant or unwilling to adopt our new technologies. We may also have difficulty negotiating satisfactory terms for our technology services or may be unable to secure prices sufficient to obtain expected returns on our investment in the research and development of new technologies.

If we are not successful in upgrading existing rigs and equipment or building new rigs in a timely and cost-effective manner suitable to customer needs, demand for our services could decline and we could lose market share. One or more technologies that we may implement in the future may not work as we expect and our business, financial condition, results of operations and reputation could be adversely affected as a result. Additionally, new technologies, services or standards could render some of our services, drilling rigs or equipment obsolete, which could reduce our competitiveness and have a material adverse impact on our business, financial condition and results of operations.

Our drilling and technology related operations are subject to a number of operational risks, including environmental and weather risks, which could expose us to significant losses and damage claims. We are not fully insured against all of these risks and our contractual indemnity provisions may not fully protect us.

Our operations are subject to the many hazards inherent in the business, including inclement weather, blowouts, explosions, well fires, loss of well control, equipment failure, pollution, and reservoir damage. These hazards could cause significant environmental and reservoir damage, personal injury and death, suspension of operations, serious damage or destruction of equipment and property and substantial damage to producing formations and surrounding lands and waters. An accident or other event resulting in significant environmental or property damage, or injuries or fatalities involving our employees or other persons could also trigger investigations by federal, state or local authorities. Such an accident or other event and subsequent crisis management efforts could cause us to incur substantial expenses in connection with investigation and remediation as well as cause lasting damage to our reputation, loss of customers and an inability to obtain insurance.



Our Offshore Gulf of Mexico operations are also subject to potentially significant risks and liabilities attributable to or resulting from adverse environmental conditions, including pollution of offshore waters and related negative impact on wildlife and habitat, adverse sea conditions and platform damage or destruction due to collision with aircraft or marine vessels. Our Offshore Gulf of Mexico operations may also be negatively affected by a blowout or an uncontrolled release of oil or hazardous substances by third parties whose offshore operations are unrelated to our operations. We operate several platform rigs in the Gulf of Mexico. The Gulf of Mexico experiences hurricanes and other extreme weather conditions on a frequent basis, which may increase in frequency and severity as a result of climate change. See below “— *The physical effects of climate change and the regulation of greenhouse gases and climate change could have a negative impact on our business.*” Damage caused by high winds and turbulent seas could potentially curtail operations on our platform rigs for significant periods of time until the damage can be repaired. Moreover, we may experience disruptions in operations due to damage to customer platforms and other related facilities in the area. We also lease a fabrication facility near the Houston, Texas ship channel, and our principal fabricator and other vendors are also located in the gulf coast region and could be exposed to damage or disruption by hurricanes and other extreme weather conditions, including coastal flooding, which in turn could result in increased operating costs or decreases in revenues and adversely affect our business, financial condition and results of operations.

It is customary in our business to have mutual indemnification agreements with customers on a “knock-for-knock” basis, which means that we and our customers assume liability for our respective personnel, subcontractors, and property. In general, our drilling contracts contain provisions requiring our customers to indemnify us for, among other things, well control events and reservoir damage. However, our contractual rights to indemnification may be unenforceable or limited due to negligent or willful acts by us, our subcontractors and/or suppliers. Additionally, certain states, including Texas, New Mexico, Wyoming, and Louisiana, have enacted statutes generally referred to as “oilfield anti-indemnity acts,” which expressly limit certain indemnity agreements contained in or related to indemnification in contracts, and could expose the Company to financial loss. Furthermore, other states may enact similar oilfield anti-indemnity acts.

Our customers and other third parties may also dispute, or be unable to meet, their contractual indemnification obligations to us. Accordingly, we may be unable to transfer these risks to our customers and other third parties by contract or indemnification agreements. Incurring a liability for which we are not fully indemnified or insured could have a material adverse effect on our business, financial condition and results of operations.

We insure working land rigs and related equipment at values that approximate the current replacement cost on the inception date of the policies. We also carry insurance with varying deductibles and coverage limits with respect to stacked rigs, offshore platform rigs, and “named wind storm” risk in the Gulf of Mexico. In addition, we have insurance coverage for comprehensive general liability, automobile liability, workers’ compensation and employer’s liability, and certain other specific risks. Insurance is purchased over deductibles to reduce our exposure to catastrophic events. In some cases, we self-insure large deductibles on certain insurance policies. We retain a significant portion of our expected losses under our workers’ compensation, general liability and automobile liability programs. The Company self-insures a number of other risks, including loss of earnings and business interruption. We are unable to obtain significant amounts of insurance to cover risks of underground reservoir damage. Our insurance will not in all situations provide sufficient funds to protect us from all losses and liabilities that could result from our operations. Our coverage includes aggregate policy limits. As a result, we retain the risk for any loss in excess of these limits. No assurance can be given that insurance coverage will continue to be available at rates considered reasonable or that our coverage will respond to a specific loss. In addition, our insurance may not cover losses associated with pandemics such as the COVID-19 pandemic. Further, we may experience difficulties in collecting from our insurers or our insurers may deny all or a portion of our claims for insurance coverage.

If a significant accident or other event occurs and is not fully covered by insurance or an enforceable or recoverable indemnity from a customer, it could have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to cybersecurity risks.

Our operations depend on effective and secure information technology systems. Threats to information technology systems, including as a result of cyberattacks and cyber incidents, continue to grow. Cybersecurity risks could include, but are not limited to, ransomware attacks, denial-of-service attacks, malicious software, attempts to gain unauthorized access to our data and the unauthorized release, corruption or loss of our data and personal information, employee or insider error, interruptions in communication, loss of our intellectual property or theft of our FlexRig[®] and other sensitive or proprietary technology, loss or damage to our data delivery systems, or other cybersecurity and infrastructure systems, including our property and equipment. In 2021, the Company introduced full-time or part-time remote work as a permanent option for select employees. A significant number of our office employees work remotely. Remote work relies heavily on the use of remote networking and online conferencing services that enable employees to work outside of our corporate infrastructure and, in some cases, use their own personal devices, which exposes the Company to additional cybersecurity risks, including unauthorized access to sensitive information as a result of increased remote access and other cybersecurity related incidents. Furthermore, geopolitical tensions or conflicts, such as Russia’s invasion of Ukraine, may further heighten the risk of cybersecurity attacks.



Cybersecurity incidents involving our own systems or those of our third-party vendors, could:

- disrupt our rig operations including operational technologies as well as our corporate information technology systems,
- negatively impact our ability to compete,
- enable the theft or misappropriation of funds,
- cause the loss, corruption or misappropriation of proprietary or confidential information,
- expose us to litigation, regulatory action, and potential liability, and
- result in injury to our reputation, downtime, loss of revenue, and increased costs to prevent, respond to or mitigate cybersecurity events.

It is possible that our business, financial and other systems, as well as those of our third-party vendors, could be compromised, which could go unnoticed for a prolonged period of time. While various procedures and controls are being utilized to mitigate exposure to such risk, there can be no assurance that the procedures and controls that we implement, or which we cause third party service providers to implement, will be sufficient to protect our systems, information or other property. Additionally, customers as well as other third parties upon whom we rely on face similar cybersecurity threats, which could directly or indirectly impact our business and operations. The occurrence of a cyber incident or attack could have a material adverse effect on our business, financial condition and results of operations. Further, as cyber incidents continue to evolve, we may be required to incur additional costs to continue to modify or enhance our protective measures or to investigate or remediate the effects of cyber incidents.

Our acquisitions, dispositions and investments may not result in anticipated benefits and may present risks not originally contemplated, which may have a material adverse effect on our liquidity, consolidated results of operations and consolidated financial condition.

We continually seek opportunities to maximize efficiency and value through various transactions, including purchases or sales of assets, businesses, investments, or joint venture interests. For example, in November 2018 and August 2019, we completed the acquisitions of Angus Jamieson Consulting and DrillScan Energy SAS, respectively. These strategic transactions, among others, are intended to (but may not) result in the realization of savings, the creation of efficiencies, the offering of new products or services, the generation of cash or income, or the reduction of risk. Acquisition transactions may use cash on hand or be financed by additional borrowings or by the issuance of our common stock. These transactions may also affect our liquidity, consolidated results of operations and consolidated financial condition.

These transactions also involve risks, and we cannot ensure that:

- any acquisitions we attempt will be completed on the terms announced, or at all;
- any acquisitions would result in an increase in income or provide an adequate return of capital or other anticipated benefits;
- any acquisitions would be successfully integrated into our operations and internal controls, including those related to financial reporting, disclosure and cyber and information security;
- the due diligence conducted prior to an acquisition would uncover situations that could result in financial or legal exposure, or that we will appropriately quantify the exposure from known risks;
- any disposition would not result in decreased earnings, revenue, or cash flow;
- use of cash for acquisitions would not adversely affect our cash available for capital expenditures and other uses; or
- any dispositions, investments, or acquisitions, including integration efforts, would not divert management resources.

We have allocated a portion of the purchase price of certain acquisitions to goodwill and other intangible assets. The amount allocated to goodwill is the excess of the purchase price over the net identifiable assets acquired. At September 30, 2022, we had goodwill of \$45.7 million and other intangible assets, net of \$67.2 million. If we experience future negative changes in our business climate or our results of operations such that we determine that goodwill or intangible assets are impaired, we will be required to record impairment charges with respect to such assets.



Technology disputes could negatively impact our operations or increase our costs.

Drilling rigs use proprietary technology and equipment which can involve potential infringement of a third party's rights, or a third party's infringement of our rights, including patent rights. The majority of the intellectual property rights relating to our drilling rigs and technology services are owned by us or certain of our supplying vendors. From time to time, we or our customers or supplying vendors become involved in disputes over infringement of intellectual property rights relating to equipment or technology owned or used by us. As a result, we may lose access to important equipment or technology, be required to cease use of some equipment or technology, be forced to modify our drilling rigs or technology, or be required to pay license fees or royalties for the use of equipment or technology. In addition, we may lose a competitive advantage in the event we are unsuccessful in enforcing our rights against third parties, or third parties are successful in enforcing their rights against us. As a result, any technology disputes involving us or our customers or supplying vendors could have a material adverse impact on our business, financial condition and results of operations.

Unexpected events could disrupt our business and adversely affect our results of operations.

Unexpected or unanticipated events, including, without limitation, computer system disruptions, unplanned power outages, fires or explosions at drilling rigs, natural disasters such as hurricanes and tornadoes (occurrences of which may increase in frequency and severity as a result of climate change), war or terrorist activities, supply disruptions, failure of equipment, changes in laws and/or regulations impacting our businesses, pandemic illness and other unforeseeable circumstances that may arise from our increasingly connected world or otherwise, could adversely affect our business. It is not possible for us to predict the occurrence or consequence of any such events. However, any such events could create unforeseen liabilities, reduce our ability to provide drilling and related technology services, reduce demand for our services, or make it more difficult or costly to provide services, any of which may ultimately have a material adverse effect on our business, financial condition and results of operations.

Reliance on management and competition for experienced personnel may negatively impact our operations or financial results.

We greatly depend on the efforts of our executive officers and other key employees to manage our operations. Similarly, we utilize highly skilled personnel in operating and supporting our businesses and in developing new technologies. In times of high utilization, it can be difficult to find and retain qualified individuals and, during the recent period of sustained declines in oil and natural gas prices, there have been reductions in the oil field services workforce, both of which have resulted and may in the future result in higher labor costs. We may also face a loss of workers and labor shortages as a result of requirements and enforcement of other COVID-19 regulations in jurisdictions where we operate. The loss of members of management or the inability to attract and retain qualified personnel could have a material adverse effect on our business, financial condition and results of operations. In addition, the unexpected loss of members of management, qualified personnel or a significant number of employees due to disease, disability, or death, could have a detrimental effect on us.

The loss of one or a number of our large customers could have a material adverse effect on our business, financial condition and results of operations.

In fiscal year 2022, we received approximately 45.5 percent of our consolidated operating revenues from our ten largest drilling services and solutions customers and approximately 19.0 percent of our consolidated operating revenues from our three largest customers (including their affiliates). If one or more of our larger customers terminated their contracts, failed to renew existing contracts with us, or refused to award us with new contracts, it could have a material adverse effect on our business, financial condition and results of operations. Further, consolidation among oil and natural gas exploration and production companies may reduce the number of available customers.

Our current backlog of drilling services and solutions revenue may decline and may not be ultimately realized as fixed-term contracts and may, in certain instances, be terminated without an early termination payment.

Fixed-term drilling contracts customarily provide for termination at the election of the customer, with an "early termination payment" to be paid to us if a contract is terminated prior to the expiration of the fixed term. However, under certain limited circumstances, such as destruction of a drilling rig, our bankruptcy, sustained unacceptable performance by us or delivery of a rig beyond certain grace and/or liquidated damage periods, no early termination payment would be paid to us. Even if an early termination payment is owed to us, a customer may be unable or may refuse to pay the early termination payment. We also may not be able to perform under these contracts due to events beyond our control, and our customers may seek to cancel or renegotiate our contracts for various reasons, such as depressed market conditions. As of September 30, 2022, our drilling services backlog was approximately \$1.2 billion for future revenues under firm commitments. Our drilling services backlog may decline over time as existing contract term coverage may not be offset by new term contracts or price modifications for existing contracts, as a result of any number of factors, such as low or declining oil prices and capital spending reductions by our customers. Our inability or the inability of our customers to perform under our or their contractual obligations may have a material adverse impact on our business, financial condition and results of operations.



Our contracts with national oil companies may expose us to greater risks than we normally assume in contracts with non-governmental customers.

We currently own and operate rigs and have deployed technology under contracts with foreign national oil companies. In the future, we may expand our international solutions operations and enter into additional, significant contracts with national oil companies. The terms of these contracts may contain non-negotiable provisions and may expose us to greater commercial, political, operational and other risks than we assume in other contracts. Foreign contracts may expose us to materially greater environmental liability and other claims for damages (including consequential damages) and personal injury related to our operations, or the risk that the contract may be terminated by our customer without cause on short-term notice, contractually or by governmental action, or under certain conditions that may not provide us with an early termination payment. We can provide no assurance that increased risk exposure will not have an adverse impact on our future operations or that we will not increase the number of rigs contracted, or the amount of technology deployed, to national oil companies with commensurate additional contractual risks. Risks that accompany contracts with national oil companies could ultimately have a material adverse impact on our business, financial condition and results of operations.

Our drilling services operating expense includes fixed costs that may not decline in proportion to decreases in rig utilization and dayrates.

Our drilling services operating expense includes all direct and indirect costs associated with the operation, maintenance and support of our drilling equipment, which is often not affected by changes in dayrates and utilization. During periods of reduced revenue and/or activity, certain of our fixed costs (such as depreciation) may not decline and often we may incur additional costs. During times of reduced utilization, reductions in costs may not be immediate as we may incur additional costs associated with maintaining and cold stacking a rig, or we may not be able to fully reduce the cost of our support operations in a particular geographic region due to the need to support the remaining drilling rigs in that region. Accordingly, a decline in revenue due to lower dayrates and/or utilization may not be offset by a corresponding decrease in drilling services and solutions expense, which could have a material adverse impact on our business, financial condition and results of operations.

Shortages of drilling equipment, supplies or other key materials could adversely affect our operations.

The drilling services and solutions business is highly cyclical. During periods of increased demand for drilling services and solutions and periods of supply chain disruption, delays in delivery and shortages of drilling equipment and supplies can occur and it may take longer for our vendors to service drilling components. Additionally, suppliers may seek to increase prices for equipment, supplies, and services, which we are unable to pass through to our customers, either due to contractual obligations or market constraints in the drilling services and solutions business. Further, certain key rig components, parts and equipment are also either purchased from, fabricated or serviced by a limited number of vendors, which, in some cases, may be thinly capitalized and disproportionately affected by any loss of business, downturn in the energy industry, supply chain disruptions, or reduction or availability of credit. A number of disruptions and delays across the global supply chain have occurred in recent years, which have created delays in servicing key components, and a tightening of supplies and shortages in a number of areas, ranging from basic raw materials to semiconductors, and increasing costs, and we expect such disruptions and delays could continue in the near term and possibly beyond. To date, as an industry leader, we have effectively managed these delays, disruptions, and shortages by engaging in near and long-term demand planning with multiple vendors who provide and service key rig components, parts and equipment. However, if we are not able to effectively manage these disruptions and delays in the future, they could have a material adverse effect on our business, financial condition and results of operations.

Unionization efforts and labor regulations in certain countries in which we operate could materially increase our costs or limit our flexibility.

Certain of our international employees are unionized, and efforts may be made from time to time to unionize other portions of our workforce. We may in the future be subject to strikes or work stoppages and other labor disruptions in connection with unionization efforts or renegotiation of existing contracts with unions representing our international employees. For example, worker strikes of short duration are common in Argentina and our operations have experienced such strikes in the past. Additional unionization efforts, if successful, new collective bargaining agreements or work stoppages could materially increase our labor costs, reduce our revenues or limit our operational flexibility.



The impact and effects of public health crises, pandemics and epidemics, such as the COVID-19 pandemic, could have a material adverse effect on our business, financial condition and results of operations.

Public health crises, pandemics and epidemics, such as the COVID-19 pandemic, and fear of such events have adversely impacted and may continue to adversely impact our operations, the operations of our customers and the global economy, including the worldwide demand for oil and natural gas and the level of demand for our services. Other effects of the pandemic include and may continue to include, significant volatility and disruption of the global financial markets; continued volatility of crude oil prices and related uncertainties around OPEC+ production; disruption of our operations, including suspension of drilling activities; impact to costs; loss of workers; labor shortages; supply chain disruptions or equipment shortages; logistics constraints; customer demand for our services and industry demand generally; capital spending by oil and gas companies; our liquidity; the price of our securities and trading markets with respect thereto; our ability to access capital markets; asset impairments and other accounting changes; certain of our customers experiencing bankruptcy or otherwise becoming unable to pay vendors, including us; and employee impacts from illness, travel restrictions, including border closures and other community response measures. Such public health crises, pandemics and epidemics are continuously evolving and the extent to which our business operations and financial results continue to be affected depends on various factors beyond our control, such as the duration, severity and sustained geographic resurgence of the COVID-19 virus; the emergence, severity and spread of new variants of the virus; the impact and effectiveness of governmental actions to contain and treat such outbreaks, including government policies and restrictions; vaccine hesitancy, vaccine mandates, and voluntary or mandatory quarantines; and the global response surrounding such uncertainties.

Improvements in or new discoveries of alternative energy technologies could have a material adverse effect on our financial condition and results of operations.

Since our business depends on the level of activity in the oil and natural gas industry, any improvement in or new discoveries of alternative energy technologies that increase the use of alternative forms of energy and reduce the demand for oil and natural gas could have a material adverse effect on our business, financial condition and results of operations.

Our business and results of operations may be adversely affected by foreign political, economic and social instability risks, foreign currency restrictions and devaluation, and various local laws associated with doing business in certain foreign countries.

We currently have drilling operations in South America (primarily Argentina and Colombia) and the Middle East. In the future, we may further expand the geographic reach of our operations. As a result, we are exposed to certain political, economic and other uncertainties not encountered in U.S. operations, including increased risks of social unrest, strikes, terrorism, war, kidnapping of employees, nationalization, forced negotiation or modification of contracts, difficulty resolving disputes (including technology disputes) and enforcing contract provisions, expropriation of equipment as well as expropriation of oil and gas exploration and drilling rights, taxation policies, foreign exchange restrictions and restrictions on repatriation of income and capital, currency rate fluctuations, increased governmental ownership and regulation of the economy and industry in the markets in which we operate, economic and financial instability of national oil companies, and restrictive governmental regulation, bureaucratic delays and general hazards associated with foreign sovereignty over certain areas in which operations are conducted.

South American countries, in particular, have historically experienced uneven periods of economic growth, as well as recession, periods of high inflation and general economic and political instability. From time to time, these risks have impacted our business. For example, in Argentina, while our dayrate is denominated in U.S. dollars, we are paid in Argentine pesos. The Argentine branch of one of our second-tier subsidiaries then 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, including controls implemented from September 2019 through 2022. As a result of these currency controls, our ability to remit funds from our Argentine subsidiary to its U.S. parent has been limited. Argentina's economy is currently considered highly inflationary, which is defined as cumulative inflation rates exceeding 100% in the most recent three-year period based on inflation data published by the respective governments. Nonetheless, all of our foreign operations 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. For fiscal year 2022, we recognized aggregate foreign currency losses of \$5.4 million in Argentina. Our aggregate foreign currency losses across all of our operations for fiscal years 2022 and 2021 were \$5.9 million and \$5.3 million, respectively. However, 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.

Additionally, there can be no assurance that there will not be changes in local laws, regulations and administrative requirements or the interpretation thereof, which could have a material adverse effect on the profitability of our operations or on our ability to continue operations in certain areas. 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 have limited control or hold only a minority interest or pursuant to arrangements under which we conduct operations under contract to local entities. 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 we find acceptable.



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.

FINANCIAL RISKS

Covenants in our debt agreements restrict our ability to engage in certain activities.

Our current debt agreements pertaining to certain long-term unsecured debt and our unsecured revolving credit facility contain, and our future financing arrangements likely will contain, various covenants that may in certain instances restrict our ability to, among other things, incur, assume or guarantee additional indebtedness, incur liens, sell or otherwise dispose of all or substantially all of our assets, enter into new lines of business, and merge or consolidate. In addition, our credit facility requires us to maintain a funded leverage ratio (as defined therein) of less than or equal to 50 percent and certain priority debt (as defined therein) may not exceed 17.5 percent of our net worth (as defined therein). Such restrictions may limit our ability to successfully execute our business plans, which may have adverse consequences on our operations.

We may be required to record impairment charges with respect to our drilling rigs and other assets.

We evaluate our drilling rigs and other assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Lower utilization and dayrates adversely affect our revenues and profitability. Prolonged periods of low utilization and dayrates may result in the recognition of impairment charges if future cash flow estimates, based upon information available to management at the time, indicate that the carrying value of an asset group may not be recoverable. Drilling rigs in our fleet may become impaired in the future if oil and gas prices decline or remain low for a prolonged period of time or if market conditions deteriorate or if we restructure our drilling fleet. For example, in fiscal years 2022 and 2021, we recognized impairment charges of \$4.4 million and \$70.9 million, respectively, related to tangible assets and equipment. If we experience future negative changes in our business climate such that we determine that one or more of our asset groups are impaired, we will be required to record additional impairment charges with respect to such asset groups.

Any impairment could have a material adverse effect on our consolidated financial statements. The facts and circumstances included in our impairment assessments are described in Part II, Item 8—"Financial Statements and Supplementary Data."

A downgrade in our credit ratings could negatively impact our cost of and ability to access capital.

Our ability to access capital markets or to otherwise obtain sufficient financing is enhanced by our senior unsecured debt ratings as provided by major U.S. credit rating agencies. Factors that may impact our credit ratings include debt levels, liquidity, asset quality, cost structure, commodity pricing levels, industry conditions and other considerations. A ratings downgrade could adversely impact our ability in the future to access debt markets, increase the cost of future debt, and potentially require us to post letters of credit for certain obligations.

Our ability to access capital markets could be limited.

From time to time, we may need to access capital markets to obtain financing. Our ability to access capital markets for financing could be limited by oil and gas prices, our existing capital structure, our credit ratings, the state of the economy, the health or market perceptions of the drilling and overall oil and gas industry, the liquidity of the capital markets and other factors. Many of the factors that affect our ability to access capital markets are outside of our control. No assurance can be given that we will be able to access capital markets on terms acceptable to us when required to do so, which could have a material adverse impact on our business, financial condition and results of operations.

Our marketable securities may lose significant value due to credit, market and interest rate risks.

The value of our marketable securities are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by unusual events, such as global health crises and political instability. A significant loss in value of our investments would negatively impact our debt ratio and financial strength.



We may not be able to generate cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations.

Our ability to make future scheduled payments on or to refinance our debt obligations, including any future debt obligations, depends on our financial position, results of operations and cash flows. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investment decisions and capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. Furthermore, these alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial position at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would be a default (if not waived) and would likely result in a reduction of our credit rating, which could harm our ability to seek additional capital or restructure or refinance our indebtedness.

The replacement of LIBOR with an alternative reference rate, may adversely affect interest expense related to outstanding debt.

In 2017, the United Kingdom's Financial Conduct Authority (the "FCA"), which regulates the London Interbank Offered Rate ("LIBOR"), announced that it intends to phase out LIBOR as a benchmark. The FCA ceased publication of U.S. dollar LIBOR on December 31, 2021 in the case of one week and two month U.S. dollar LIBOR tenors and intends to phase out LIBOR for all other U.S. dollar tenors immediately after June 30, 2023. The U.S. Federal Reserve (the "Federal Reserve") advised banks to cease entering into new contracts that use U.S. dollar LIBOR as a reference rate. The Alternative Reference Rate Committee ("ARRC"), a committee convened by the Federal Reserve recommended the use of the Secured Overnight Financing Rate ("SOFR"), a new index, calculated by short-term repurchase agreements, backed by U.S. Treasury securities, as its preferred alternative rate for LIBOR in the U.S. On March 8, 2022, we entered into the second amendment to the 2018 Credit Facility, which, among other things, replaced provisions in respect of interest rate determinations that were based on LIBOR with provisions based on SOFR.

Given the inherent differences between LIBOR and SOFR, or any other alternative benchmark rate that may be established, there are many uncertainties regarding a transition from LIBOR. Using SOFR could make borrowing more expensive because it lacks a credit component, which could cause lenders to increase spreads to price for this uncertainty. Additionally, in a crisis, borrowers may hold excess liquidity if SOFR does not spike to reflect conditions, which may create issues for bank liquidity, adversely impacting borrowers. The market transition away from LIBOR to an alternative reference rate is complex and overall financial markets may be disrupted as a result of the phase-out. The availability and cost of our borrowings and interest expense related to outstanding floating-rate debt due to the adoption of SOFR or other alternative benchmark rates or a broader market disruption caused by the phase-out of LIBOR could have an adverse effect on our financial condition, results of operations and cash flows.

LEGAL AND REGULATORY RISKS

The physical effects of climate change and the regulation of greenhouse gases and climate change could have a negative impact on our business.

The physical and regulatory effects of climate change and a global transition to a low carbon economy could have a negative impact on our operations, our customers' operations and the overall demand for our customers' products and services. Scientific studies have suggested that emissions of certain gases, commonly referred to as "greenhouse gases" ("GHGs") and including carbon dioxide and methane, may be contributing to warming of the earth's atmosphere and other climatic changes. In response to such studies, the issue of climate change and the effect of GHG emissions, in particular emissions from fossil fuels, is attracting increasing attention worldwide and there are a number of political and technological initiatives aimed at reducing the use of hydrocarbons.

We are aware of the increasing focus of local, state, regional, national and international regulatory bodies on GHG emissions and climate change issues. Legislation to regulate GHG emissions has periodically been introduced in the U.S. Congress and such legislation may be proposed or adopted in the future. In addition, the United States is currently a member of the "Paris Agreement" that requires member countries to review and "represent a progression" in their intended nationally determined GHG contributions, which set GHG emission reduction goals every five years beginning in 2020.



The aim of the Paris Agreement is to hold the increase in the average global temperature to well below 2°C (3.6°F) above pre-industrial levels with efforts to limit the rise to 1.5°C (2.7°F) to protect against the more severe consequences of climate change forecasted by scientific studies. These consequences include increased coastal flooding, droughts and associated wildfires, heavy precipitation events, stresses on water supply and agriculture, increased poverty, and negative impacts on health. In connection with the decision to adopt the Paris Agreement, the Intergovernmental Panel on Climate Change (the “IPCC”) prepared a special report focused on the impacts of an increase in the average global temperature of 1.5°C above pre-industrial levels and related GHG emission pathways. The 2018 IPCC Report concludes that the measures set forth in the Paris Agreement are insufficient and that more aggressive targets and measures will be needed. The 2018 IPCC Report indicates that GHGs must be reduced from 2010 levels by 45 percent by 2030 and 100 percent by 2050 to prevent global warming of 1.5°C above pre-industrial levels. The IPCC’s 2021 Report focusing on the physical science basis of climate change further concluded that an immediate and large-scale reduction in GHG emissions is necessary to limit global warming to 1.5°C above pre-industrial levels.

It is not possible at this time to predict the timing and effect of climate change or whether additional GHG legislation, regulations or other measures will be adopted at the federal, state or local levels. However, more aggressive efforts by governments and non-governmental organizations to reduce GHG emissions appear likely based on the findings set forth in the 2018 and 2021 IPCC Reports and any such future laws and regulations could result in increased compliance costs, additional operating restrictions or affect the demand for our customers’ products and, accordingly, our services. In addition, increasing attention to the risks of climate change has resulted in an increased possibility of litigation or investigations brought by public and private entities against oil and gas companies in connection with their GHG emissions. As a result, we or our customers may become subject to court orders compelling a reduction of GHG emissions or requiring mitigation of the effects of climate change. For example, a coalition of over 20 governors of U.S. states formed the United States Climate Alliance to advance the objectives of the Paris Agreement, and several U.S. cities have committed to advance the objectives of the Paris Agreement at the state or local level as well. If we are unable to recover or pass through a significant level of our costs or are required to change our practices related to complying with climate change regulatory requirements imposed on us, it could have a material adverse impact on our business, financial condition and results of operations. Further, to the extent financial markets view climate change and GHG emissions as a financial risk, this could negatively impact our cost of or access to capital. Climate change and GHG regulation could also negatively impact the drilling programs of our customers and, consequently, delay, limit or reduce the services we provide. An increased focus by the public on the reduction of GHG emissions as well as the results of the physical impacts of climate change could affect the demand for our customers’ products and have a negative effect on our business.

The federal government and certain state governments have enacted, and are expected to continue to enact, laws and regulations that mandate or provide economic incentives for the development of technologies and sources of energy other than oil and gas, such as wind and solar. Such legislation incentivizes the development, use and investment in these technologies and alternative energy sources and could accelerate the shift away from traditional oil and gas. For example, the Inflation Reduction Act (“IRA”) of 2022 contains tax inducements and other provisions that incentivize investment, development, and deployment of alternative energy sources and technologies. Also, in 2022, California mandated that all new passenger cars and light trucks sold in the state be electric vehicles or other emissions-free models by 2035. If these future laws and regulations result in customers reducing their production of oil and gas, they could ultimately have an adverse effect on our business and prospects.

Beyond financial and regulatory impacts, the projected severe effects of climate change have the potential to directly affect our facilities and operations and those of our customers, which could result in more frequent and severe disruptions to our business and those of our customers, increased costs to repair damaged facilities or maintain or resume operations, and increased insurance costs. See above *“—Our drilling and technology related operations are subject to a number of operational risks, including environmental and weather risks, which could expose us to significant losses and damage claims. We are not fully insured against all of these risks and our contractual indemnity provisions may not fully protect us.”*



New legislation and regulatory initiatives relating to hydraulic fracturing or other aspects of the oil and gas industry could negatively impact the drilling programs of our customers and, consequently, delay, limit or reduce the services we provide.

Several political and regulatory authorities, governmental bodies, and environmental groups devote resources to campaigns aimed at eradicating hydraulic fracturing. We do not engage in any hydraulic fracturing activities. However, it is a common practice in our industry for our customers to recover natural gas and oil from shale and other formations through the use of horizontal drilling combined with hydraulic fracturing. Hydraulic fracturing is the process of creating or expanding cracks, or fractures, in formations using water, sand and other additives pumped under high pressure into the formation. The hydraulic fracturing process is typically regulated by state oil and natural gas commissions. Several states have adopted or are considering adopting regulations that could impose more stringent permitting, public disclosure, waste disposal and/or well construction requirements on oil and gas development, including hydraulic fracturing operations, or otherwise seek to ban fracturing activities altogether. In addition to state laws, some local municipalities have adopted or are considering adopting land use restrictions, such as city ordinances, that may restrict or prohibit the performance of well drilling in general and/or hydraulic fracturing in particular. Members of the U.S. Congress are analyzing, and a number of federal agencies have historically been requested to review, and, under the current administration, may be requested to review again, a variety of environmental issues associated with hydraulic fracturing and the possibility of more stringent regulation. At September 30, 2022, we had approximately 35 rigs placed on federal land and four rigs in federal waters. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could negatively impact the drilling programs of our customers and, consequently, delay, limit or reduce the services we provide. For example, the Environmental Protection Agency has asserted federal regulatory authority pursuant to the federal Safe Drinking Water Act over certain hydraulic fracturing activities involving the use of diesel fuels. Widespread regulation significantly restricting or prohibiting hydraulic fracturing or other drilling activity by our customers could have a material adverse impact on our business, financial condition and results of operations.

Further, we conduct drilling activities in numerous states, including Oklahoma, where seismic activity may occur. In recent years, Oklahoma has experienced an increase in earthquakes. Although the extent of any correlation has been and remains the subject of studies of both federal and state agencies, some parties believe that there is a correlation between hydraulic fracturing related activities and the increased occurrence of seismic activity. As a result, federal and state legislatures and agencies may seek to further regulate, restrict or prohibit hydraulic fracturing activities. Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition to oil and gas production activities using hydraulic fracturing techniques, operational delays or increased operating and compliance costs in the production of oil and natural gas from shale plays, added difficulty in performing hydraulic fracturing, and potentially a decline in the completion of new oil and gas wells, which could negatively impact the drilling programs of our customers and, consequently, delay, limit or reduce the services we provide.

Our aspirations, goals and initiatives related to sustainability and emissions reduction, and our public statements and disclosures regarding them, expose us to numerous risks.

We have developed, and will continue to develop and set, goals, targets, or other objectives related to sustainability matters. Statements related to these goals, targets and objectives reflect our current plans and do not constitute a guarantee that they will be achieved. Our efforts to research, establish, accomplish, and accurately report on these goals, targets, and objectives expose us to numerous operational, reputational, financial, legal, and other risks. Our ability to achieve any stated goal, target, or objective, including with respect to emissions reduction, is subject to numerous factors and conditions, some of which are outside of our control. Examples of such factors include: (1) the extent our customers' decisions directly impact, relate to, or influence the use of our equipment that creates the emissions we report, (2) the availability and cost of low- or non-carbon-based energy sources and technologies, (3) evolving regulatory requirements affecting sustainability standards or disclosures, (4) the availability of suppliers that can meet our sustainability and other standards. In addition, standards for tracking and reporting on sustainability matters, including climate-related matters, have not been harmonized and continue to evolve. Our processes and controls for reporting sustainability matters may not always comply with evolving and disparate standards for identifying, measuring, and reporting such metrics, including sustainability-related disclosures that may be required of public companies by the SEC, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. Our business may also face increased scrutiny from investors and other stakeholders related to our sustainability activities, including the goals, targets, and objectives that we announce, and our methodologies and timelines for pursuing them. If our sustainability practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our reputation, our ability to attract or retain employees, and our attractiveness as an investment or business partner could be negatively affected. Similarly, our failure or perceived failure to pursue or fulfill our sustainability-focused goals, targets, and objectives, to comply with ethical, environmental, or other standards, regulations, or expectations, or to satisfy various reporting standards with respect to these matters, within the timelines we announce, or at all, could adversely affect our business or reputation, as well as expose us to government enforcement actions and private litigation.



Failure to comply with the U.S. Foreign Corrupt Practices Act or foreign anti-bribery legislation could adversely affect our business.

The U.S. Foreign Corrupt Practices Act ("FCPA") and similar anti-bribery laws in other jurisdictions, including the United Kingdom Bribery Act 2010, generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices and impact our business. Although we have programs in place requiring compliance with anti-bribery legislation, any failure to comply with the FCPA or other anti-bribery legislation could subject us to civil and criminal penalties or other sanctions, which could have a material adverse impact on our business, financial condition and results of operation. In addition, investors could negatively view potential violations, inquiries or allegations of misconduct under the FCPA or similar laws, which could adversely affect our reputation and the market for our shares. We could also face fines, sanctions and other penalties from authorities in the relevant foreign jurisdictions, including prohibition of our participating in or curtailment of business operations in those jurisdictions and the seizure of drilling rigs or other assets.

Our business is subject to complex and evolving laws and regulations regarding privacy and data protection.

The regulatory environment surrounding data privacy and protection is constantly evolving and can be subject to significant change. New laws and regulations governing data privacy and the unauthorized disclosure of confidential information pose increasingly complex compliance challenges and potentially elevate our costs. In the normal course of business, we and our third-party partners may collect, process, and store data that is subject to those specific laws and regulations governing personal data.

Complying with varying jurisdictional requirements is becoming increasingly complex and could increase the costs and difficulty of compliance, and violations of applicable data protection laws, including but not limited to the European Union General Data Protection Regulation ("GDPR") and the California Consumer Privacy Act ("CCPA") and California Privacy Rights Act ("CPRA"), which will amend the CCPA in January 2023 to provide for additional privacy protections, as well as similar laws enacted by other states, could result in significant penalties.

The GDPR applies to activities regarding personal data that may be conducted by us, directly or indirectly through vendors and subcontractors, from an establishment in the European Union. As interpretation and enforcement of the GDPR evolves, it creates a range of new compliance obligations, which could cause us to incur costs or require us to change our business practices in a manner adverse to our business. Failure to comply could result in significant penalties of up to a maximum of four percent of our global turnover or up to \$20.0 million Euro, which may materially adversely affect our business, reputation, results of operations, and cash flows.

The CCPA, which came into effect on January 1, 2020, and, effective January 2023, will be amended by the CPRA, gives California residents specific rights in relation to their personal information, requires that companies take certain actions, including notifications for security incidents and may apply to activities regarding personal information that is collected by us, directly or indirectly, from California residents. As interpretation and enforcement of the CCPA and CPRA evolves, it creates a range of new compliance obligations, which could cause us to change our business practices, with the possibility for significant financial penalties for noncompliance that may materially adversely affect our business, reputation, results of operations, and cash flows. Similar legislation has been adopted in Virginia, Colorado, Utah and Connecticut, all of which will go into effect in 2023.

Non-compliance with these and other data protection laws could expose us to regulatory investigations, which could result in fines and penalties. In addition to imposing fines, regulators may also issue orders to stop processing personal data, which could disrupt operations. We could also be subject to litigation from persons or corporations allegedly affected by data protection violations. In addition, we are also subject to the possibility of cyber incidents or attacks, potentially resulting in a violation of the laws mentioned above. Any violation of these laws or harm to our reputation could have a material adverse effect on our business, financial condition, results of operations and prospects.



Government policies, mandates, and regulations specifically affecting the energy sector and related industries, regulatory policies or matters that affect a variety of businesses, taxation policies, and political instability could adversely affect our financial condition and results of operations.

Energy production and trade flows are subject to government policies, mandates, regulations, and trade agreements. Governmental policies affecting the energy industry, such as taxes, tariffs, duties, price controls, subsidies, incentives, foreign exchange rates, economic sanctions and import and export restrictions, can influence the viability and volume of production of certain commodities, the volume and types of imports and exports, whether unprocessed or processed commodity products are traded, and industry profitability. For example, the decision of the U.S. government to impose tariffs on certain Chinese imports and the resulting retaliation by the Chinese government imposing a 25 percent tariff on U.S. liquefied natural gas have disrupted aspects of the energy market. Disruptions of this sort can affect the price of oil and natural gas and may cause our customers to change their plans for exploration and production levels, in turn reducing the demand for our services. Moreover, many countries, including the United States, control the import and export of certain goods, services and technology and impose related import and export recordkeeping and reporting obligations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities. In particular, U.S. sanctions are targeted against certain countries that are heavily involved in the petroleum and petrochemical industries, which includes drilling activities.

Future government policies may adversely affect the supply of, demand for, and prices of oil and natural gas, restrict our ability to do business in existing and target markets, and adversely affect our business, financial condition and results of operations. The laws and regulations concerning import and export activity, recordkeeping and reporting, including customs, export controls and economic sanctions, are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting our operations. Ongoing economic challenges may increase some governments' efforts to enact, enforce, amend or interpret laws and regulations as a method to increase revenue. Shipments can be delayed and denied import or export for a variety of reasons, some of which are outside our control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime. Any failure to comply with applicable legal or regulatory requirements governing international trade could also result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from government contracts, seizure of shipments and loss of import and export privileges.

Our business, financial condition and results of operations could be affected by political instability and by changes in other governmental policies, mandates, regulations, and trade agreements, including monetary, fiscal and environmental policies, laws, regulations, acquisition approvals, and other activities of governments, agencies, and similar organizations. These risks include, but are not limited to, changes in a country's or region's economic or political conditions, local labor conditions and regulations, safety and environmental regulations, reduced protection of intellectual property rights, changes in the regulatory or legal environment, restrictions on currency exchange activities, currency exchange fluctuations, burdensome taxes and tariffs, enforceability of legal agreements and judgments, adverse tax, administrative agency or judicial outcomes, and regulation or taxation of greenhouse gases. International risks and uncertainties, including changing social and economic conditions as well as terrorism, political hostilities, and war, could limit our ability to transact business in these markets and could adversely affect our business, financial condition and results of operations.

Legal claims and litigation could have a negative impact on our business.

The nature of our business makes us susceptible to legal proceedings and governmental investigations from time to time. We design much of our own equipment and fabricate and upgrade such equipment in facilities that we operate. We also design and develop our own technology. If such equipment or technology fails to perform as expected, or if we fail to maintain or operate the equipment properly, there could be personal injuries, property damage, and environmental contamination, which could result in claims against us. Our ownership and use of proprietary technology and equipment could also result in infringement of intellectual property claims against us. See above "*Technology disputes could negatively impact our operations or increase our costs.*" The Company also owns and operates a large fleet of motor vehicles, which creates an increased exposure to motor vehicle accidents. Also, we may be subject, and have been subject in the past, to litigation resulting from accidents involving motor vehicles. These lawsuits have resulted, and may result in the future, in the payment of substantial settlements or damages and increases in our insurance costs. In addition, during periods of depressed market conditions we may be subject to an increased risk of our customers, vendors, former employees and others initiating legal proceedings against us. Further, actions or decisions we have taken or may take as a consequence of COVID-19 may result in investigations, litigation or legal claims against us. Lawsuits or claims against us could have a material adverse effect on our business, financial condition and results of operations. Any litigation or claims, even if fully indemnified or insured, could negatively impact our reputation among our customers and the public, and make it more difficult for us to compete effectively or obtain adequate insurance in the future.



Additional tax liabilities, limitations on our use of net operating losses and tax credits and/or our significant net deferred tax liability could affect our financial condition, income tax provision, net income, and cash flows.

We are subject to income taxes in the United States and numerous other jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly audited by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than what is reflected in income tax provisions and accruals. An audit or litigation could materially affect our financial position, income tax provision, net income, or cash flows in the period or periods challenged. Tax rates in the various jurisdictions in which our subsidiaries are organized and conduct their operations may change significantly as a result of political or economic factors beyond our control. It is also possible that future changes to tax laws (including tax treaties in any of the jurisdictions that we operate in) could impact our ability to realize the tax savings recorded to date. Our ability to benefit from our deferred tax assets depends on us having sufficient future taxable income to utilize our net operating loss and tax credit carryforwards before they expire. In addition, Section 382 of the Internal Revenue Code of 1986, as amended ("Section 382"), generally imposes an annual limitation on the amount of net operating losses and other pre-change tax attributes (such as tax credits) that may be used to offset taxable income by a corporation that has undergone an "ownership change" (as determined under Section 382). An ownership change generally occurs if one or more shareholders (or groups of shareholders) that are each deemed to own at least 5 percent of our stock change their ownership by more than 50 percentage points over their lowest ownership percentage during a rolling three-year period. As of September 30, 2022, we have not experienced an ownership change and, therefore, utilization of our applicable tax attributes were not subject to an annual limitation (except for an immaterial portion thereof that we inherited in connection with an acquisition during 2017). However, if we were to experience ownership changes in the future as a result of subsequent shifts in our stock ownership, our ability to use certain pre-change tax attributes could potentially accelerate or permanently increase our future tax liabilities. Additionally, our future effective tax rates could be adversely affected by changes in tax laws (including tax treaties) or their interpretation, such as the proposals by the Biden administration to increase the U.S. corporate income tax rate and increase the U.S. taxation of international business operations. For example, the IRA, passed on August 16, 2022, includes a new 15 percent corporate minimum tax as well as a one percent excise tax on corporate stock repurchases applicable to repurchases after December 31, 2022. We are in the process of evaluating the potential impacts of the IRA. While we do not currently expect the IRA to have a material impact on our effective tax rate, our analysis is ongoing and incomplete, and it is possible that the IRA could have a material adverse effect on our tax liability.

Our deferred tax liability associated with property, plant and equipment is significant, which could materially increase the amount of cash income taxes that we pay in the future and, thus, adversely affect our cash flows. Our future capital expenditures, our results of operations and changes in income tax laws could significantly impact the timing of the reversal of our deferred tax liabilities and the timing and amount of our future cash income taxes. While management intends to minimize our income taxes payable in future years to the extent possible, the amount and timing of cash income taxes ultimately paid are based on the aforementioned factors as well as others and are subject to change.

Failure to comply with or changes to governmental and environmental laws could adversely affect our business.

Many aspects of our operations are subject to various laws and regulations in the jurisdictions where we operate, including those relating to drilling practices and comprehensive and frequently changing laws and regulations relating to the safety and to the protection of human health and the environment. Environmental laws apply to the oil and gas industry including those regulating air emissions, discharges to water, and the transport, storage, use, treatment, disposal and remediation of, and exposure to, solid and hazardous wastes and materials. These laws can have a material adverse effect on the drilling industry, including our operations, and compliance with such laws may require us to make significant capital expenditures, such as the installation of costly equipment or operational changes, and may affect the resale values or useful lives of our drilling rigs. If we fail to comply with these laws and regulations, we could be exposed to substantial administrative, civil and criminal penalties, delays in permitting or performance of projects and, in some cases, injunctive relief. Violations of environmental laws may also result in liabilities for personal injuries, property and natural resource damage and other costs and claims. In addition, environmental laws and regulations in the United States impose a variety of requirements on "responsible parties" related to the prevention of oil spills and liability for damages from such spills. As an owner and operator of drilling rigs, we may be deemed to be a responsible party under these laws and regulations.

Additional legislation or regulation and changes to existing legislation and regulation may reasonably be anticipated, and the effect thereof on our operations cannot be predicted. The expansion of the scope of laws or regulations protecting the environment has accelerated in recent years, particularly outside the United States, and we expect this trend to continue. To the extent new laws are enacted or other governmental actions are taken that prohibit or restrict drilling in areas where we operate or impose additional environmental protection requirements that result in increased costs to the oil and gas industry, in general, or the drilling industry, in particular, our business or prospects could be materially adversely affected.



RISKS RELATED TO OUR COMMON STOCK AND CORPORATE STRUCTURE

We may reduce or suspend our dividend in the future.

We have paid a quarterly dividend for many years. Our most recent quarterly base dividend declared was \$0.25 per share. Subsequent to September 30, 2022, we also declared a supplemental dividend of \$0.235 per share. In the future, our Board of Directors may, without advance notice, determine to reduce or suspend our dividend in order to maintain our financial flexibility and best position the Company for long-term success. The declaration and amount of future dividends is at the discretion of our Board of Directors and will depend on our financial condition, results of operations, cash flows, prospects, industry conditions, capital requirements and other factors and restrictions our Board of Directors deems relevant. The likelihood that dividends will be reduced or suspended is increased during periods of prolonged market weakness or uncertainty, such as the recent downturn as a result of the COVID-19 pandemic and the oil price collapse in 2020. In addition, our ability to pay dividends may be limited by agreements governing our indebtedness now or in the future. There can be no assurance that we will not reduce our dividend or that we will continue to pay a dividend in the future.

The market price of our common stock may be highly volatile, and investors may not be able to resell shares at or above the price paid.

The trading price of our common stock may be volatile. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as other general economic, market or political conditions, could reduce the market price of our common stock in spite of our operating or financial performance. The following factors, in addition to other factors described in this "Risk Factors" section and elsewhere in this Form 10-K, may have a significant impact on the market price of our common stock:

- changes in customer needs, expectations or trends and our ability to maintain relationships with key customers;
- our ability to implement our business strategy;
- changes in our capital structure, including the issuance of additional debt;
- public announcements (including the timing of these announcements) regarding our business, financial performance and prospects or new products or services, product enhancements, technological advances or strategic actions, such as acquisitions, restructurings or significant contracts, by our competitors or us;
- trading activity in our stock, including portfolio transactions in our stock by us, our executive officers and directors, and significant stockholders or trading activity that results from the ordinary course rebalancing of stock indices in which we may be included;
- short-interest in our common stock, which could be significant from time to time;
- our inclusion in, or removal from, any stock indices;
- investor perception of us and the industry and markets in which we operate;
- increased focus by the investment community on sustainability practices at our company and in the oil and natural gas industry generally;
- changes in earnings estimates or buy/sell recommendations by securities analysts;
- whether or not we meet earnings estimates of securities analysts who follow us;
- regulatory or legal developments in the United States and foreign countries where we operate; and
- general financial, domestic, international, economic, and market conditions, including overall fluctuations in the U.S. equity markets.



Certain provisions of our corporate governing documents could make an acquisition of our company more difficult.

The following provisions of our charter documents, as currently in effect, and Delaware law could discourage potential proposals to acquire us, delay or prevent a change in control of us or limit the price that investors may be willing to pay in the future for shares of our common stock:

- our certificate of incorporation permits our Board of Directors to issue and set the terms of preferred stock and to adopt amendments to our bylaws;
- our bylaws contain restrictions regarding the right of stockholders to nominate directors and to submit proposals to be considered at stockholder meetings;
- our bylaws restrict the right of stockholders to call a special meeting of stockholders; and
- we are subject to provisions of Delaware law which restrict us from engaging in any of a broad range of business transactions with an “interested stockholder” for a period of three years following the date such stockholder became classified as an interested stockholder.

Public and investor sentiment towards climate change, fossil fuels and other ESG matters could adversely affect our cost of capital and the price of our common stock.

There have been intensifying efforts within the investment community (including investment advisors, investment fund managers, sovereign wealth funds, public pension funds, universities and individual investors) to promote the divestment of, or limit investment in, the stock of companies in the oil and gas industry. There has also been pressure on lenders and other financial services companies to limit or curtail financing of companies in the oil and gas industry. Because we operate within the oil and gas industry, if these efforts continue or expand, our stock price and our ability to raise capital may be negatively impacted.

Members of the investment community are increasing their focus on ESG practices and disclosures by public companies, including practices and disclosures related to climate change and sustainability, DE&I initiatives, and heightened governance standards. As a result, we may continue to face increasing pressure regarding our ESG disclosures and practices. See above “—Our aspirations, goals and initiatives related to sustainability and emissions reduction, and our public statements and disclosures regarding them, expose us to numerous risks.” These pressures have intensified recently in connection with the COVID-19 pandemic, significant societal events and government efforts to mitigate climate change. Additionally, members of the investment community may screen companies such as ours for ESG disclosures and performance before investing in our stock. Over the past few years, there has also been an acceleration in investor demand for ESG investing opportunities, and many large institutional investors have committed to increasing the percentage of their portfolios that are allocated towards ESG investments. With respect to any of these investors, our ESG disclosures and efforts may not satisfy the investor requirements or their requirements may not be made known to us. If we or our securities are unable to meet the ESG standards or investment criteria set by these investors and funds, we may lose investors or investors may allocate a portion of their capital away from us, our cost of capital may increase, and our stock price may be negatively impacted.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have received no written comments regarding our periodic or current reports from the staff of the SEC that were issued 180 days or more preceding the end of fiscal year 2022 and that remain unresolved.

ITEM 2. PROPERTIES

Drilling Services and Solutions Operations

Our property consists primarily of drilling rigs and ancillary equipment. We own substantially all of the equipment used in our businesses. For further information on the status of our drilling fleet, see Item 1—“Business — Drilling Fleet.”

Real Property

We own or lease office and yard space to support our ongoing operations, including field and district offices in the United States and internationally. In addition, we lease a fabrication and assembly facility in Galena Park, Texas as well as a maintenance and overhaul facility near Tulsa, Oklahoma.

We also own a limited number of commercial real estate properties located in Tulsa, Oklahoma for investment purposes. Our real estate investments include a shopping center and undeveloped real estate.



ITEM 3. LEGAL PROCEEDINGS

See Note 16—Commitments and Contingencies to our Consolidated Financial Statements for information regarding our legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.



PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Dividends

The principal market on which our common stock is traded is the New York Stock Exchange under the symbol "HP." As of November 9, 2022, there were 369 record holders of our common stock as listed by our transfer agent's records.

We have paid quarterly cash dividends on our common stock during the past two fiscal years. Payment of future dividends will depend on earnings and other factors and is subject to Board approval.

Stock Price Range and Dividends

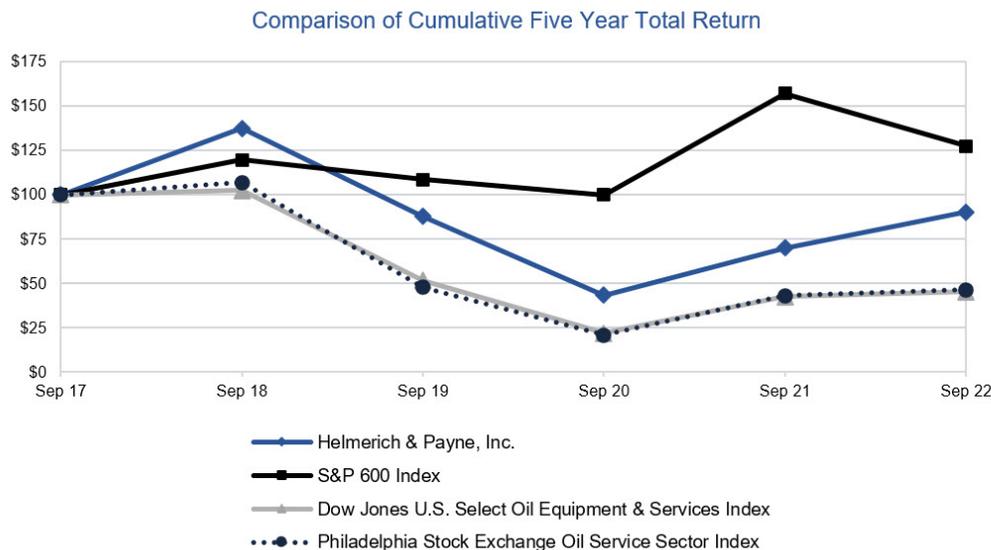


Performance Graph

The following performance graph reflects the yearly percentage change in our cumulative total stockholder return on common stock as compared with the cumulative total return on the S&P 600 Index, Dow Jones U.S. Select Oil Equipment & Services Index, and Philadelphia Stock Exchange Oil Service Sector Index. All cumulative returns assume an initial investment of \$100, the reinvestment of dividends and are calculated on a fiscal year basis ending on September 30 of each year.

Company / Index	Base Period Sep 2017	Indexed Returns Years Ending				
		Sep 2018	Sep 2019	Sep 2020	Sep 2021	Sep 2022
Helmerich & Payne, Inc.	\$ 100.00	\$ 137.00	\$ 88.00	\$ 43.00	\$ 70.00	\$ 90.00
S&P 600 Index	100.00	120.00	108.00	100.00	157.00	127.00
Dow Jones U.S. Select Oil Equipment & Services Index	100.00	102.00	52.00	22.00	42.00	45.00
Philadelphia Stock Exchange Oil Service Sector Index	100.00	107.00	48.00	21.00	43.00	46.00





The above performance graph and related information shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent we specifically incorporate it by reference into such a filing.

ITEM 6. (RESERVED)

Reserved.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Part I of this Form 10-K as well as the Consolidated Financial Statements and related notes thereto included in Part II, Item 8— “Financial Statements and Supplementary Data” of this Form 10-K. Our future operating results may be affected by various trends and factors which are beyond our control. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a variety of risks and uncertainties, including those described in this Form 10-K under “Cautionary Note regarding Forward-Looking Statements” and Item 1A— “Risk Factors.” Accordingly, past results and trends should not be used by investors to anticipate future results or trends.

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 September 30, 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 September 30, 2022. At the close of fiscal year 2022, we had 192 active contracted rigs, of which 125 were under a fixed-term contract and 67 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 to 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 various 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 technical requirements of drilling longer lateral unconventional shale wells often necessitate the use of rigs that 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.

There is a strong customer preference for super-spec rigs not only due to the higher rig specifications that enable more technical drilling, but also 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. We are the largest provider of super-spec rigs in the industry and, accordingly, we believe we are well positioned to respond to various market conditions.

Historically there has been a strong correlation between crude oil and natural gas prices and the demand for drilling rigs with the rig count increasing and decreasing with the up and down movements in the commodity prices. However, beginning in 2021, rig activity has not moved in tandem with crude oil prices to the same extent it had historically as a large portion of our customers instituted a more disciplined approach to their operations and capital spending in order to enhance their own financial returns. Those customers established capital budgets based upon commodity price assumptions for the upcoming year and adhered to them, not adjusting activity plans as commodity prices moved.

The capital budgets for calendar year 2023 have not yet been established by many of our customers; however, based upon the crude oil and natural gas pricing environment and many of our customers' desire to at least maintain their current production levels, we expect the level of capital spending and activity in calendar year 2023 to be similar to modestly higher than that experienced in calendar year 2022. In recent years the U.S. demand for super-spec rigs has strengthened. Despite this increased demand for super-spec rigs there is still idle super-spec rig capacity in the market; however, 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 have been additional costs incurred to bring those long-idled rigs back into working condition, which contributed to 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 resulted in an improvement in our underlying contract economics.

Our North America Solutions active rig count has more than tripled from COVID pandemic lows of 47 rigs in August 2020 to 176 rigs at September 30, 2022. Given the current market dynamics, our disciplined approach to deploying capital, and our fiscal year 2023 capital budget of \$425 to \$475 million, we project that our active rig count could reach 192 rigs during the first half of calendar 2023. While H&P stands ready to respond to the future demand for its super-spec rigs, we will do so by applying the same disciplined approach, focusing on financial returns. That said, the market for our rigs and others like them in the industry will likely remain tight as supply-chain challenges and labor constraints experienced across the energy industry may inhibit the industry's ability overall to supply a significant quantity of super-specs rigs. As the largest provider of super-spec rigs in the U.S., H&P is not immune from supply-chain challenges or potential labor constraints, or inflationary pressures that can arise as a result of these matters. However, we believe we are well positioned to address these challenges and do not believe they are a limiting factor relative to our activity plans for fiscal 2023 nor believe they will have a significant adverse impact on our financial results. As a result of increased customer demand and limited supply additions given high required rig reactivation expenditures and supply chain constraints, we expect the momentum of the upward pressure on pricing to continue into fiscal 2023.

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 activity change in our Offshore Gulf of Mexico segment, we do expect margin improvements based on recent rate increases. Regarding our International Solutions segment, we see opportunities for improvement in activity and the related corresponding margin improvement, but those will likely occur on a more extended timeline compared to what we have experienced in the North America Solutions segment.



Recent Developments

Investment in Tamboran

In October 2022, we purchased a \$14.1 million equity investment, representing approximately 106 million shares, in Tamboran Resources Limited ("Tamboran"). Tamboran's shares are listed and publicly traded on the Australian Securities Exchange. Additionally, during September 2022, we entered into a fixed-term drilling services agreement with Tamboran. The expected \$30.3 million of revenue to be earned over the term of the contract is included within our contract backlog as of September 30, 2022, as mobilization is expected to commence in fiscal year 2023.

Investments in Geothermal Energy

During the fiscal year ended September 30, 2022, we purchased an additional \$18.2 million in geothermal energy investments consisting of both debt and equity securities. Investments were made in five separate companies that are pursuing technological concepts to make unconventional geothermal energy a viable economic renewable energy source. These companies are developing enhanced geothermal system ("EGS") and closed loop concepts. The EGS concepts use one or more of the following: horizontal drilling, induced permeability, and fiber optic sensing. The closed loop concepts use multilateral wellbores, proprietary working fluid, or coaxial pipe configurations. All of these concepts are designed to harvest geothermal heat to create carbon-free, 24/7 geothermal energy. The aggregate balance of our investments in geothermal energy companies was \$23.7 million and \$2.7 million at September 30, 2022 and 2021, respectively. At this time, we expect the quantity and pace of our geothermal investments to be reduced relative to fiscal year 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. Our investment is classified as a long-term equity investment within Investments in our Consolidated Balance Sheets. During the fiscal year ended September 30, 2022, we recognized a gain of \$47.4 million on our Consolidated Statements of Operations, as a result of the change in fair value of the investment during the period. As of September 30, 2022, this investment is classified as a Level 1 investment based on the quoted stock price on the Abu Dhabi Securities Exchange. During the fiscal year ended September 30, 2022, we also received dividends in the amount of \$6.6 million as a result of this investment.

Investment in Galileo Technologies

During the fiscal year ended September 30, 2022, the Company made a \$33.0 million cornerstone investment in Galileo Holdco 2 Limited Technologies ("Galileo Holdco 2"), part of the group of companies known as Galileo Technologies ("Galileo") in the form of a convertible note. Galileo specializes in liquification, natural gas compression and re-gasification modular systems and technologies to make the production, transportation, and consumption of natural gas, biomethane, and hydrogen more economically viable. The convertible note bears interest at 5% per annum with a maturity date of the earlier of April 2027 or an exit event (as defined in the agreement as either an initial public offering or a sale of Galileo). If the conversion option is exercised, the note would convert into common shares of the parent of Galileo Holdco 2 ("Galileo Parent"). We do not intend to sell this investment prior to its maturity date or an exit event. Two of our Directors are independent directors of Galileo Parent. Neither Director has a direct or indirect material interest in the transaction.

Pension Plan Lump-sum Distribution

During March 2022, the Company's domestic noncontributory defined benefit pension plan was amended to include a limited lump sum distribution option and a special eligibility window to be available to certain participants. During the period beginning on May 2, 2022 and ending on June 30, 2022, these participants could elect the limited lump sum distribution. This one-time lump sum was subsequently paid in August 2022 and resulted in a pension settlement charge of \$7.8 million during the year ended September 30, 2022.



Contract Backlog

Drilling contract backlog is the expected future dayrate revenue from executed contracts. We calculate backlog as the total expected revenue from fixed-term contracts and do not include any anticipated contract renewals or expected performance bonuses as part of its calculation. Additionally, contracts that currently contain month-to-month terms are represented in our backlog as one month of unsatisfied performance obligations. In addition to depicting the total expected revenue from fixed-term contracts, backlog is indicative of expected future cash flow that the Company expects to receive regardless of whether a customer honors the fixed-term contract to expiration of a contract or decides to terminate the contract early and pay an early termination payment. In the event of an early termination payment, the timing of the recognition of backlog and the total amount of revenue may differ; however, the overall associated gross margin is preserved. As such, management finds backlog a useful metric for future planning and budgeting, whereas investors consider it useful in estimating future revenue and cash flows of the Company. As of September 30, 2022 and 2021, our contract drilling backlog was \$1.2 billion and \$0.6 billion, respectively. The increase in backlog at September 30, 2022 from September 30, 2021 is primarily due to an increase in the number of fixed term drilling contracts executed. Approximately 30.8 percent of the September 30, 2022 total backlog is reasonably expected to be fulfilled in fiscal year 2024 and thereafter.

The following table sets forth the total backlog by reportable segment as of September 30, 2022 and 2021, and the percentage of the September 30, 2022 backlog reasonably expected to be fulfilled in fiscal year 2024 and thereafter:

<i>(in millions)</i>	September 30, 2022	September 30, 2021	Percentage Reasonably Expected to be Fulfilled in Fiscal Year 2024 and Thereafter
North America Solutions	\$ 863.6	\$ 429.6	26.0 %
Offshore Gulf of Mexico	7.6	17.2	—
International Solutions	301.2	125.2	45.3
	<u>\$ 1,172.4</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 decline and may not be ultimately realized as fixed-term contracts and may, in certain instances, be terminated without an early termination payment*" within this Form 10-K 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, could have a material adverse effect on our business, financial condition and results of operations*" within this Form 10-K.

Results of Operations for the Fiscal Years Ended September 30, 2022 and 2021

Consolidated Results of Operations

Net Income (Loss) We reported income from continuing operations of \$6.6 million (\$0.05 per diluted share) from operating revenues of \$2.1 billion for the fiscal year ended September 30, 2022 compared to a loss from continuing operations of \$337.5 million (\$3.14 loss per diluted share) from operating revenues of \$1.2 billion for the fiscal year ended September 30, 2021. Included in net income for the fiscal year ended September 30, 2022 is income of \$0.4 million (with no impact on a per diluted share basis) from discontinued operations. Including discontinued operations, we recorded net income of \$7.0 million (\$0.05 per diluted share) for the fiscal year ended September 30, 2022 compared to a net loss of \$326.2 million (\$3.04 loss per diluted share) for the fiscal year ended September 30, 2021.

Operating Revenue Consolidated operating revenues were \$2.1 billion in fiscal year 2022 and \$1.2 billion in fiscal year 2021, including early termination revenue of \$0.7 million and \$7.7 million in each respective fiscal year. Excluding early termination revenue, operating revenue increased \$0.8 billion in fiscal year 2022 compared to fiscal year 2021. The increase in fiscal year 2022 from fiscal year 2021 was primarily driven by an increase in average rig pricing and activity levels in our North America Solutions segment and increased activity levels in our International Solutions segment. Refer to segment results below for further details.

Direct Operating Expenses, Excluding Depreciation and Amortization Direct operating expenses in fiscal year 2022 were \$1.4 billion, compared with \$1.0 billion in fiscal year 2021. The increase in fiscal year 2022 from fiscal year 2021 was primarily attributable to the previously mentioned higher activity levels.



Depreciation and Amortization Depreciation and amortization expense was \$403.2 million in fiscal year 2022 and \$419.7 million in fiscal year 2021. The decrease in depreciation and amortization during the fiscal year ended September 30, 2022 compared to the fiscal year ended September 30, 2021 was primarily attributable to the termination of depreciation on eight rigs that were included in the ADNOC sale during the fourth quarter of fiscal year 2021 coupled with ongoing relatively low levels of capital expenditures. Depreciation and amortization includes amortization of intangible assets of \$7.2 million in fiscal years 2022 and 2021, and abandonments of equipment of \$6.6 million and \$2.0 million in fiscal years 2022 and 2021, respectively.

Selling, General and Administrative Expense Selling, general and administrative expenses increased to \$182.4 million in the fiscal year ended September 30, 2022 compared to \$172.2 million in the fiscal year ended September 30, 2021. The \$10.2 million increase in fiscal year 2022 compared to fiscal year 2021 is primarily due to a \$6.0 million increase in IT infrastructure spending, and a \$5.6 million increase in labor and travel expense.

Asset Impairment Charges During the fiscal year ended September 30, 2022, we identified various assets that met the asset held-for-sale criteria and were reclassified as assets held-for-sale on our Consolidated Balance Sheets. The combined net book value of these assets was \$5.4 million and were written down to their estimated fair value less cost to sell of \$1.0 million, resulting in a non-cash impairment charge of \$4.4 million, within our North America Solutions and International Solutions segments. The impairment charge was recorded in the Consolidated Statement of Operations for the fiscal year ended September 30, 2022. Comparatively, during the fiscal year ended September 30, 2021, the Company developed 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, which resulted in an impairment charge of \$56.4 million. Also, 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 services, all within our North America Solutions segment, which resulted in a non-cash impairment charge of \$14.4 million.

Gain on Investment Securities During the fiscal year ended September 30, 2022, we recognized an aggregate gain of \$57.9 million on investment securities. This gain was primarily comprised of a \$47.4 million gain on our equity investment in ADNOC Drilling caused by an increase in the fair market value of the stock. 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. Additionally, during the fiscal year ended September 30, 2022, we sold our remaining equity securities of approximately 467.5 thousand shares in Schlumberger, Ltd. and received proceeds of approximately \$22.0 million. We recognized an aggregate gain of \$8.2 million related to this investment, which included a \$0.5 million gain recognized upon the sale and a \$7.7 million gain as a result of the change in the fair value of the investment during the fiscal year ended September 30, 2022.

Restructuring Charges During the fiscal years ended September 30, 2022 and 2021, we incurred \$0.8 million and \$5.9 million, respectively, in restructuring charges. The charges incurred during the fiscal year ended September 30, 2021 included \$1.5 million in one-time severance benefits paid to employees who were voluntarily or involuntarily terminated primarily as a result of the reorganization of our IT operations coupled with charges of \$4.5 million primarily related to the relocation of our Houston assembly facility and the downsizing of our storage yards used for idle rigs.

Interest and Dividend Income Interest and dividend income was \$18.1 million and \$10.3 million in fiscal years 2022 and 2021, respectively. The increase in interest and dividend income in fiscal year 2022 was primarily due to \$6.6 million of dividend income received as a result of our investment in ADNOC drilling.

Interest Expense Interest expense totaled \$19.2 million in fiscal year 2022 and \$24.0 million in fiscal year 2021. The decrease in interest expense is primarily attributable to a lower interest rate on our 2.90% Senior Notes due 2031 (issued in September 2021) as compared to our 4.65% Senior Notes due 2025, which was fully redeemed in October 2021.

Income Taxes We had an income tax expense of \$24.4 million in fiscal year 2022 compared to an income tax benefit of \$103.7 million in fiscal year 2021. The effective income tax rate was 78.8 percent in fiscal year 2022 compared to 23.5 percent in fiscal year 2021. The effective rates differ from the U.S. federal statutory rate (21.0 percent for the fiscal years 2022 and 2021) primarily due to non-deductible permanent items, the foreign derived intangible income deduction (in fiscal year 2022), state and foreign income taxes, and adjustments to the deferred state income tax rate. Additionally, the effective income tax rate is higher in fiscal year 2022 as the low level of net income before tax increases the impact of the rate differences.

Deferred income taxes are provided for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. Recoverability of any tax assets are evaluated, and necessary allowances are provided. The carrying values of the net deferred tax assets are based on management's judgments using certain estimates and assumptions that we will be able to generate sufficient future taxable income in certain tax jurisdictions to realize the benefits of such assets. If these estimates and related assumptions change in the future, additional valuation allowances may be recorded against the deferred tax assets resulting in additional income tax expense in the future. See Note 8—Income Taxes to our Consolidated Financial Statements for additional income tax disclosures.



Discontinued Operations Income from discontinued operations was \$0.4 million and \$11.3 million in fiscal years 2022 and 2021, respectively. Expenses incurred within the country of Venezuela are reported as discontinued operations. 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. We are seeking damages for the seizure of our 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 March 2016, the Venezuelan government implemented the previously announced plans for a new foreign currency exchange system. Activity within discontinued operations for both fiscal years 2022 and 2021 is caused by exchange rate fluctuations due to the remeasurement of an uncertain tax liability.

North America Solutions

The following table presents certain information with respect to our North America Solutions reportable segment:

(in thousands, except operating statistics)

	2022	2021	% Change
Operating revenues	\$ 1,788,167	\$ 1,026,364	74.2 %
Direct operating expenses	1,218,134	773,507	57.5
Depreciation and amortization	375,250	392,415	(4.4)
Research and development	26,728	21,811	22.5
Selling, general and administrative expense	43,796	51,089	(14.3)
Asset impairment charges	1,868	70,850	(97.4)
Restructuring charges	498	3,868	(87.1)
Segment operating income (loss)	\$ 121,893	\$ (287,176)	(142.4)
Financial Data and Other Operating Statistics¹:			
Direct margin (Non-GAAP) ²	\$ 570,033	\$ 252,857	125.4
Revenue days ³	59,672	39,199	52.2
Average active rigs ⁴	163	107	52.3
Number of active rigs at the end of period ⁵	176	127	38.6
Number of available rigs at the end of period	236	236	—
Reimbursements of "out-of-pocket" expenses	\$ 232,092	\$ 113,897	103.8

- (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., 365 days).
- (5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

Operating Revenues Operating revenues were \$1.8 billion and \$1.0 billion in fiscal year 2022 and 2021, respectively. Operating revenues increased \$0.8 billion in fiscal year 2022 compared to fiscal year 2021. This increase is primarily driven by higher pricing and higher activity levels.

Direct Operating Expenses Direct operating expenses increased to \$1.2 billion during the fiscal year ended September 30, 2022 as compared to \$0.8 billion during the fiscal year ended September 30, 2021. This increase was primarily driven by an increase of \$241.0 million in labor expense and an increase of \$87.0 million in materials and supplies as we experienced higher activity levels and had an increase in field wages beginning in December 2021.

Depreciation and Amortization Depreciation expense decreased to \$375.3 million during the fiscal year ended September 30, 2022 as compared to \$392.4 million during the fiscal year ended September 30, 2021. The decrease was primarily attributable to the termination of depreciation on eight rigs located in the U.S. that were included in the ADNOC sale during the fourth quarter of fiscal year 2021 coupled with ongoing relatively low levels of capital expenditures during the 2022 fiscal year.

Selling, General and Administrative Expenses We had a \$7.3 million decrease in selling, general and administrative costs during the fiscal year ended September 30, 2022 compared to the fiscal year ended September 30, 2021. This decrease was primarily driven by a \$5.3 million decrease in professional services fees.

Asset Impairment Charges During the fiscal year ended September 30, 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 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 fiscal year ended September 30, 2022 in the Consolidated Statement of Operations. Comparatively, during the fiscal year ended September 30, 2021, the Company developed 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. This resulted in an impairment charge of \$56.4 million during the year ended September 30, 2021. During the same period, we also formalized a plan to sell assets related to two of our lower margin service offerings, trucking and casing running services, all within our North America Solutions segment, which resulted in a non-cash impairment charge of \$14.4 million during the year ended September 30, 2021.

Restructuring Charges For the fiscal years ended September 30, 2022 and 2021, we incurred \$0.5 million and \$3.9 million, respectively, in restructuring charges. The charges incurred during the fiscal year ended September 30, 2021 primarily included charges of \$3.8 million related to the relocation of the Houston assembly facility and the downsizing of storage yards used for idle rigs.

Offshore Gulf of Mexico

The following table presents certain information with respect to our Offshore Gulf of Mexico reportable segment:

(in thousands, except operating statistics)

	2022	2021	% Change
Operating revenues	\$ 125,465	\$ 126,399	(0.7)%
Direct operating expenses	90,415	97,249	(7.0)
Depreciation	9,175	10,557	(13.1)
Selling, general and administrative expense	2,661	2,624	1.4
Segment operating income	<u>\$ 23,214</u>	<u>\$ 15,969</u>	45.4

Financial Data and Other Operating Statistics¹:

Direct margin (Non-GAAP) ²	\$ 35,050	\$ 29,150	20.2
Revenue days ³	1,460	1,552	(5.9)
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	\$ 26,077	\$ 27,388	(4.8)

(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., 365 days).

(5) Defined as the number of rigs generating revenue at the applicable end date of the time period.

Operating Revenues Operating revenues were \$125.5 million and \$126.4 million in the fiscal year ended September 30, 2022 and 2021, respectively. The 0.7 percent decrease in operating revenue is primarily driven by lower reimbursable expenses and the mix of rigs working at full rates as opposed to being on lower standby or mobilization rates, partially offset by pricing increases which occurred in the later portion of the 2022 fiscal year.

Direct Operating Expenses Direct operating expenses decreased to \$90.4 million during the fiscal year ended September 30, 2022 as compared to \$97.2 million during the fiscal year ended September 30, 2021. The decrease was primarily driven by a \$6.3 million favorable adjustment in self-insurance liabilities related to prior period claims coupled with the factors described above.



International Solutions

The following table presents certain information with respect to our International Solutions reportable segment:

(in thousands, except operating statistics)

	2022	2021	% Change
Operating revenues	\$ 136,072	\$ 57,917	134.9 %
Direct operating expenses	120,780	68,672	75.9
Depreciation	4,156	2,013	106.5
Selling, general and administrative expense	8,779	8,028	9.4
Asset impairment charges	2,495	—	—
Restructuring charges	—	207	(100.0)
Segment operating loss	\$ (138)	\$ (21,003)	(99.3)

Financial Data and Other Operating Statistics¹:

Direct margin (Non-GAAP) ²	\$ 15,292	\$ (10,755)	(242.2)
Revenue days ³	3,036	1,815	67.3
Average active rigs ⁴	8	5	60.0
Number of active rigs at the end of period ⁵	12	6	100.0
Number of available rigs at the end of period	28	30	(6.7)
Reimbursements of "out-of-pocket" expenses	\$ 4,910	\$ 6,693	(26.6)

- 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.
- 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.
- Defined as the number of contractual days we recognized revenue for during the period.
- 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., 365 days).
- Defined as the number of rigs generating revenue at the applicable end date of the time period.

Operating Revenues Operating revenues increased \$78.2 million in fiscal year 2022 compared to fiscal year 2021. This increase is primarily driven by higher activity levels. Additionally, in the first quarter of fiscal year 2022, we recognized \$16.4 million in revenue related to the settlement of a contract drilling dispute related to drilling services provided from fiscal years 2016 through 2019 with YPF S.A. Refer to Note 10—Revenue from Contracts with Customers for additional details.

Operating Expenses Direct operating expenses increased to \$120.8 million during the fiscal year ended September 30, 2022 as compared to \$68.7 million during the fiscal year ended September 30, 2021. This increase was primarily driven by an increase of \$25.9 million in labor expense and an increase of \$25.4 million in materials and supplies as we experienced higher activity levels.

Asset Impairment Charges During the fiscal year ended September 30, 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 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 fiscal year ended September 30, 2022 in the Consolidated Statement of Operations, 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 fiscal year ended September 30, 2021, we recorded no impairment charges.



Other Operations

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

<i>(in thousands)</i>	2022	2021	% Change
Operating revenues	\$ 66,287	\$ 43,304	53.1 %
Direct operating expenses	50,683	50,064	1.2
Depreciation	1,701	1,426	19.3
Research and development	—	127	(100.0)
Selling, general and administrative expense	1,183	1,205	(1.8)
Restructuring charges	—	186	(100.0)
Operating income (loss)	<u>\$ 12,720</u>	<u>\$ (9,704)</u>	(231.1)

Operating Revenues We continue to use our Captive insurance companies to insure the deductibles for our domestic workers' compensation, general liability, automobile liability claims programs, and medical stop-loss program and to insure the deductibles from the Company's international casualty and rig property programs. Intercompany premium revenues recorded by the Captives during the fiscal years ended September 30, 2022 and 2021 amounted to \$57.0 million and \$35.4 million, respectively, which were eliminated upon consolidation.

Direct Operating Expenses Direct operating expenses consisted primarily of \$7.0 million and \$12.6 million in adjustments to accruals for estimated losses allocated to the Captives and rig and casualty insurance premiums of \$35.6 million and \$21.9 million during the fiscal years ended September 30, 2022 and 2021, respectively. The change to accruals for estimated losses is primarily due to actuarial valuation adjustments by our third-party actuary.

Results of Operations for the Fiscal Years Ended September 30, 2021 and 2020

A discussion of our results of operations for the fiscal year ended September 30, 2021 compared to the fiscal year ended September 30, 2020 is included in Part II, Item 7— "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended September 30, 2021, filed with the Securities and Exchange Commission ("SEC") on November 18, 2021.

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, highly rated 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 or cash flows as we have been able to more than offset these cumulative cost trends with rate increases.

As of September 30, 2022 and 2021, we had cash and cash equivalents of \$232.1 million and \$917.5 million and short-term investments of \$117.1 million and \$198.7 million, respectively. During the fiscal year ended September 30, 2022, our cash, cash equivalents, and restricted cash balance decreased approximately \$667.7 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 during the during the fiscal year ended September 30, 2022. 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.

Our cash flows for the fiscal years ended September 30, 2022, 2021 and 2020 are presented below:

(in thousands)	Year Ended September 30,		
	2022	2021	2020
Net cash provided by (used in):			
Operating activities	\$ 233,913	\$ 136,440	\$ 538,881
Investing activities	(167,315)	(161,994)	(87,885)
Financing activities	(734,305)	425,523	(297,220)
Net increase (decrease) in cash and cash equivalents and restricted cash	\$ (667,707)	\$ 399,969	\$ 153,776

Operating Activities

Our operating net working capital (non-GAAP) as of September 30, 2022, 2021, and 2020 is presented below:

(in thousands)	Year Ended September 30,		
	2022	2021	2020
Total current assets	\$ 1,002,944	\$ 1,586,566	\$ 963,327
Less:			
Cash and cash equivalents	232,131	917,534	487,884
Short-term investments	117,101	198,700	89,335
Assets held-for-sale	4,333	71,453	—
	649,379	398,879	386,108
Total current liabilities	394,810	866,306	219,136
Less:			
Dividends payable	26,693	27,332	27,226
Current portion of long-term debt, net	—	483,486	—
Advance payment for sale of property, plant and equipment	600	86,524	—
	\$ 367,517	\$ 268,964	\$ 191,910
Operating net working capital (non-GAAP)	\$ 281,862	\$ 129,915	\$ 194,198

Cash flows provided by operating activities were approximately \$233.9 million, \$136.4 million, and \$538.9 million for the fiscal year ended September 30, 2022, 2021, and 2020 respectively. The change in cash provided by operating activities between fiscal years 2022 and 2021 is primarily driven by higher activity and rates, partially offset by changes in working capital. The decrease in cash provided by operating activities between fiscal years 2021 and 2020 was primarily driven by lower operating activity and lower pricing. 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 \$281.9 million, \$129.9 million and \$194.2 million as of September 30, 2022, 2021 and 2020, respectively. 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 increase in operating net working capital between fiscal years 2022 and 2021 was primarily driven by higher rig activity and rates. Included in accounts receivable as of September 30, 2022 was \$27.8 million of income tax receivables, of which \$24.9 million was received subsequent to fiscal year end. The remainder is expected to be collected within the next fiscal year.

Investing Activities

Capital Expenditures Our capital expenditures were \$250.9 million, \$82.1 million and \$140.8 million in fiscal years 2022, 2021 and 2020, respectively. The increase in capital expenditures between fiscal years 2022 and 2021 is driven by higher activity and spending on walking rig conversions. The decrease in capital expenditures between fiscal years 2021 and 2020 was driven by lower maintenance capital expenditures as a result of lower activity. Our fiscal year 2023 capital spending is currently estimated to be between \$425 million and \$475 million. This estimate includes normal capital maintenance requirements, information technology spending, skidding to walking conversions for a limited number of rigs and plans to reactivate several super-spec rigs.

Purchases & Sales of Short-Term Investments Our net sales of short-term investments during fiscal year 2022 were \$79.6 million compared to net purchases of \$107.4 million and \$40.0 million in fiscal years 2021 and 2020, respectively. The change is driven by our ongoing liquidity management.

Purchases of Long-Term Investments Our net purchases of long-term investments were \$29.2 million, \$102.5 million and \$0.6 million in fiscal years 2022, 2021 and 2020, respectively. The decrease in net purchases between fiscal years 2022 and 2021 is primarily driven by our \$100.0 million cornerstone investment in ADNOC Drilling purchased during fiscal year 2021, the \$22.0 million of proceeds received from the liquidation of our remaining equity securities in Schlumberger, Ltd, during the fiscal year ended September 30, 2022, offset by the purchase of a \$33.0 million cornerstone investment in a convertible note in Galileo Holdco 2 and the purchase of \$18.2 million in various geothermal investments during fiscal year 2022. The increase in net purchases between fiscal years 2021 and 2020 is primarily driven by our purchase of ADNOC Drilling equity securities (as mentioned above) during fiscal year 2021 and the absence of such activity in fiscal year 2020.

Sale of Assets Our proceeds from asset sales totaled \$62.3 million, \$43.5 million and \$78.4 million in fiscal year 2022, 2021 and 2020, respectively. The increase in proceeds between fiscal years 2022 and 2021 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 fiscal year ended September 30, 2022. During the fiscal year ended September 30, 2020, we closed on the sale of a portion of our real estate investment portfolio, including six industrial sites, for total consideration, net of selling related expenses, of \$40.7 million, which was the primary driver in the decrease in proceeds between fiscal years 2021 and 2020.

Advance Payment for Sale of Property, Plant and Equipment 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 for \$86.5 million. We received the \$86.5 million in cash consideration in advance of delivering the rigs.

Financing Activities

Repurchase of Shares We have 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 fiscal year ended September 30, 2022 and 2020, we repurchased 3.2 million common shares at an aggregate cost of \$77.0 million and 1.5 million common shares at an aggregate cost of \$28.5 million, respectively, which are held as treasury shares. There were no purchases of common shares in fiscal year 2021.

Dividends We paid dividends of \$1.00 per share during fiscal years 2022 and 2021 compared to \$2.38 per share during fiscal year 2020. Total dividends paid were \$107.4 million, \$109.1 million and \$260.3 million in fiscal years 2022, 2021 and 2020, respectively. A cash dividend of \$0.25 per share was declared on September 7, 2022 for shareholders of record on November 15, 2022, payable on December 1, 2022.

Debt Issuance Proceeds and Costs On September 29, 2021, we issued \$548.7 million aggregate principal amount of the 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"). Debt issuance fees paid as of September 30, 2021 were \$3.9 million.



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. 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. Additional details are fully discussed in Note 7—Debt.

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. 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 September 30, 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.

As of September 30, 2022, we had \$55.0 million in uncommitted bilateral credit facilities, for the purpose of obtaining the issuance of international letters of credit, bank guarantees, and performance bonds. Of the \$55.0 million, \$38.1 million of financial guarantees were outstanding as of September 30, 2022. Separately, we had \$2.0 million in standby letters of credit and bank guarantees outstanding. In total, we had \$40.1 million outstanding as of September 30, 2022. In October 2022, we increased one of our standby letters of credit by \$1.9 million.

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 September 30, 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 2023.

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 annum. In June 2022, we settled a registered exchange offer (the “Registered Exchange Offer”) to exchange the 2031 Notes for new, SEC-registered notes that are substantially identical to the terms of the 2031 Notes, except that the offer and issuance of the new notes have been registered under the Securities Act and certain transfer restrictions, registration rights and additional interest provisions relating to the 2031 Notes do not apply to the new notes. One hundred percent of the 2031 Notes were exchanged in the Registered Exchange Offer.

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. 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 Consolidated Statements of Operations during the fiscal year ended September 30, 2022.

Future Cash Requirements

Our operating cash requirements, scheduled debt repayments, interest payments, any declared dividends, and estimated capital expenditures for fiscal year 2023 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 September 30, 2022 and matures on September 29, 2031.

As of September 30, 2022, we had a \$537.7 million deferred tax liability on our 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 September 30, 2022, we had \$3.9 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 16.6 percent at September 30, 2022 compared to 15.9 percent at September 30, 2021. For additional information regarding debt agreements, refer to Note 7—Debt to the Consolidated Financial Statements.

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

Material Commitments

Our contractual obligations as of September 30, 2022 are summarized in the table below:

(in thousands)	Obligations due by year						
	Total	2023	2024	2025	2026	2027	Thereafter
Long-term debt	550,000	—	—	—	—	—	550,000
Interest ¹	144,724	16,066	16,069	16,073	16,076	16,080	64,360
Operating leases ²	31,613	9,767	7,801	4,501	2,033	2,046	5,465
Purchase obligations ³	148,600	148,600	—	—	—	—	—
Total contractual obligations	\$ 874,937	\$ 174,433	\$ 23,870	\$ 20,574	\$ 18,109	\$ 18,126	\$ 619,825

(1) Interest on fixed-rate 2031 Notes was estimated based on principal maturities. See Note 7—Debt to our Consolidated Financial Statements.

(2) See Note 5—Leases to our Consolidated Financial Statements.

(3) See Note 16—Commitments and Contingencies to our Consolidated Financial Statements.

Critical Accounting Policies and Estimates

Accounting policies that we consider significant are summarized in Note 2—Summary of Significant Accounting Policies, Risks and Uncertainties to our Consolidated Financial Statements included in Part II, Item 8—"Financial Statements and Supplementary Data" of this Form 10-K. The preparation of our financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. Estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are evaluated on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions. The following is a discussion of the critical accounting policies and estimates used in our financial statements.



Property, Plant and Equipment

Property, plant and equipment, including renewals and betterments, are capitalized at cost, while maintenance and repairs are expensed as incurred. The interest expense applicable to the construction of qualifying assets is capitalized as a component of the cost of such assets. We account for the depreciation of property, plant and equipment using the straight-line method over the estimated useful lives of the assets considering the estimated salvage value of the property, plant and equipment. Both the estimated useful lives and salvage values require the use of management estimates. Assets held-for-sale are reported at the lower of the carrying amount or fair value less estimated costs to sell. Our estimate of fair value represents our best estimate based on industry trends and reference to market transactions and is subject to variability. Certain events, such as unforeseen changes in operations, technology or market conditions, could materially affect our estimates and assumptions related to depreciation or result in abandonments. For the fiscal years presented in this Form 10-K, no significant changes were made to the determinations of useful lives or salvage values. Upon retirement or other disposal of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are recorded in the results of operations.

Impairment of Long-lived Assets, Goodwill and Other Intangible Assets

Management assesses the potential impairment of our long-lived assets and finite-lived intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Changes that could prompt such an assessment may include equipment obsolescence, changes in the market demand, periods of relatively low rig utilization, declining revenue per day, declining cash margin per day, completion of specific contracts, change in technology and/or overall changes in general market conditions. If a review of the long-lived assets and finite-lived intangibles indicates that the carrying value of certain of these assets or asset groups is more than the estimated undiscounted future cash flows, an impairment charge is made, as required, to adjust the carrying value to the estimated fair value. Cash flows are estimated by management considering factors such as prospective market demand, recent changes in rig technology and its effect on each rig's marketability, any cash investment required to make a rig marketable, suitability of rig size and makeup to existing platforms, and competitive dynamics including utilization. The fair value of drilling rigs is determined based upon either an income approach using estimated discounted future cash flows, a market approach considering factors such as recent market sales of rigs of other companies and our own sales of rigs, appraisals and other factors, a cost approach utilizing new reproduction costs adjusted for the asset age and condition, and/or a combination of multiple approaches. The use of different assumptions could increase or decrease the estimated fair value of assets and could therefore affect any impairment measurement.

We review goodwill for impairment annually in the fourth fiscal quarter or more frequently if events or changes in circumstances indicate it is more likely than not that the carrying amount of the reporting unit holding such goodwill may exceed its fair value. We initially assess goodwill for impairment based on qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of one of our reporting units is greater than its carrying amount.

If further testing is necessary or a quantitative test is elected, we quantitatively compare the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount exceeds the fair value, an impairment charge will be recognized in an amount equal to the excess; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit.

Self-Insurance Accruals

We insure working land rigs and related equipment at values that approximate the current replacement costs on the inception date of the policies. However, we self-insure large deductibles under these policies. We also carry insurance with varying deductibles and coverage limits with respect to stacked rigs, offshore platform rigs, and "named wind storm" risk in the Gulf of Mexico. We self-insure a number of other risks, including loss of earnings and business interruption.

We self-insure a significant portion of expected losses relating to workers' compensation, general liability, employer's liability and automobile liability. Generally, deductibles range from \$1 million to \$10 million per occurrence depending on the coverage and whether a claim occurs outside or inside of the United States. Insurance is purchased over deductibles to reduce our exposure to catastrophic events but there can be no assurance that such coverage will apply or be adequate in all circumstances. Estimates are recorded for incurred outstanding liabilities for workers' compensation and other casualty claims. Retained losses are estimated and accrued based upon our estimates of the aggregate liability for claims incurred. Estimates for liabilities and retained losses are based on adjusters' estimates, our historical loss experience and statistical methods commonly used within the insurance industry that we believe are reliable.

We also engage a third-party actuary to perform a periodic review of our casualty losses. Nonetheless, insurance estimates include certain assumptions and management judgments regarding the frequency and severity of claims, claim development and settlement practices. Unanticipated changes in these factors may produce materially different amounts of expense that would be reported under these programs. Our wholly-owned captive insurance companies finance a significant portion of the physical damage risk on company-owned drilling rigs as well as casualty deductibles. An actuary reviews the loss reserves retained by the Company and the captives on an annual basis.



Revenue Recognition

Drilling services revenues are primarily comprised of daywork drilling contracts for which the related revenues and expenses are recognized as services are performed and collection is reasonably assured. With most drilling contracts, we receive payments contractually designated for the mobilization and demobilization of drilling rigs and other equipment to and from the client's drill site. Revenue 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. The amount of demobilization revenue that we ultimately collect is dependent upon the specific contractual terms, most of which include provisions for reduced or no payment for demobilization when, among other things, the contract is renewed or extended with the same client, or when the rig is subsequently contracted with another client prior to the termination of the current contract. Since revenues associated with demobilization activity are typically variable, at each period end, they are estimated at the most likely amount, and constrained when the likelihood of a significant reversal is probable. Direct costs incurred for the mobilization, are deferred and recognized on a straight-line basis as the drilling service is provided. While costs incurred to relocate rigs and other drilling equipment to areas in which a contract has not been secured are expensed as incurred.

We also act as a principal for certain reimbursable services and auxiliary equipment provided by us to our clients, for which we incur costs and earn revenues. Many of these costs are variable, or dependent upon the activity that is performed each day under the related contract. Accordingly, reimbursements that we receive for out-of-pocket expenses are recorded as revenues and the out-of-pocket expenses for which they relate are recorded as operating costs during the period to which they relate within the series of distinct time increments. For contracts that are terminated prior to the specified term, early termination payments received by us are recognized as revenues when all contractual requirements are met.

Income Taxes

Deferred income taxes are accounted for under the liability method, which takes into account the differences between the basis of the assets and liabilities for financial reporting purposes and amounts recognized for income tax purposes. Our net deferred tax liability balance at year-end reflects the application of our income tax accounting policies and is based on management's estimates, judgments and assumptions. Included in our net deferred tax liability balance are deferred tax assets that are assessed for realizability. If it is more likely than not that a portion of the deferred tax assets will not be realized in a future period, the deferred tax assets will be reduced by a valuation allowance based on management's estimates.

In addition, we operate in several countries throughout the world and our tax returns filed in those jurisdictions are subject to review and examination by tax authorities within those jurisdictions. We recognize uncertain tax positions we believe have a greater than 50 percent likelihood of being sustained. We cannot predict or provide assurance as to the ultimate outcome of any existing or future assessments.

New Accounting Standards

See Note 2—Summary of Significant Accounting Policies, Risks and Uncertainties to our 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>	Year Ended September 30, 2022		
	North America Solutions	Offshore Gulf of Mexico	International Solutions
Segment operating income (loss)	\$ 121,893	\$ 23,214	\$ (138)
<i>Add back:</i>			
Depreciation and amortization	375,250	9,175	4,156
Research and development	26,728	—	—
Selling, general and administrative expense	43,796	2,661	8,779
Asset impairment charges	1,868	—	2,495
Restructuring charges	498	—	—
Direct margin (Non-GAAP)	\$ 570,033	\$ 35,050	\$ 15,292

<i>(in thousands)</i>	Year Ended September 30, 2021		
	North America Solutions	Offshore Gulf of Mexico	International Solutions
Segment operating income (loss)	\$ (287,176)	\$ 15,969	\$ (21,003)
<i>Add back:</i>			
Depreciation and amortization	392,415	10,557	2,013
Research and development	21,811	—	—
Selling, general and administrative expense	51,089	2,624	8,028
Asset impairment charges	70,850	—	—
Restructuring charges	3,868	—	207
Direct margin (Non-GAAP)	\$ 252,857	\$ 29,150	\$ (10,755)

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our financial position is exposed to a variety of risks, including foreign currency exchange rate risk, commodity price risk, credit and capital market risk, interest rate risk and equity price risk.

Foreign Currency Exchange Rate Risk

Our drilling contracts in foreign countries generally provide for payment in U.S. dollars. Historically, in Argentina, while the contracts were denominated in the U.S. dollar, we were paid in 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. In the future, other contracts or applicable law may require payments to be made in foreign currencies. As such, there can be no assurance that we will not experience in Argentina or elsewhere a devaluation of foreign currency, foreign exchange restrictions or other difficulties repatriating U.S. dollars even if we are able to negotiate the contract provisions designed to mitigate such risks. At September 30, 2022, a hypothetical decrease in value of 10 percent would result in a decrease in value of our monetary assets and liabilities denominated in Argentine pesos by approximately \$0.4 million.

Argentina's economy is currently 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 operations 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.

Commodity Price Risk

The demand for drilling services and solutions is derived from exploration and production companies spending money to explore and develop drilling prospects in search of crude oil and natural gas. Their spending is driven by their cash flow and financial strength, which is affected by trends in crude oil and natural gas commodity prices. Crude oil prices are determined by a number of factors including global supply and demand, the establishment of and compliance with production quotas by oil exporting countries, worldwide economic conditions and geopolitical factors. Crude oil and natural gas prices have historically been volatile and very difficult to predict with any degree of certainty. While current energy prices are important contributors to positive cash flow for customers, expectations about future prices and price volatility are generally more important for determining future spending levels. This volatility can lead many exploration and production companies to base their capital spending on much more conservative estimates of commodity prices. As a result, demand for drilling services and solutions is not always purely a function of the movement of commodity prices.



Credit and Capital Market Risk

Customers may finance their exploration activities through cash flow from operations, the incurrence of debt or the issuance of equity. Any deterioration in the credit and capital markets, as experienced in the past, can make it difficult for customers to obtain funding for their capital needs. A reduction of cash flow resulting from declines in commodity prices or a reduction of available financing may result in customer credit defaults or reduced demand for our services, which could have a material adverse effect on our business, financial condition and results of operations. Similarly, we may need to access capital markets to obtain financing. Our ability to access capital markets for financing could be limited by, among other things, oil and gas prices, our existing capital structure, our credit ratings, the state of the economy, the health of the drilling and overall oil and gas industry, and the liquidity of the capital markets. Many of the factors that affect our ability to access capital markets are outside of our control. No assurance can be given that we will be able to access capital markets on terms acceptable to us when required to do so, which could have a material adverse impact on our business, financial condition and results of operations.

Further, we attempt to secure favorable prices through advanced ordering and purchasing for drilling rig components. While these materials have generally been available at acceptable prices, there is no assurance the prices will not vary significantly in the future. Any fluctuations in market conditions causing increased prices in materials and supplies could have a material adverse effect on future operating costs.

Interest Rate Risk

Our interest rate risk exposure results primarily from short-term rates, mainly SOFR-based, on any borrowings from our revolving credit facility. There were no outstanding borrowings under this facility at September 30, 2022, and our outstanding debt consisted of \$550.0 million (face amount) in senior unsecured notes, which have a fixed rate of 2.90 percent and an estimated fair value of \$430.7 million and \$554.3 million as of September 30, 2022 and 2021, respectively.

Equity Price Risk

As of September 30, 2022, we had equity securities in ADNOC Drilling with a total fair value of \$147.4 million. As of September 30, 2021 we had equity securities in Schlumberger Ltd. with a total fair value of \$13.9 million. Our investment in ADNOC Drilling is subject to a three-year lockup period. 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 the contractual restriction on the sale of an equity security that is publicly traded is not considered in measuring fair value. During the fiscal year ended September 30, 2022, we sold our remaining equity securities of approximately 467.5 thousand shares in Schlumberger, Ltd. and received proceeds of approximately \$22.0 million.

A hypothetical 10 percent decrease in the market price for our marketable equity securities as of September 30, 2022 would decrease the fair value by \$14.7 million. These securities are subject to a wide variety and number of market-related risks that could substantially reduce or increase the fair value of our holdings.

At November 9, 2022, the total fair value of our equity securities decreased to approximately \$147.0 million. We continually monitor the fair value of the investments but are unable to predict future market volatility and any potential impact to the Consolidated Financial Statements.



ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA



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Management's Report on Internal Control over Financial Reporting

Management of Helmerich & Payne, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting was designed under the supervision of the Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America, and includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and the Board of Directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2022. In making this assessment, management used the criteria established in the *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the criteria in *Internal Control—Integrated Framework (2013)*, management has concluded that the Company maintained effective internal control over financial reporting as of September 30, 2022.

Ernst & Young LLP, an independent registered public accounting firm, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of September 30, 2022, as stated in their report which appears herein.

Helmerich & Payne, Inc.

by

/s/ John W. Lindsay

John W. Lindsay
Director, President and Chief Executive Officer

November 16, 2022

/s/ Mark W. Smith

Mark W. Smith
Senior Vice President and Chief Financial Officer

November 16, 2022



Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
Helmerich & Payne, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Helmerich & Payne, Inc. (the Company) as of September 30, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended September 30, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated November 16, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Self-Insurance Accruals

Description of the Matter

The Company's self-insurance liability for workers' compensation and other casualty claims was \$72.3 million at September 30, 2022. As described in Note 2—Summary of Significant Accounting Policies, Risks and Uncertainties to the Consolidated Financial Statements, this liability is based on a third-party actuarial analysis, which includes an estimate for incurred but not reported claims. The actuarial analysis considers a variety of factors, including third-party adjusters' estimates, historic experience, and statistical methods commonly used within the insurance industry.

Auditing the Company's reserve for self-insured risks for worker's compensation and other casualty claims is complex and required us to use our actuarial specialists due to the significant measurement uncertainty associated with the estimate, management's application of significant judgment, and the use of various actuarial methods.



How We Addressed the Matter in Our Audit We evaluated the design and tested the operating effectiveness of the Company's controls over the workers' compensation and other casualty claims accrual process, including management's review controls over the significant assumptions used in the calculation and the completeness and accuracy of the data underlying the reserve.

To test the self-insurance liability for worker's compensation and other casualty claims, we performed audit procedures that included, among others, testing the completeness and accuracy of the underlying claims data provided to management's actuary and obtaining legal confirmation letters to evaluate the reserves recorded on significant litigated matters. Additionally, we involved our actuarial specialists to assist in our evaluation of the methodologies applied by management's actuary in establishing the actuarially determined reserve. We compared the Company's estimates to ranges of estimates independently developed by our actuarial specialists.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1994.
Tulsa, Oklahoma
November 16, 2022



Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of

Helmerich & Payne, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Helmerich & Payne, Inc.'s internal control over financial reporting as of September 30, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Helmerich & Payne, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of September 30, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of September 30, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended September 30, 2022, and the related notes and our report dated November 16, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tulsa, Oklahoma
November 16, 2022



HELMERICH & PAYNE, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands except share data and per share amounts)	September 30,	
	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 232,131	\$ 917,534
Restricted cash	36,246	18,350
Short-term investments	117,101	198,700
Accounts receivable, net of allowance of \$2,975 and \$2,068, respectively	458,713	228,894
Inventories of materials and supplies, net	87,957	84,057
Prepaid expenses and other, net	66,463	67,578
Assets held-for-sale	4,333	71,453
Total current assets	1,002,944	1,586,566
Investments	218,981	135,444
Property, plant and equipment, net	2,960,809	3,127,287
Other Noncurrent Assets:		
Goodwill	45,653	45,653
Intangible assets, net	67,154	73,838
Operating lease right-of-use assets	39,064	49,187
Other assets, net	20,926	16,153
Total other noncurrent assets	172,797	184,831
Total assets	\$ 4,355,531	\$ 5,034,128
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 126,966	\$ 71,996
Dividends payable	26,693	27,332
Current portion of long-term debt, net	—	483,486
Accrued liabilities	241,151	283,492
Total current liabilities	394,810	866,306
Noncurrent Liabilities:		
Long-term debt, net	542,610	541,997
Deferred income taxes	537,712	563,437
Other	113,387	147,757
Noncurrent liabilities - discontinued operations	1,540	2,013
Total noncurrent liabilities	1,195,249	1,255,204
Commitments and Contingencies (Note 16)		
Shareholders' Equity:		
Common stock, \$0.10 par value, 160,000,000 shares authorized, 112,222,865 shares issued as of September 30, 2022 and 2021, and 105,293,662 and 107,898,859 shares outstanding as of September 30, 2022 and 2021, respectively	11,222	11,222
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	—	—
Additional paid-in capital	528,278	529,903
Retained earnings	2,473,572	2,573,375
Accumulated other comprehensive loss	(12,072)	(20,244)
Treasury stock, at cost, 6,929,203 shares and 4,324,006 shares as of September 30, 2022 and 2021, respectively	(235,528)	(181,638)
Total shareholders' equity	2,765,472	2,912,618
Total liabilities and shareholders' equity	\$ 4,355,531	\$ 5,034,128

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



HELMERICH & PAYNE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)	Year Ended September 30,		
	2022	2021	2020
OPERATING REVENUES			
Drilling services	\$ 2,049,841	\$ 1,210,800	\$ 1,761,714
Other	9,103	7,768	12,213
	<u>2,058,944</u>	<u>1,218,568</u>	<u>1,773,927</u>
OPERATING COSTS AND EXPENSES			
Drilling services operating expenses, excluding depreciation and amortization	1,426,589	952,600	1,184,788
Other operating expenses	4,638	5,138	5,777
Depreciation and amortization	403,170	419,726	481,885
Research and development	26,563	21,724	21,645
Selling, general and administrative	182,366	172,195	167,513
Asset impairment charges	4,363	70,850	563,234
Restructuring charges	838	5,926	16,047
Gain on reimbursement of drilling equipment	(29,443)	(12,322)	(26,959)
Other (gain) loss on sale of assets	(5,432)	11,280	(19,816)
	<u>2,013,652</u>	<u>1,647,117</u>	<u>2,394,114</u>
OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS			
	45,292	(428,549)	(620,187)
Other income (expense)			
Interest and dividend income	18,090	10,254	7,304
Interest expense	(19,203)	(23,955)	(24,474)
Gain (loss) on investment securities	57,937	6,727	(8,720)
Gain on sale of subsidiary	—	—	14,963
Loss on extinguishment of debt	(60,083)	—	—
Other	(11,115)	(5,657)	(5,384)
	<u>(14,374)</u>	<u>(12,631)</u>	<u>(16,311)</u>
Income (loss) from continuing operations before income taxes	30,918	(441,180)	(636,498)
Income tax expense (benefit)	24,366	(103,721)	(140,106)
Income (loss) from continuing operations	<u>6,552</u>	<u>(337,459)</u>	<u>(496,392)</u>
Income from discontinued operations before income taxes	401	11,309	30,580
Income tax provision	—	—	28,685
Income from discontinued operations	<u>401</u>	<u>11,309</u>	<u>1,895</u>
NET INCOME (LOSS)	\$ 6,953	\$ (326,150)	\$ (494,497)
Basic earnings (loss) per common share:			
Income (loss) from continuing operations	\$ 0.05	\$ (3.14)	\$ (4.62)
Income from discontinued operations	—	0.10	0.02
Net income (loss)	<u>\$ 0.05</u>	<u>\$ (3.04)</u>	<u>\$ (4.60)</u>
Diluted earnings (loss) per common share:			
Income (loss) from continuing operations	\$ 0.05	\$ (3.14)	\$ (4.62)
Income from discontinued operations	—	0.10	0.02
Net income (loss)	<u>\$ 0.05</u>	<u>\$ (3.04)</u>	<u>\$ (4.60)</u>
Weighted average shares outstanding:			
Basic	105,891	107,818	108,009
Diluted	106,555	107,818	108,009

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



HELMERICH & PAYNE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>(in thousands)</i>	Year ended September 30,		
	2022	2021	2020
Net income (loss)	\$ 6,953	\$ (326,150)	\$ (494,497)
Other comprehensive income, net of income taxes:			
Net change related to employee benefit plans, net of income taxes of \$2.3 million at September 30, 2022, \$1.8 million at September 30, 2021 and \$0.8 million at September 30, 2020	8,172	5,944	2,447
Other comprehensive income	8,172	5,944	2,447
Comprehensive income (loss)	\$ 15,125	\$ (320,206)	\$ (492,050)

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



HELMERICH & PAYNE, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except per share amounts)	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance at September 30, 2019	112,080	\$ 11,208	\$ 510,305	\$ 3,714,307	\$ (28,635)	3,642	\$ (194,962)	\$ 4,012,223
Comprehensive income (loss):								
Net loss	—	—	—	(494,497)	—	—	—	(494,497)
Other comprehensive income	—	—	—	—	2,447	—	—	2,447
Dividends declared (\$1.92 per share)	—	—	—	(209,798)	—	—	—	(209,798)
Exercise of employee stock options, net of shares withheld for employee taxes	—	—	(3,151)	—	—	(110)	7,195	4,044
Vesting of restricted stock awards, net of shares withheld for employee taxes	71	7	(21,855)	—	—	(329)	18,119	(3,729)
Stock-based compensation	—	—	36,329	—	—	—	—	36,329
Share repurchases	—	—	—	—	—	1,460	(28,505)	(28,505)
Balance at 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	—	—	—	(326,150)	—	—	—	(326,150)
Other comprehensive income	—	—	—	—	5,944	—	—	5,944
Dividends declared (\$1.00 per share)	—	—	—	(109,236)	—	—	—	(109,236)
Vesting of restricted stock awards, net of shares withheld for employee taxes	71	7	(18,683)	—	—	(339)	16,515	(2,161)
Stock-based compensation	—	—	27,858	—	—	—	—	27,858
Cumulative effect adjustment for adoption of ASU No. 2016-13	—	—	—	(1,251)	—	—	—	(1,251)
Other	—	—	(900)	—	—	—	—	(900)
Balance at September 30, 2021	112,222	\$ 11,222	\$ 529,903	\$ 2,573,375	\$ (20,244)	4,324	\$ (181,638)	\$ 2,912,618
Comprehensive income:								
Net Income	—	—	—	6,953	—	—	—	6,953
Other comprehensive income	—	—	—	—	8,172	—	—	8,172
Dividends declared (\$1.00 per share)	—	—	—	(106,756)	—	—	—	(106,756)
Vesting of restricted stock awards, net of shares withheld for employee taxes	—	—	(28,608)	—	—	(550)	23,109	(5,499)
Stock-based compensation	—	—	28,032	—	—	—	—	28,032
Share repurchases	—	—	—	—	—	3,155	(76,999)	(76,999)
Other	—	—	(1,049)	—	—	—	—	(1,049)
Balance at September 30, 2022	112,222	\$ 11,222	\$ 528,278	\$ 2,473,572	\$ (12,072)	6,929	\$ (235,528)	\$ 2,765,472

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



HELMERICH & PAYNE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended September 30,		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 6,953	\$ (326,150)	\$ (494,497)
Adjustment for income from discontinued operations	(401)	(11,309)	(1,895)
Income (loss) from continuing operations	6,552	(337,459)	(496,392)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	403,170	419,726	481,885
Asset impairment charges	4,363	70,850	563,234
Amortization of debt discount and debt issuance costs	1,200	1,423	1,817
Loss on extinguishment of debt	60,083	—	—
Provision for credit loss	1,081	203	2,203
Stock-based compensation	28,032	27,858	36,329
Loss (gain) on investment securities	(57,937)	(6,727)	8,720
Gain on reimbursement of drilling equipment	(29,443)	(12,322)	(26,959)
Other (gain) loss on sale of assets	(5,432)	11,280	(19,816)
Gain on sale of subsidiary	—	—	(14,963)
Deferred income tax benefit	(28,488)	(89,752)	(157,555)
Other	6,533	13,794	(2,423)
Change in assets and liabilities:			
Accounts receivable	(235,562)	(28,416)	300,807
Inventories of materials and supplies	(5,228)	19,847	9,420
Prepaid expenses and other	6,224	(21,400)	(5,506)
Other noncurrent assets	2,581	2,772	2,820
Accounts payable	53,242	31,027	(9,414)
Accrued liabilities	45,069	33,957	(138,414)
Deferred income tax liability	447	1,101	908
Other noncurrent liabilities	(22,501)	(1,274)	2,227
Net cash provided by operating activities from continuing operations	233,986	136,488	538,928
Net cash used in operating activities from discontinued operations	(73)	(48)	(47)
Net cash provided by operating activities	233,913	136,440	538,881
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(250,894)	(82,148)	(140,795)
Other capital expenditures related to assets held-for-sale	(21,645)	—	—
Purchase of short-term investments	(165,109)	(315,078)	(134,641)
Purchase of long-term investments	(51,241)	(102,523)	(550)
Proceeds from sale of short-term investments	244,728	207,716	94,646
Proceeds from sale of long-term investments	22,042	—	—
Proceeds from sale of subsidiary	—	—	15,056
Proceeds from asset sales	62,304	43,515	78,399
Advance payment for sale of property, plant and equipment	—	86,524	—
Other	(7,500)	—	—
Net cash used in investing activities	(167,315)	(161,994)	(87,885)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid	(107,395)	(109,130)	(260,335)
Proceeds from debt issuance	—	548,719	—
Debt issuance costs	—	(3,935)	—
Proceeds from stock option exercises	—	—	4,100
Payments for employee taxes on net settlement of equity awards	(5,505)	(2,162)	(3,784)
Payment of contingent consideration from acquisition of business	(250)	(7,250)	(8,250)
Payments for early extinguishment of long-term debt	(487,148)	—	—
Make-whole premium payment	(56,421)	—	—
Share repurchases	(76,999)	—	(28,505)
Other	(587)	(719)	(446)
Net cash provided by (used in) financing activities	(734,305)	425,523	(297,220)
Net increase (decrease) in cash and cash equivalents and restricted cash	(667,707)	399,969	153,776
Cash and cash equivalents and restricted cash, beginning of period	936,716	536,747	382,971
Cash and cash equivalents and restricted cash, end of period	\$ 269,009	\$ 936,716	\$ 536,747

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



HELMERICH & PAYNE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

<i>(in thousands)</i>	Year Ended September 30,		
	2022	2021	2020
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period:			
Interest paid	\$ 18,909	\$ 26,706	\$ 22,928
Income tax paid (received), net	17,669	(32,462)	46,700
Cash paid for amounts included in the measurement of lease liabilities:			
Payments for operating leases	11,233	17,266	18,646
Non-cash operating and investing activities:			
Changes in accounts payable and accrued liabilities related to purchases of property, plant and equipment	(2,425)	(1,526)	3,123
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 consolidated financial statements.



HELMERICH & PAYNE, INC.

NOTES TO 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 17—Business Segments and Geographic Information for further details on our reportable segments.

Our North America Solutions operations are primarily located in Texas, but traditionally also operate in other states, depending on demand. Such states include: Colorado, Louisiana, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Utah, West Virginia and Wyoming. Additionally, Offshore Gulf of Mexico operations are conducted in Louisiana and in U.S. federal waters in the Gulf of Mexico and our International Solutions operations have rigs and/or services primarily located in four international locations: Argentina, Bahrain, Colombia and United Arab Emirates.

We also own and operate a limited number of commercial real estate properties located in Tulsa, Oklahoma. Our real estate investments include a shopping center and undeveloped real estate.

Fiscal Year 2020 Dispositions

In December 2019, we closed on the sale of a wholly-owned subsidiary of Helmerich & Payne International Drilling Co. ("HPIDC"), TerraVici Drilling Solutions, Inc. ("TerraVici"). As a result of the sale, 100% of TerraVici's outstanding capital stock was transferred to the purchaser in exchange for approximately \$15.1 million, resulting in a total gain on the sale of TerraVici of approximately \$15.0 million. Prior to the sale, TerraVici was a component of the North America Solutions operating segment. This transaction did not represent a strategic shift in our operations and will not have a significant effect on our operations and financial results going forward.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, RISKS AND UNCERTAINTIES

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

We classified our former Venezuelan operation as a discontinued operation in the third quarter of fiscal year 2010, as more fully described in Note 3—Discontinued Operations. Unless indicated otherwise, the information in the Notes to Consolidated Financial Statements relates only to our continuing operations.

Principles of Consolidation

The 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, expenses and other comprehensive income or loss of a subsidiary acquired or disposed of during the fiscal year are included in the Consolidated Statements of Operations and Comprehensive Income 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.

Foreign Currencies

Our functional currency, together with all our foreign subsidiaries, is the U.S. dollar. Monetary assets and liabilities denominated in currencies other than the U.S. dollar are translated at exchange rates in effect at the end of the period, and the resulting gains and losses are recorded on our Consolidated Statements of Operations. Aggregate foreign currency losses of \$5.9 million, \$5.3 million and \$8.8 million in fiscal years 2022, 2021 and 2020, respectively, are included in drilling services operating expenses.



Use of Estimates

The preparation of our financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 \$36.9 million and \$19.2 million at September 30, 2022 and 2021, respectively. Of the total at September 30, 2022 and 2021, \$1.1 million and \$1.5 million, respectively, is related to the acquisition of drilling technology companies, and \$35.8 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.

Cash, cash equivalents, and restricted cash are reflected in the Consolidated Balance Sheets as follows:

(in thousands)	September 30,		
	2022	2021	2020
Cash and cash equivalents	\$ 232,131	\$ 917,534	\$ 487,884
Restricted cash	36,246	18,350	45,577
Restricted cash - long-term:			
Other assets, net	632	832	3,286
Total cash, cash equivalents, and restricted cash	<u>\$ 269,009</u>	<u>\$ 936,716</u>	<u>\$ 536,747</u>

During the fiscal year ended September, 30, 2022, and to conform with the current year presentation, we reclassified \$18.4 million and \$45.6 million of restricted cash that was previously included in Prepaid expenses and other in our Consolidated Balance Sheets as of September 30, 2021 and 2020, respectively.

Accounts Receivable

Accounts receivable represents valid claims against our customers for our services rendered, net of allowances for credit losses. We perform credit evaluations of customers and do not typically require collateral in support for trade receivables. We provide an allowance for credit losses, when necessary, to cover estimated credit losses. Outstanding customer receivables are reviewed regularly for possible nonpayment indicators. We estimate expected credit losses over the life of our financial assets, which primarily consist of our accounts receivable. We evaluate our customers' financial strength and liquidity based on aging of accounts receivable, payment history, and other relevant information, including ratings agency, credit ratings and alerts, and publicly available reports.

Inventories of Materials and Supplies

Inventories are primarily replacement parts and supplies held for consumption in our drilling operations. Inventories are valued at the lower of cost or net realizable value. Cost is determined on a weighted average basis and includes the cost of materials, shipping, duties and labor. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The reserves for excess and obsolete inventory were \$28.0 million and \$29.3 million for fiscal years 2022 and 2021, respectively.

Investments

We maintain investments in equity and debt securities of certain publicly traded and private companies. We recognize our equity securities that have readily determinable fair values at fair value, with changes in such values reflected in net income. Our equity securities without readily determinable fair values are measured at cost, less any impairments. Debt securities classified as available-for-sale are reported at fair value and subject to impairment testing. Other than impairment losses, unrealized gains/losses are recognized, net of the related tax effect, in other comprehensive income. Upon sale, realized gains/losses are reported in net income.



Property, Plant, and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Substantially all property, plant and equipment are depreciated using the straight-line method based on the estimated useful lives of the assets after deducting their salvage values. The amount of depreciation expense we record is dependent upon certain assumptions, including an asset's estimated useful life, rate of consumption, and corresponding salvage value. We periodically review these assumptions and may change one or more of these assumptions. Changes in our assumptions may require us to recognize, on a prospective basis, increased or decreased depreciation expense.

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Changes that could prompt such an assessment include a significant decline in revenue or cash margin per day, extended periods of low rig asset group utilization, changes in market demand for a specific asset, obsolescence, restructuring of our drilling fleet, and/or overall general market conditions. If the review of the long-lived assets indicates that the carrying value of these assets/asset groups is more than the estimated undiscounted future cash flows projected to be realized from the use of the asset and its eventual disposal an impairment charge is recognized, as required, to adjust the carrying value down to the estimated fair value of the asset. The estimated fair value is determined based upon either an income approach using estimated discounted future cash flows, a market approach considering factors such as recent market sales of rigs of other companies and our own sales of rigs, appraisals and other factors, a cost approach utilizing reproduction costs new as adjusted for the asset age and condition, and/or a combination of multiple approaches.

Cash flows are estimated by management considering factors such as prospective market demand, margins, recent changes in rig technology and its effect on each rig's marketability, any investment required to make a rig operational, suitability of rig size and make up to existing platforms, and competitive dynamics including industry utilization. Long-lived assets that are held for sale are recorded at the lower of carrying value or the fair value less costs to sell.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of 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 in the fourth fiscal quarter of each fiscal year or when it is more likely than not that the carrying value may exceed fair value. If an impairment is determined to exist, an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value is recognized, limited to the total amount of goodwill allocated to that reporting unit. The reporting unit level is defined as an operating segment or one level below an operating segment.

Finite-lived intangible assets are amortized using the straight-line method over the period in which these assets contribute to our cash flows, generally estimated to be 5 to 20 years, and are evaluated for impairment in accordance with our policies for valuation of long-lived assets.

Drilling Revenues

Drilling services revenues are primarily comprised of daywork drilling contracts for which the related revenues and expenses are recognized as services are performed and collection is reasonably assured. For certain contracts, we receive payments contractually designated for the mobilization of rigs and other drilling equipment. Revenues associated with mobilization and demobilization and direct costs incurred for the mobilization, are deferred and recognized on a straight-line basis as the drilling service is provided. Costs incurred to relocate rigs and other drilling equipment to areas in which a contract has not been secured are expensed as incurred. Reimbursements received for out-of-pocket expenses are recorded as both revenues and direct costs. Reimbursements for fiscal years 2022, 2021 and 2020 were \$263.1 million, \$148.0 million and \$212.0 million, respectively. For fixed-term contracts that are terminated by customers prior to the expirations, contractual provisions customarily require early termination amounts to be paid to us. Revenues from early terminated contracts are recognized when all contractual requirements have been met. Early termination revenue for fiscal years 2022, 2021 and 2020 was approximately \$0.7 million, \$7.7 million and \$73.4 million, respectively.

Rent Revenues and Related Property

We enter into leases with tenants in our rental properties consisting primarily of retail space. The lease terms of tenants occupying space in the retail centers generally range from three to ten years. Minimum rents are recognized on a straight-line basis over the term of the related leases. Overage and percentage rents are based on tenants' sales volume. Recoveries from tenants for property taxes and operating expenses are recognized in other operating revenues in the Consolidated Statements of Operations.



Our rent revenues are as follows:

<i>(in thousands)</i>	Year Ended September 30,		
	2022	2021	2020
Minimum rents	\$ 6,362	\$ 5,589	\$ 9,245
Overage and percentage rents	773	726	656

At September 30, 2022, minimum future rental income to be received on noncancellable operating leases was as follows:

Fiscal Year	Amount (in thousands)
2023	\$ 5,214
2024	4,519
2025	3,733
2026	2,820
2027	1,575
Thereafter	2,241
Total	\$ 20,102

Leasehold improvement allowances are capitalized and amortized over the lease term.

At September 30, 2022 and 2021, the cost and accumulated depreciation for real estate properties were as follows:

<i>(in thousands)</i>	September 30,	
	2022	2021
Real estate properties	\$ 45,557	\$ 43,302
Accumulated depreciation	(30,510)	(28,846)
	\$ 15,047	\$ 14,456

Income Taxes

Current income tax expense is the amount of income taxes expected to be payable for the current fiscal year. Deferred income taxes are computed using the liability method and are provided on all temporary differences between the financial basis and the tax basis of our assets and liabilities.

We take tax positions in our tax returns from time to time that may not ultimately be allowed by the relevant taxing authority. When we take such positions, we evaluate the likelihood of sustaining those positions and determine the amount of tax benefit arising from such positions, if any, that should be recognized in our financial statements. We recognize uncertain tax positions we believe have a greater than 50 percent likelihood of being sustained. Tax benefits not recognized by us are recorded as a liability for unrecognized tax benefits, which represents our potential future obligation to various taxing authorities if the tax positions are not sustained. See Note 8—Income Taxes. Amounts for uncertain tax positions are adjusted in periods when new information becomes available or when positions are effectively settled. We recognize accrued interest related to unrecognized tax benefits in interest expense and penalties in other expense in the Consolidated Statements of Operations.

Earnings per Common Share

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, nonvested restricted stock and performance share units. 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 Accounting Standards Codification ("ASC") 260, *Earnings Per Share*. As such, we have included these grants in the calculation of our basic earnings per share.

Stock-Based Compensation

Stock-based compensation expense is determined using a fair-value-based measurement method for all awards granted. The fair value of restricted stock awards is determined based on the closing price of our shares on the grant date. The grant date fair value of performance share units is determined through the use of the Monte Carlo simulation method. The Monte Carlo simulation method requires the use of highly subjective assumptions. Our key assumptions in the method include the price and the expected volatility of our stock and our self-determined peer group of companies' (the "Peer Group") stock, risk free rate of return, dividend yields and cross-correlations between the Company and our Peer Group.



Stock-based compensation is recognized on a straight-line basis over the requisite service periods of the stock awards, which is generally the vesting period. Stock-based compensation expense is recorded as a component of drilling services operating expenses, research and development expenses and selling, general and administrative expenses in the Consolidated Statements of Operations. See Note 11—Stock-based Compensation for additional discussion on stock-based compensation.

Treasury Stock

Treasury stock purchases are accounted for under the cost method whereby the cost of the acquired stock is recorded as treasury stock. Gains and losses on the subsequent reissuance of shares are credited or charged to additional paid-in capital using the average-cost method. Treasury stock may be issued under the Helmerich & Payne, Inc. 2020 Omnibus Incentive Plan.

Comprehensive Income or Loss

Other comprehensive income or loss refers to revenues, expenses, gains, and losses that are included in comprehensive income or loss but excluded from net income or loss. We report the components of other comprehensive income or loss, net of tax, by their nature and disclose the tax effect allocated to each component in the Consolidated Statements of Comprehensive Income (Loss).

Leases

We lease various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of one to 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability within accrued liabilities and other non-current liabilities at the date at which the leased asset is available for use by the Company. Operating lease expense is recognized on a straight-line basis over the life of the lease. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis for finance type leases.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, our incremental borrowing rate is used, which is the rate that we would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost and are comprised of the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Asset retirement obligations related to that lease, as applicable.

Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs and is within our control. Refer to Note 5—Leases for additional information regarding our leases.



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 of the amendment is permitted, including 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, as required, during the first quarter of fiscal year 2022. The adoption did not have a material effect on our Consolidated Financial Statements and disclosures.
Standards that are not yet adopted as of September 30, 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. This update is effective for annual and interim periods beginning after December 15, 2021. Early adoption of the amendment is permitted.	October 1, 2022	We plan to adopt this ASU, as required, during the first quarter of fiscal year 2023. We do not believe the adoption will have a material effect on our Consolidated Financial Statements and disclosures.
ASU No. 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions	The amendments in this update clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value (i.e., the entity would not apply a discount related to the contractual sale restriction). Furthermore, an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The following disclosures for equity securities subject to contractual sale restrictions will be required: (1) the fair value of the equity securities subject to contractual sale restrictions reflected in the balance sheet, (2) the nature and remaining duration of the restriction(s), and (3) the circumstances that could cause a lapse in the restriction(s). This update is effective for annual and interim periods beginning after December 15, 2023. Early adoption of the amendment is permitted for both interim and annual financial statements.	October 1, 2022	We plan to early adopt this ASU during the first quarter of fiscal year 2023. We do not believe the adoption will have a material effect on our Consolidated Financial Statements and disclosures.



Allowance for Credit Losses

On October 1, 2020, we adopted ASU 2016-13 on a modified retrospective basis through a cumulative-effect adjustment without restating comparative periods, as permitted under the adoption provisions. Upon adoption, we recognized a \$1.6 million increase to our allowance for credit losses and a corresponding cumulative adjustment to reduce retained earnings, net of income taxes, of \$1.3 million. This transition adjustment reflects the development of our models to estimate expected credit losses over the life of our financial assets, which primarily consist of our accounts receivable. Pursuant to ASU 2016-13, we have evaluated our customers' financial strength and liquidity based on aging of accounts receivable, payment history, and other relevant information, including ratings agency, credit ratings and alerts, and publicly available reports.

Concentration of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist primarily of temporary cash investments, short and long-term investments, and trade receivables. The industry concentration has the potential to impact our overall exposure to market and credit risks, either positively or negatively, in that our customers could be affected by similar changes in economic, industry or other conditions. However, we believe that the credit risk posed by this industry concentration is offset by the creditworthiness of our customer base. In fiscal years 2022, 2021 and 2020, no individual customers constituted 10 percent or more of our total consolidated revenues.

We place temporary cash investments in the United States with established financial institutions and primarily invest in a diversified portfolio of highly rated, short-term instruments. Our trade receivables, primarily with established companies in the oil and gas industry, may impact credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions. International sales also present various risks including governmental activities that may limit or disrupt markets and restrict the movement of funds. Most of our international sales, however, are to large international or government-owned national oil companies.

Volatility of Market

Our operations can be materially affected by oil and gas prices. Oil and natural gas prices have been historically volatile and difficult to predict with any degree of certainty. While current energy prices are important contributors to positive cash flow for customers, expectations about future prices and price volatility are generally more important for determining a customer's future spending levels. This volatility, along with the difficulty in predicting future prices, can lead many exploration and production companies to base their capital spending on more conservative estimates of commodity prices. As a result, demand for drilling services is not always purely a function of the movement of commodity prices.

In addition, customers may finance their exploration activities through cash flow from operations, the incurrence of debt or the issuance of equity. Any deterioration in the credit and capital markets may cause difficulty for customers to obtain funding for their capital needs. A reduction of cash flow resulting from declines in commodity prices or a reduction of available financing may result in a reduction in customer spending and the demand for our services. This reduction in spending could have a material adverse effect on our operations.

Self-Insurance

We have accrued a liability for estimated workers' compensation and other casualty claims incurred based upon case reserves plus an estimate of loss development and incurred but not reported claims. The estimate is based upon historical trends. Insurance recoveries related to such liability are recorded when considered probable.

We self-insure a significant portion of expected losses relating to workers' compensation, general liability and automobile liability. Generally, deductibles range from \$1 million to \$10 million per occurrence depending on the coverage and whether a claim occurs outside or inside of the United States. Insurance is purchased over deductibles to reduce our exposure to catastrophic events. Estimates are recorded for incurred outstanding liabilities for workers' compensation, general, and automobile liability claims that are incurred but not reported. Estimates are based on adjusters' estimates, historical experience and statistical methods commonly used within the insurance industry that we believe are reliable. We have also engaged a third-party actuary to perform a review of our casualty losses as well as losses in our captive insurance companies. Nonetheless, insurance estimates include certain assumptions and management judgments regarding the frequency and severity of claims, claim development and settlement practices. Unanticipated changes in these factors may produce materially different amounts of expense that would be reported under these programs.



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. Casualty claims occurring prior to October 1, 2019 will remain recorded within each of the operating segments and future adjustments to these claims will continue to be reflected within the operating segments. Reserves for legacy claims occurring prior to October 1, 2019, will remain as liabilities in our operating segments until they have been resolved. Changes in those reserves will be reflected in segment earnings as they occur. We will continue to utilize the Captives to finance the risk of loss to equipment and rig property assets. The Company and the Captives maintain excess property and casualty reinsurance programs with third-party insurers in an effort to limit the financial impact of significant events covered under these programs. Our operating subsidiaries are paying premiums to the Captives, typically on a monthly basis, for the estimated losses based on an external actuarial analysis. These premiums are currently held in a restricted cash account, resulting in a transfer of risk from our operating subsidiaries to the Captives. Direct operating costs consisted primarily of adjustments to accruals for estimated losses of \$7.0 million, \$12.6 million, and \$16.4 million and rig and casualty insurance premiums of \$35.6 million, \$21.9 million, and \$6.7 million during the fiscal years ended September 30, 2022, 2021, and 2020 respectively. These operating costs were recorded within drilling services operating expenses in our Consolidated Statement of Operations. Intercompany premium revenues recorded by the Captives during the fiscal years ended September 30, 2022, 2021, and 2020 amounted to \$57.0 million, \$35.4 million, and \$36.9 million 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 Captive 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 fiscal year ended September 30, 2022, 2021, and 2020 were \$11.8 million, \$12.0 million, and \$8.0 million 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 the equivalent in 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 that 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 \$5.9 million, \$5.3 million, and \$8.8 million the fiscal years ended September 30, 2022, 2021, and 2020 respectively.

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 fiscal year ended September 30, 2022, approximately 6.7 percent of our operating revenues were generated from international locations compared to 5.0 percent during the fiscal year ended September 30, 2021. During the fiscal year ended September 30, 2022, approximately 81.6 percent of operating revenues from international locations were from operations in South America compared to 48.9 percent during the fiscal year ended September 30, 2021. 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 Consolidated Statements of Operations.

The activity for each fiscal year presented was 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 436,677 Bolivars per United States dollar at September 30, 2021 and 2020, respectively. In October 2021, the Venezuelan government launched another monetary overhaul by cutting six zeros from the Bolivar in response to hyperinflation and to simplify accounting. As such, as of September 30, 2022, the DICOM floating rate was approximately eight Bolivars per United States dollar. The DICOM floating rate may not reflect the barter market exchange rates.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

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

<i>(in thousands)</i>	Estimated Useful Lives	September 30, 2022	September 30, 2021
Drilling services equipment	4 - 15 years	\$ 6,369,888	\$ 6,229,011
Tubulars	4 years	569,496	573,900
Real estate properties	10 - 45 years	45,557	43,302
Other	2 - 23 years	422,479	459,741
Construction in progress ¹		70,119	47,587
		7,477,539	7,353,541
Accumulated depreciation		(4,516,730)	(4,226,254)
Property, plant and equipment, net		\$ 2,960,809	\$ 3,127,287
Assets held-for-sale		\$ 4,333	\$ 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 advances for 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.

Impairments - Fiscal Year 2020

Consistent with our policy, we evaluate our drilling rigs and related equipment for impairment whenever events or changes in circumstances indicate the carrying value of these assets may exceed the estimated undiscounted future net cash flows. Our evaluation, among other things, includes a review of external market factors and an assessment on the future marketability of specific rigs' asset group.

During the second quarter of fiscal year 2020, several significant economic events took place that severely impacted the current demand on drilling services, including the significant drop in crude oil prices caused by OPEC+'s price war coupled with the decrease in the demand due to the COVID-19 pandemic. To maintain a competitive edge in a challenging market, the Company's management introduced a new strategy focused on operating various types of highly capable upgraded rigs and phasing out the older, less capable fleet. This resulted in grouping the super-spec rigs of our legacy Domestic FlexRig[®] 3 asset group and our FlexRig[®] 5 asset group creating a new "Domestic super-spec FlexRig[®]" asset group, while combining the legacy Domestic conventional asset group, FlexRig[®] 4 asset group and FlexRig[®] 3 non-super-spec rigs into one asset group (Domestic non-super-spec asset group). Given the current and projected low utilization for our Domestic non-super-spec asset group and all International asset groups, we considered these economic factors to be indicators that these asset groups may be impaired.



As a result of these indicators, we performed impairment testing at March 31, 2020 on each of our Domestic non super-spec and International conventional, FlexRig® 3, and FlexRig® 4 asset groups, which had an aggregate net book value of \$605.8 million. We concluded that the net book value of each asset group was not recoverable through estimated undiscounted cash flows and recorded a non-cash impairment charge of \$441.4 million in the Consolidated Statement of Operations for the fiscal year ended September 30, 2020. Of the \$441.4 million total impairment charge recorded, \$292.4 million and \$149.0 million was recorded in the North America Solutions and International Solutions segments, respectively. No further impairments were recognized in fiscal year 2020. Impairment was measured as the amount by which the net book value of each asset group exceeded its fair value as of the assessment date.

The most significant assumptions used in our undiscounted cash flow model include timing on awards of future drilling contracts, drilling rig utilization, estimated remaining useful life, and net proceeds received upon future sale/disposition. These assumptions are classified as Level 3 inputs by ASC Topic 820 Fair Value Measurement and Disclosures as they are based upon unobservable inputs and primarily rely on management assumptions and forecasts.

In determining the fair value of each asset group, we utilized a combination of income and market approaches. The significant assumptions in the valuation are based on those of a market participant and are classified as Level 2 and Level 3 inputs by ASC Topic 820 Fair Value Measurement and Disclosures.

As of March 31, 2020, the Company also recorded an additional non-cash impairment charge related to in-progress drilling equipment and rotational inventory of \$44.9 million and \$38.6 million, respectively, which had aggregate book values of \$68.4 million and \$38.6 million, respectively, in the Consolidated Statement of Operations for the fiscal year ended September 30, 2020. Of the \$83.5 million total impairment charge recorded for in-progress drilling equipment and rotational inventory, \$75.8 million and \$7.7 million was recorded in the North America Solutions and International Solutions segments, respectively.

Depreciation

Depreciation in the Consolidated Statements of Operations of \$396.0 million, \$412.5 million and \$474.7 million includes abandonments of \$6.6 million, \$2.0 million and \$4.0 million for the fiscal years 2022, 2021 and 2020, 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, 2020	\$	—
Plus:		
Asset additions		77,929
Less:		
Sale of assets held-for-sale		(6,476)
Balance at September 30, 2021		71,453
Plus:		
Asset additions		2,580
Less:		
Sale of assets held-for-sale		(67,592)
Reclassification to assets held and used		(2,108)
Balance at September 30, 2022	\$	4,333

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 developed 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 represented their fair value less estimated cost to sell as of the assessment date, and were reclassified as held-for-sale in the second and third quarters of fiscal year 2021. As a result, we recognized a non-cash impairment charge of \$56.4 million during the fiscal year ended September 30, 2021 in the Consolidated Statement of Operations. During the fiscal year ended September 30, 2022 and September 30, 2021, we completed the sale of assets with a net book value of \$2.6 million and \$6.5 million, respectively, 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 were delivered and commissioned in stages over a twelve-month period subject to acceptance upon successful completion of final inspection on customary terms and conditions. No rigs were delivered to ADNOC Drilling as of September 30, 2021 and, therefore, the total cash proceeds of \$86.5 million was recorded in Accrued Liabilities within our Consolidated Balance Sheets as of September 30, 2021.

As of September 30, 2022, ADNOC Drilling accepted delivery of all eight rigs resulting in a gain of \$3.1 million, after \$27.8 million of selling costs, during the fiscal year ended September 30, 2022. Upon final acceptance of delivery, these rigs were removed from assets classified as held-for-sale as of September 30, 2022. The gain is recorded in Other (Gain) Loss on Sale of Assets within our Consolidated Statement of Operations for the fiscal year ended September 30, 2022. We paid approximately \$21.6 million in cash charges attributable to selling costs for the eight rigs during fiscal year 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 services, which contributed approximately 2.8 percent to our consolidated revenue 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 on the Consolidated Balance Sheets as of September 30, 2021. As a result, we recognized a non-cash impairment charge of \$14.4 million in the Consolidated Statements of Operations during the year ended September 30, 2021. During the fiscal year ended September 30, 2022, we closed on the sale of these assets in two separate transactions. The sale of our trucking services assets was completed on November 3, 2021 while the sale of our casing running services 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 proceeds, resulting in a loss of \$3.4 million during the fiscal year ended September 30, 2022. Losses related to the sale of these assets are recorded in Other (Gain) Loss on Sale of Assets within our Consolidated Statements of Operations. During the year ended September 30, 2022 we recognized \$1.1 million in earnout proceeds associated with the sale of our trucking services assets within Other (Gain) Loss on Sale of Assets on the 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 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 Consolidated Statement of Operations for fiscal year ended September 30, 2022. During the second quarter of fiscal year 2022, we completed the sale of these assets, 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 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 Consolidated Statement of Operations during the fiscal year ended September 30, 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 second quarter of fiscal year ended September 30, 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 valuations of 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

Prior to the fiscal year ended September 30, 2022, Gain on Reimbursement of Drilling Equipment and Other (Gain) Loss on Sale of Assets was presented in the aggregate as Gain (Loss) on Sale of Assets on our Consolidated Statements of Operations. To conform with the current fiscal year presentation, we reclassified amounts previously presented in the Gain (Loss) on Sale of Assets during the years ended September 30, 2021 and 2020, as presented below.

Gain on Reimbursement of Drilling Equipment

We recognized a gain of \$29.4 million, \$12.3 million, \$27.0 million in fiscal years 2022, 2021 and 2020, respectively, related to customer reimbursement for the current 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 Consolidated Statements of Operations.

Other (Gain)/Loss on Sale of Assets

We recognized a (gain) loss of \$(5.4) million, \$11.3 million and \$(19.8) million in fiscal years 2022, 2021 and 2020, respectively, related to the sale of rig equipment and other capital assets. These amounts are recorded in Other (Gain) Loss on Sale of Assets within our Consolidated Statements of Operations.



Fiscal Year 2022 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. We also recognized a gain of \$1.1 million in earnout proceeds associated with the sale of our trucking services assets during the fiscal year ended September 30, 2022.

During the same fiscal period, ADNOC Drilling accepted delivery of all eight rigs resulting in an aggregate gain of \$3.1 million, as mentioned above. We also recognized a gain of \$4.2 million related to the sale of other held-for-sale assets (discussed above) during the fiscal year ended September 30, 2022.

Fiscal Year 2021 During the fiscal year ended September 30, 2021, we closed on the sale of an offshore platform rig within our Offshore Gulf of Mexico operating segment for total consideration of \$12.0 million with an aggregate net book value of \$2.8 million, resulting in a gain of \$9.2 million. Additionally during the fiscal year ended September 30, 2021, we sold excess drilling equipment and spares, which resulted in a loss of \$31.2 million and we also sold assets previously classified as held-for-sale, which resulted in a \$3.1 million gain.

Fiscal Year 2020 During the fiscal year ended September 30, 2020, we closed on the sale of a portion of our real estate investment portfolio, including six industrial sites, for total consideration, net of selling related expenses, of \$40.7 million and an aggregate net book value of \$13.5 million, resulting in a gain of \$27.2 million.

NOTE 5 LEASES

Lease Position

<i>(in thousands)</i>	September 30, 2022	September 30, 2021
Operating lease commitments, including probable extensions ¹	\$ 44,769	\$ 56,667
Discounted using the lessee's incremental borrowing rate	\$ 41,002	\$ 52,372
(Less): short-term leases recognized on a straight-line basis as expense	(1,052)	(1,761)
(Less): other	(218)	(123)
Lease liability recognized	<u>\$ 39,732</u>	<u>\$ 50,488</u>
Of which:		
Current lease liabilities	\$ 12,382	\$ 12,624
Non-current lease liabilities	27,350	37,864

(1) Our future minimal rental payments exclude optional extensions that have not been exercised but are probable to be exercised in the future, those probable extensions are included in the operating lease liability balance.

The recognized right-of-use assets relate to the following types of assets:

<i>(in thousands)</i>	September 30, 2022	September 30, 2021
Properties	\$ 38,925	\$ 48,176
Equipment	125	935
Other	14	76
Total right-of-use assets	<u>\$ 39,064</u>	<u>\$ 49,187</u>

Lease Costs

The following table presents certain information related to the lease costs for our operating leases:

<i>(in thousands)</i>	Year ended September 30,	
	2022	2021
Operating lease cost	\$ 9,687	\$ 13,686
Short-term lease cost	1,546	3,580
Total lease cost	<u>\$ 11,233</u>	<u>\$ 17,266</u>



Lease Terms and Discount Rates

The table below presents certain information related to the weighted average remaining lease terms and weighted average discount rates for our operating leases:

	September 30, 2022	September 30, 2021
Weighted average remaining lease term	5.9	6.7
Weighted average discount rate	2.5 %	2.5 %

Lease Obligations

Future minimum rental payments required under operating leases having initial or remaining non-cancelable lease terms in excess of one year at September 30, 2022 (in thousands) are as follows:

Fiscal Year	Amount
2023	\$ 9,767
2024	7,801
2025	4,501
2026	2,033
2027	2,046
Thereafter	5,465
Total ¹	\$ 31,613

(1) Our future minimal rental payments exclude optional extensions that have not been exercised but are probable to be exercised in the future, those probable extensions are included in the operating lease liability balance.

Total rent expense was \$11.2 million, \$17.3 million and \$18.6 million for the fiscal years ended September 30, 2022, 2021 and 2020, respectively. The future minimum lease payments for our Tulsa corporate office and our Tulsa industrial facility represent a material portion of the amounts shown in the table above. The lease agreement for our Tulsa corporate office commenced on May 30, 2003 and has subsequently been amended, most recently on April 1, 2021. The agreement will expire on January 31, 2025; however, we have two five-year renewal options, which were not recognized as part of our right-of-use assets and lease liabilities. The lease agreement for our Tulsa industrial facility, where we perform maintenance and assembly of FlexRig[®] components commenced on December 21, 2018 and will expire on June 30, 2025; however, we have two two-year renewal options which were recognized as part of our right-of-use assets and lease liabilities.

During the fiscal year ended September 30, 2021, we downsized and relocated our Houston assembly facility to a new location. Refer to Note 18—Restructuring Charges for additional details. As a result, and during fiscal year 2021, we entered into a lease agreement for a new assembly facility located in Galena Park, Texas. This lease agreement commenced on January 1, 2021 and will expire on December 31, 2030; however, we have one unpriced renewal option for a minimum of five years and a maximum of 10 years, which was not recognized as part of our right-of-use assets and lease liabilities. This contract is accounted for as an operating lease resulting in an operating lease right-of-use asset of \$12.2 million and \$16.0 million, and minimum lease liability of \$12.5 million and \$16.2 million, as of September 30, 2022 and 2021, respectively.

NOTE 6 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 in the fourth fiscal quarter, or when indications of potential impairment exist. All of our goodwill is within our North America Solutions reportable segment.

During the fiscal years ended September 30, 2022 and 2021, we had no additions or impairments to goodwill. As of September 30, 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 consisted of the following:

(in thousands)	Weighted Average Estimated Useful Lives	September 30, 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	\$ 28,137	\$ 60,959	\$ 89,096	\$ 22,182	\$ 66,914
Intellectual property	13 years	2,000	328	1,672	1,500	216	1,284
Trade name	20 years	5,865	1,475	4,390	5,865	1,158	4,707
Customer relationships	5 years	4,000	3,867	133	4,000	3,067	933
		<u>\$ 100,961</u>	<u>\$ 33,807</u>	<u>\$ 67,154</u>	<u>\$ 100,461</u>	<u>\$ 26,623</u>	<u>\$ 73,838</u>

Amortization expense in the Consolidated Statements of Operations was \$7.2 million for fiscal years 2022, 2021 and 2020, and is estimated to be \$6.6 million for fiscal year 2023, and approximately \$6.4 million for fiscal year 2024 through 2027.

Impairment - Fiscal Year 2020

Due to the market conditions described in Note 4—Property, Plant and Equipment, during the second quarter of fiscal year 2020, we concluded that goodwill and intangible assets might be impaired and tested the H&P Technologies reporting unit, where the goodwill balance is allocated and the intangible assets are recorded, for recoverability. This resulted in a goodwill only non-cash impairment charge of \$38.3 million recorded in the Consolidated Statement of Operations during the fiscal year ended September 30, 2020.

The recoverable amount of the H&P Technologies reporting unit was determined based on a fair value calculation which uses cash flow projections based on the Company's financial projections presented to the Board covering a five-year period, and a discount rate of 14.0 percent. Cash flows beyond that five-year period were extrapolated using the fifth-year data with no implied growth factor. The reporting unit level is defined as an operating segment or one level below an operating segment.

The recoverable amount of the intangible assets tested for impairment within the H&P Technologies reporting unit is determined based on undiscounted cash flow projections using the Company's financial projections presented to the Board covering a five-year period and extrapolated for the remaining weighted average useful lives of the intangible assets.

The most significant assumptions used in our cash flow model include timing of awarded future contracts, commercial pricing terms, utilization, discount rate, and the terminal value. These assumptions are classified as Level 3 inputs by ASC Topic 820 Fair Value Measurement and Disclosures as they are based upon unobservable inputs and primarily rely on management assumptions and forecasts. Although we believe the assumptions used in our analysis and the probability-weighted average of expected future cash flows are reasonable and appropriate, different assumptions and estimates could materially impact the analysis and our resulting conclusion.



NOTE 7 DEBT

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

(in thousands)	September 30, 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 ¹	\$ —	\$ —	\$ —	\$ 487,148	\$ (3,662)	\$ 483,486
Due September 29, 2031	550,000	(7,390)	542,610	550,000	(8,003)	541,997
	550,000	(7,390)	542,610	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	\$ (7,390)	\$ 542,610	\$ 550,000	\$ (8,003)	\$ 541,997

(1) Debt was extinguished prior to maturity date. Refer to 'Senior Notes' section below.

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. 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 Consolidated Statements of Operations during the fiscal year ended September 30, 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. No other terms of the 2018 Credit Facility were amended in connection with this extension. 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. The 2018 Credit Facility also permits aggregate commitments under the facility to be increased by \$300.0 million, subject to the satisfaction of certain conditions and the procurement of additional commitments from new or existing lenders. In March 2022, the 2018 Credit Facility was amended to change the benchmark rate from the London Interbank Offered Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR"). Following the amendment, we can elect to borrow at either an adjusted SOFR rate or an adjusted base rate, plus an applicable margin. The adjusted SOFR rate is the forward-looking term rate based on SOFR for the applicable tenor of one, three, or six months, plus 0.10 percent per annum. The adjusted base rate is a fluctuating rate per annum equal to the highest of (i) the administrative agent's prime rate, (ii) the federal funds effective rate plus 0.50 percent, or (iii) the one-month adjusted SOFR rate plus 1.0 percent. We also pay a commitment fee on the unused balance of the facility. Borrowing spreads as well as commitment fees are determined based on the debt rating for senior unsecured debt of the Company, as determined by Moody's and Standard & Poor's. The applicable margin for SOFR borrowings and adjusted base rate borrowings ranges from 0.875 percent to 1.500 percent per annum and zero to 0.50 percent per annum, respectively. Commitment fees for both rates range from 0.075 percent to 0.200 percent per annum. Based on the unsecured debt rating of the Company on September 30, 2022, the spread over SOFR would have been 1.125 percent had borrowings been outstanding under the 2018 Credit Facility and commitment fees would have been 0.125 percent. There is a financial covenant in the 2018 Credit Facility that requires us to maintain a total funded debt to total capitalization ratio of less than or equal to 50 percent. The 2018 Credit Facility contains additional terms, conditions, restrictions and covenants that we believe are usual and customary in unsecured debt arrangements for companies of similar size and credit quality, including a limitation that priority debt (as defined in the credit agreement) may not exceed 17.5 percent of the net worth of the Company. As of September 30, 2022, there were no borrowings or letters of credit outstanding, leaving \$750.0 million available to borrow under the 2018 Credit Facility.

As of September 30, 2022, we had \$55.0 million in uncommitted bilateral credit facilities, for the purpose of obtaining the issuance of international letters of credit, bank guarantees, and performance bonds. Of the \$55.0 million, \$38.1 million of financial guarantees were outstanding as of September 30, 2022. Separately, we had \$2.0 million in standby letters of credit and bank guarantees outstanding. In total, we had \$40.1 million outstanding as of September 30, 2022. In October 2022, we increased one of our standby letters of credit by \$1.9 million.

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 September 30, 2022, we were in compliance with all debt covenants.

At September 30, 2022, aggregate maturities of long-term debt are as follows (in thousands):

Year ending September 30,	
2023	\$ —
2024	—
2025	—
2026	—
2027	—
Thereafter - Due 2031	550,000
	<u>\$ 550,000</u>

NOTE 8 INCOME TAXES

Income Tax (Benefit) Provision and Rate

The components of the provision (benefit) for income taxes are as follows:

(in thousands)	Year Ended September 30,		
	2022	2021	2020
Current:			
Federal	\$ 40,245	\$ (15,466)	\$ 15,431
Foreign	10,703	772	1,495
State	1,906	725	523
	<u>52,854</u>	<u>(13,969)</u>	<u>17,449</u>
Deferred:			
Federal	(32,382)	(81,760)	(127,096)
Foreign	(1,310)	4,106	(12,390)
State	5,204	(12,098)	(18,069)
	<u>(28,488)</u>	<u>(89,752)</u>	<u>(157,555)</u>
Total provision (benefit)	<u>\$ 24,366</u>	<u>\$ (103,721)</u>	<u>\$ (140,106)</u>



The amounts of domestic and foreign income (loss) before income taxes are as follows:

(in thousands)	Year Ended September 30,		
	2022	2021	2020
Domestic	\$ (14,411)	\$ (412,556)	\$ (458,364)
Foreign	45,329	(28,624)	(178,134)
	<u>\$ 30,918</u>	<u>\$ (441,180)</u>	<u>\$ (636,498)</u>

The reconciliation of our effective income tax rates to the U.S. Federal income tax rate is as follows:

	Year Ended September 30,		
	2022	2021	2020
U.S. Federal income tax rate	21.0 %	21.0 %	21.0 %
Effect of foreign taxes	31.7	0.1	(0.2)
State income taxes, net of federal tax benefit	21.7	2.6	2.8
Other impact of foreign operations	3.5	—	(0.5)
Non-deductible meals and entertainment	1.0	(0.1)	(0.2)
Equity compensation	9.6	(0.8)	(0.3)
Excess officer's compensation	3.8	—	(0.2)
Foreign derived intangible income	(13.8)	—	—
Other	0.3	0.7	(0.4)
Effective income tax rate	<u>78.8 %</u>	<u>23.5 %</u>	<u>22.0 %</u>

Effective tax rates differ from the U.S. federal statutory rate of 21.0 percent due to state and foreign income taxes and the tax effect of non-deductible expenditures.

Deferred Taxes

Deferred income taxes are provided for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. Recoverability of any tax assets are evaluated and necessary valuation allowances are provided. The carrying value of the net deferred tax assets is based on management's judgments using certain estimates and assumptions that we will be able to generate sufficient future taxable income in certain tax jurisdictions to realize the benefits of such assets. If these estimates and related assumptions change in the future, additional valuation allowances may be recorded against the deferred tax assets resulting in additional income tax expense in the future.

The components of our net deferred tax liabilities are as follows:

(in thousands)	September 30,	
	2022	2021
Deferred tax liabilities:		
Property, plant and equipment	\$ 558,293	\$ 598,798
Marketable securities	9,766	1,669
Other	24,460	26,244
Total deferred tax liabilities	<u>592,519</u>	<u>626,711</u>
Deferred tax assets:		
Pension reserves	4,811	5,791
Self-insurance reserves	7,333	7,862
Net operating loss, foreign tax credit, and other federal tax credit carryforwards	8,673	25,474
Financial accruals	31,022	31,910
Other	13,678	17,963
Total deferred tax assets	<u>65,517</u>	<u>89,000</u>
Valuation allowance	(10,710)	(25,726)
Net deferred tax assets	<u>54,807</u>	<u>63,274</u>
Net deferred tax liabilities	<u>\$ 537,712</u>	<u>\$ 563,437</u>

The change in our net deferred tax assets and liabilities is impacted by foreign currency remeasurement.



As of September 30, 2022, we had federal, state and foreign tax net operating loss carryforwards of approximately \$4.5 million, \$45.7 million and \$14.3 million, respectively, federal and foreign research and development tax credits of approximately \$0.4 million and \$0.5 million, respectively, and foreign tax credit carryforwards of approximately \$0.9 million which will expire in fiscal 2023 through 2042 and some of which can be carried forward indefinitely. Certain of these carryforwards are subject to various rules which impose limitations on their utilization. The valuation allowance is primarily attributable to foreign net operating loss carryforwards of \$3.1 million, foreign tax credit carryforwards of \$0.9 million, and equity compensation of \$6.8 million which more likely than not will not be utilized.

Unrecognized Tax Benefits

We recognize accrued interest related to unrecognized tax benefits in interest expense, and penalties in other expense in the Consolidated Statements of Operations. As of September 30, 2022, 2021 and 2020, we had accrued interest and penalties of \$3.0 million, \$2.9 million and \$2.8 million, respectively. A reconciliation of the change in our gross unrecognized tax benefits are as follows:

<i>(in thousands)</i>	2022	2021	2020
Unrecognized tax benefits at October 1,	\$ 1,678	\$ 13,440	\$ 15,759
Gross decreases - current period effect of tax positions	(718)	(11,648)	(2,338)
Gross increases - current period effect of tax positions	—	—	20
Expiration of statute of limitations for assessments	—	(114)	(1)
Unrecognized tax benefits at September 30,	<u>\$ 960</u>	<u>\$ 1,678</u>	<u>\$ 13,440</u>

As of September 30, 2022, 2021 and 2020, our liability for unrecognized tax benefits includes \$0.7 million and \$1.4 million and \$13.0 million, respectively, of unrecognized tax benefits related to discontinued operations that, if recognized, would not affect the effective tax rate. The remaining unrecognized tax benefits would affect the effective tax rate if recognized. The liabilities for unrecognized tax benefits and related interest and penalties are included in other noncurrent liabilities in our Consolidated Balance Sheets.

For the next 12 months, we cannot predict with certainty whether we will achieve ultimate resolution of any uncertain tax position 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 any such increases or decreases to have a material effect on our results of operations or financial position.

Tax Returns

We file a consolidated U.S. federal income tax return, as well as income tax returns in various states and foreign jurisdictions. The tax years that remain open to examination by U.S. federal and state jurisdictions include fiscal years 2018 through 2021, with exception of certain state jurisdictions currently under audit. The tax years remaining open to examination by foreign jurisdictions include 2003 through 2021.

NOTE 9 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 fiscal year ended September 30, 2022 and 2020, we repurchased 3.2 million common shares at an aggregate cost of \$77.0 million and 1.5 million common shares at an aggregate cost of \$28.5 million, respectively, which are held as treasury shares. There were no repurchases of common shares during the fiscal year ended September 30, 2021.

During the year ended September 30, 2022, we declared \$106.8 million in cash dividends. A cash dividend of \$0.25 per share was declared on September 7, 2022 for shareholders of record on November 15, 2022, payable on December 1, 2022. As a result, we recorded a Dividend Payable of \$26.7 million on our Consolidated Balance Sheets as of September 30, 2022.



Accumulated Other Comprehensive Loss

Components of accumulated other comprehensive loss were as follows:

<i>(in thousands)</i>	September 30,		
	2022	2021	2020
Pre-tax amounts:			
Unrealized actuarial loss	(15,703)	(26,268)	(33,923)
	\$ (15,703)	\$ (26,268)	\$ (33,923)
After-tax amounts:			
Unrealized actuarial loss	(12,072)	(20,244)	(26,188)
	\$ (12,072)	\$ (20,244)	\$ (26,188)

The following is a summary of the changes in accumulated other comprehensive loss, net of tax, by component for the fiscal year ended September 30, 2022:

<i>(in thousands)</i>	Defined Benefit Pension Plan
Balance at September 30, 2021	\$ (20,244)
Activity during the period	
Amounts reclassified from accumulated other comprehensive loss	8,172
Net current-period other comprehensive income	8,172
Balance at September 30, 2022	\$ (12,072)

NOTE 10 REVENUE FROM CONTRACTS WITH CUSTOMERS

Drilling Services Revenue

The majority of our drilling services are performed on a “daywork” contract basis, under which we charge a rate per day, with the price determined by the location, depth and complexity of the well to be drilled, operating conditions, the duration of the contract, and the competitive forces of the market. These drilling services, including our technology solutions, represent a series of distinct daily services that are substantially the same, with the same pattern of transfer to the customer. Because our customers benefit equally throughout the service period and our efforts in providing drilling services are incurred relatively evenly over the period of performance, revenue is recognized over time using a time-based input measure as we provide services to the customer. 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.

Contracts generally contain renewal or extension provisions exercisable at the option of the customer at prices mutually agreeable to us and the customer. For contracts that are terminated by customers prior to the expirations of their fixed terms, contractual provisions customarily require early termination amounts to be paid to us. Revenues from early terminated contracts are recognized when all contractual requirements have been met. During the fiscal years ended September 30, 2022, 2021 and 2020, early termination revenue associated with term contracts was approximately \$0.7 million, \$7.7 million and \$73.4 million, respectively.

We also act as a principal for certain reimbursable services and auxiliary equipment provided by us to our clients, for which we incur costs and earn revenues. Many of these costs are variable, or dependent upon the activity that is performed each day under the related contract. Accordingly, reimbursements that we receive for out-of-pocket expenses are recorded as revenues and the out-of-pocket expenses for which they relate are recorded as operating costs during the period to which they relate within the series of distinct time increments. All of our revenues are recognized net of sales taxes, when applicable.

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. Revenue 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 on a straight-line basis over the related contract term that drilling services are provided.

Demobilization fees expected to be received upon contract completion are estimated at contract inception and recognized on a straight-line basis over the contract term. The amount of demobilization revenue that we ultimately collect is dependent upon the specific contractual terms, most of which include provisions for reduced or no payment for demobilization when, among other things, the contract is renewed or extended with the same client, or when the rig is subsequently contracted with another client prior to the termination of the current contract. Since revenues associated with demobilization activity are typically variable, at each period end, they are estimated at the most likely amount, and constrained when the likelihood of a significant reversal is probable. Any change in the expected amount of demobilization revenue is accounted for with the net cumulative impact of the change in estimate recognized in the period during which the revenue estimate is revised.

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 Consolidated Statements of Operations for the fiscal year ended September 30, 2022.

Contract Costs

Mobilization costs include certain direct costs incurred for mobilization of contracted rigs. These costs relate directly to a contract, enhance resources that will be used in satisfying the future performance obligations, and are expected to be recovered. These costs are capitalized when incurred and recorded as current or noncurrent contract fulfillment cost assets (depending on the length of the initial contract term), and are amortized on a systematic basis consistent with the pattern of the transfer of the goods or services to which the asset relates which typically includes the initial term of the related drilling contract or a period longer than the initial contract term if management anticipates a customer will renew or extend a contract, which we expect to benefit from the cost of mobilizing the rig. Abnormal mobilization costs are fulfillment costs that are incurred from excessive resources, wasted or spoiled materials, and unproductive labor costs that are not otherwise anticipated in the contract price and are expensed as incurred. As of September 30, 2022 and 2021, we capitalized fulfillment costs of \$6.3 million and \$4.3 million respectively, which is included within Prepaid Expenses and Other Assets on our Consolidated Balance Sheets.

If capital modification costs are incurred for rig modifications or if upgrades are required for a contract, these costs are considered to be capital improvements. These costs are capitalized as property, plant and equipment and depreciated over the estimated useful life of the improvement.

Remaining Performance Obligations

The total aggregate transaction price allocated to the unsatisfied performance obligations, commonly referred to as backlog, as of September 30, 2022 was approximately \$1.2 billion, of which \$0.8 billion is expected to be recognized during fiscal year 2023, and approximately \$0.4 billion in 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; however, 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

Amounts owed from our customers under our revenue contracts are typically billed on a monthly basis as the service is being provided and are due within 30 days of billing. Such amounts are classified as accounts receivable on our Consolidated Balance Sheets. Under certain of our contracts, we recognize revenues in excess of billings, referred to as contract assets, within Prepaid expenses and Other current assets within our Consolidated Balance Sheets.

In some instances, we may be entitled to receive payments in advance of satisfying our performance obligations under the contract. We recognize a liability for these payments in excess of revenue recognized, referred to as deferred revenue or contract liabilities, within Accrued liabilities and Other noncurrent liabilities in our Consolidated Balance Sheets. Contract balances are presented at the net amount at a contract level.

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

<i>(in thousands)</i>	September 30, 2022	September 30, 2021
Contract assets, net	\$ 6,319	\$ 4,513



<i>(in thousands)</i>	September 30, 2022	
Contract liabilities balance at October 1, 2020	\$	8,636
Payment received/accrued and deferred		30,721
Revenue recognized during the period		<u>(30,071)</u>
Contract liabilities balance at September 30, 2021		9,286
Payment received/accrued and deferred		58,202
Revenue recognized during the period		<u>(46,842)</u>
Contract liabilities balance at September 30, 2022	\$	20,646

NOTE 11 STOCK-BASED COMPENSATION

On March 3, 2020, the Helmerich & Payne, Inc. 2020 Omnibus Incentive Plan (the "2020 Plan") was approved by our stockholders. The 2020 Plan is a stock and cash-based incentive plan that, among other things, authorizes the Board or Human Resources Committee of the Board to grant executive officers, employees and non-employee directors stock options, stock appreciation rights, restricted shares and restricted share units (including performance share units), share bonuses, other share-based awards and cash awards. Restricted stock may be granted for no consideration other than prior and future services. The purchase price per share for stock options may not be less than market price of the underlying stock on the date of grant. Stock options expire ten years after the grant date. Awards outstanding under the Helmerich & Payne, Inc. 2010 Long-Term Incentive Plan and the Helmerich & Payne, Inc. 2016 Omnibus Incentive Plan (the "2016 Plan") remain subject to the terms and conditions of those plans. Beginning with fiscal year 2019, we replaced stock options with performance share units as a component of our executives' long-term equity incentive compensation. As a result, there were no stock options granted during the fiscal years ended September 30, 2022, 2021, and 2020. We have also eliminated stock options as an element of our non-employee director compensation program. At September 30, 2022, we had 2.4 million outstanding exercisable stock options with weighted-average exercise prices of \$63.90.

During the fiscal year ended September 30, 2022, 743,920 shares of restricted stock awards and 227,385 performance share units were granted under the 2020 Plan.

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 Consolidated Statements of Operations, in fiscal years 2022, 2021 and 2020 is as follows:

<i>(in thousands)</i>	September 30,		
	2022	2021	2020
Stock-based compensation expense			
Drilling services operating	\$ 5,142	\$ 5,927	\$ 9,086
Research and development	1,551	1,271	765
Selling, general and administrative	21,339	20,660	29,960
Restructuring charges ¹	—	—	(3,482)
	<u>\$ 28,032</u>	<u>\$ 27,858</u>	<u>\$ 36,329</u>

(1) These restructuring charges are specific to the stock-based compensation benefit which resulted from the recognition of forfeitures in fiscal year 2020. Refer to Note 18—Restructuring Charges to our Consolidated Financial Statements for details.

Restricted Stock

Restricted stock awards consist of our common stock. Awards granted prior to September 30, 2020 are time-vested over four years, and awards granted after September 30, 2020 are time vested over three years. Non-forfeitable dividends are paid on non-vested shares of restricted stock. We recognize compensation expense on a straight-line basis over the vesting period. The fair value of restricted stock awards is determined based on the closing price of our shares on the grant date. As of September 30, 2022, there was \$24.8 million of total unrecognized compensation cost related to unvested restricted stock awards. That cost is expected to be recognized over a weighted-average period of 1.7 years.



A summary of the status of our restricted stock awards as of September 30, 2022, and of changes in restricted stock outstanding during the fiscal years ended September 30, 2022, 2021 and 2020, is as follows:

<i>(shares in thousands)</i>	2022			2021			2020		
	Shares ¹	Weighted-Average Grant Date Fair Value per Share	Grant Date Fair Value per Share	Shares ¹	Weighted-Average Grant Date Fair Value per Share	Grant Date Fair Value per Share	Shares ¹	Weighted-Average Grant Date Fair Value per Share	Grant Date Fair Value per Share
Non-vested restricted stock outstanding at October 1,	1,412	\$	37.36	1,280	\$	49.81	1,085	\$	61.28
Granted	744		25.83	701		25.61	781		39.99
Vested ²	(610)		39.81	(534)		51.79	(501)		59.46
Forfeited	(53)		30.98	(35)		35.76	(85)		48.98
Non-vested restricted stock outstanding at September 30,	1,493	\$	30.85	1,412	\$	37.36	1,280	\$	49.81

- (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. Phantom stock units are subject to a vesting period of one year from the grant date. During the fiscal years ended September 30, 2022, 2021, and 2020, 14,199, 18,906, and 20,616 restricted phantom stock units were granted, respectively. During the fiscal years ended September 30, 2022, and 2021, 18,906 and 20,616 restricted phantom stock units vested during the period, respectively. There were no restricted phantom stock units that vested during fiscal year 2020, as it was the first year that restricted phantom stock units were granted.
- (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

We have made awards to certain employees that are subject to market-based performance conditions ("performance units"). Subject to the terms and conditions set forth in the applicable performance share 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 (the "Peer Group") 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 second quarter of fiscal year 2022.

At the end of the Vesting Period, recipients receive dividend equivalents, if any, with respect to the number of vested performance units. The vesting of units ranges from zero to 200 percent of the units granted depending on the Company's TSR relative to the TSR of the Peer Group on the vesting date.

The grant date fair value of performance units was determined through use of the Monte Carlo simulation method. The Monte Carlo simulation method requires the use of highly subjective assumptions. Our key assumptions in the method include the price and the expected volatility of our stock and our self-determined Peer Group companies' stock, risk free rate of return and cross-correlations between the Company and our Peer Group companies. The valuation model assumes dividends are immediately reinvested. As of September 30, 2022, there was \$8.9 million of unrecognized compensation cost related to unvested performance units. That cost is expected to be recognized over a weighted-average period of 1.8 years.

A summary of the status of our performance units as of September 30, 2022, 2021 and 2020 and changes in non-vested performance units outstanding during the fiscal years ended September 30, 2022, 2021 and 2020 is presented below:

	2022		2021		2020	
	Shares	Weighted-Average Grant Date Fair Value per Share	Shares	Weighted-Average Grant Date Fair Value per Share	Shares	Weighted-Average Grant Date Fair Value per Share
<i>(in thousands, except per share amounts)</i>						
Non-vested performance units outstanding at October 1,	699	\$ 41.55	337	\$ 51.09	145	\$ 62.66
Granted	227	30.12	313	29.77	259	43.40
Vested ¹	(161)	62.66	—	—	—	—
Dividend rights performance units credited	15	32.82	60	49.64	—	—
Forfeited	(54)	34.16	(11)	43.40	(67)	46.35
Non-vested performance units outstanding September 30, ²	726	\$ 33.67	699	\$ 41.55	337	\$ 51.09

- (1) The number of performance units vested includes units that we withheld on behalf of our employees to satisfy the statutory tax withholding requirements.
- (2) Of the total non-vested performance units at the end of the period, specified performance criteria has been achieved with respect to 96,819 performance units which is calculated based on the payout percentage for the completed performance period. 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 1,145,726 additional performance units could vest or become eligible to vest.

The weighted-average fair value calculations for performance units granted within the fiscal period are based on the following weighted-average assumptions set forth in the table below.

	2022	2021	2020
Risk-free interest rate ¹	1.0 %	0.2 %	1.6 %
Expected stock volatility ²	67.3 %	62.3 %	34.8 %
Expected term (in years)	3	3	3

- (1) The risk-free interest rate is based on U.S. Treasury securities for the expected term of the performance units.
- (2) Expected volatilities are based on the daily closing price of our stock based upon historical experience over a period which approximates the expected term of the performance units.

NOTE 12 EARNINGS (LOSS) 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:

(in thousands, except per share amounts)	September 30,		
	2022	2021	2020
Numerator:			
Income (loss) from continuing operations	\$ 6,552	\$ (337,459)	\$ (496,392)
Income from discontinued operations	401	11,309	1,895
Net income (loss)	6,953	(326,150)	(494,497)
Adjustment for basic earnings (loss) per share			
Losses allocated to unvested shareholders	(1,508)	(1,350)	(2,647)
Numerator for basic earnings (loss) per share:			
From continuing operations	5,044	(338,809)	(499,039)
From discontinued operations	401	11,309	1,895
	5,445	(327,500)	(497,144)
Numerator for diluted earnings (loss) per share:			
From continuing operations	5,044	(338,809)	(499,039)
From discontinued operations	401	11,309	1,895
	\$ 5,445	\$ (327,500)	\$ (497,144)
Denominator:			
Denominator for basic earnings (loss) per share - weighted-average shares	105,891	107,818	108,009
Effect of dilutive shares from stock options, restricted stock and performance share units	664	—	—
Denominator for diluted earnings (loss) per share - adjusted weighted-average shares	106,555	107,818	108,009
Basic earnings (loss) per common share:			
Income (loss) from continuing operations	\$ 0.05	\$ (3.14)	\$ (4.62)
Income from discontinued operations	—	0.10	0.02
Net income (loss)	\$ 0.05	\$ (3.04)	\$ (4.60)
Diluted earnings (loss) per common share:			
Income (loss) from continuing operations	\$ 0.05	\$ (3.14)	\$ (4.62)
Income from discontinued operations	—	0.10	0.02
Net income (loss)	\$ 0.05	\$ (3.04)	\$ (4.60)

We had a net loss for fiscal years 2021 and 2020. Accordingly, our diluted earnings per share calculation for those years were equivalent to our basic earnings per share calculation since diluted earnings 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:

(in thousands, except per share amounts)	2022	2021	2020
Potentially dilutive shares excluded as anti-dilutive	2,543	3,894	4,004
Weighted-average price per share	\$ 62.36	\$ 57.23	\$ 60.72

NOTE 13 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)	September 30, 2022			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Short-term investments:				
Corporate debt securities	\$ 98,264	—	98,264	—
U.S. government and federal agency securities	18,837	18,837	—	—
Total short-term investments	117,101	18,837	98,264	—
Investments:				
Non-qualified supplemental savings plan	14,301	14,301	—	—
Equity investment in ADNOC Drilling	147,370	147,370	—	—
Debt security investment in Galileo	33,000	—	—	33,000
Other debt securities	565	—	—	565
Total investments	195,236	161,671	—	33,565
Liabilities				
Contingent consideration	\$ 4,022	\$ —	\$ —	\$ 4,022

(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 Short-term investments primarily include securities classified as trading securities. Both realized and unrealized gains and losses on trading securities are included in other income (expense) in the Consolidated Statements of Operations. These 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 include corporate bonds measured using broker quotations that utilize observable market inputs.

Long-term Investments Our long-term investments include debt and equity securities and assets held in a Non-Qualified Supplemental Savings Plan ("Savings Plan") and are recorded within Investments on our Consolidated Balance Sheets. Our assets that we hold in the Savings Plan are comprised of mutual funds that are measured using Level 1 inputs.



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. Our investment is classified as a long-term equity investment within Investments in our 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 the contractual restriction on the sale of an equity security that is publicly traded is not considered in measuring fair value. During the fiscal year ended September 30, 2022, we recognized a gain of \$47.4 million on our Consolidated Statements of Operations, as a result of the change in fair value of the investment during the period. As of September 30, 2022, this investment is classified as a Level 1 investment based on the quoted stock price on the Abu Dhabi Securities Exchange.

During the fiscal year ended September 30, 2022, the Company made a \$33.0 million cornerstone investment in Galileo Holdco 2 Limited Technologies ("Galileo Holdco 2"), part of the group of companies known as Galileo Technologies ("Galileo") in the form of a convertible note. Galileo specializes in liquification, natural gas compression and re-gasification modular systems and technologies to make the production, transportation, and consumption of natural gas, biomethane, and hydrogen more economically viable. The convertible note bears interest at 5.0 percent per annum with a maturity date of the earlier of April 2027 or an exit event (as defined in the agreement as either an initial public offering or a sale of Galileo). If the conversion option is exercised, the note would convert into common shares of the parent of Galileo Holdco 2 ("Galileo Parent"). We do not intend to sell this investment prior to its maturity date or an exit event. As of September 30, 2022, the fair value of the convertible note was approximately equal to the cost basis.

All of our long-term debt securities, including our investment in Galileo, are classified as available-for-sale and are measured using Level 3 unobservable inputs based on the absence of market activity. The following table reconciles changes in the fair value of our Level 3 assets for the periods presented below:

<i>(in thousands)</i>	Year Ended	
	2022	2021
Assets at beginning of period	\$ 500	\$ 500
Purchases	36,065	—
Transfers out ¹	(3,000)	—
Assets at end of period	<u>\$ 33,565</u>	<u>\$ 500</u>

(1) Conversion from debt to equity security

The following table provides quantitative information (in thousands) about our Level 3 unobservable significant inputs related to our debt security investment with Galileo at September 30, 2022:

Fair Value	Valuation Technique	Unobservable Inputs
\$ 33,000	Black-Scholes-Merton model	Discount rate 22.4 %
		Risk-free rate 4.0 %
		Equity volatility 92.5 %

The above significant unobservable inputs are subject to change based on changes in economic and market conditions. The use of significant unobservable inputs creates uncertainty in the measurement of fair value as of the reporting date. Significant increases or decreases in the discount rate, risk-free rate, and equity volatility in isolation would result in a significantly lower or higher fair value measurement. It is not possible for us to predict the effect of future economic or market conditions on our estimated fair values.

During the fiscal year ended September 30, 2022, we sold our remaining equity securities of approximately 467.5 thousand shares in Schlumberger, Ltd. and received proceeds of approximately \$22.0 million. For the fiscal year ended September 30, 2022, we recorded a total gain of \$8.2 million related to this investment, which included a \$0.5 million gain recognized upon the sale of our investment and a \$7.7 million gain as a result of the change in fair value of the investment during the period. This activity is reported in Gain (Loss) on Investment Securities in our Consolidated Statements of Operations. This investment was classified as Level 1 and based on the quoted stock price.

Contingent Consideration

Other financial instruments measured using Level 3 unobservable inputs primarily consist of potential earnout payments associated with our business acquisitions in fiscal year 2019 and certain consulting services. Contingent consideration is recorded in Accrued Liabilities and Other Noncurrent Liabilities on the Consolidated Balance Sheets based on the expected timing of milestone achievements. The following table reconciles changes in the fair value of our Level 3 liabilities for the periods presented below:

<i>(in thousands)</i>	2022	2021
Liabilities at beginning of period	\$ 2,996	\$ 9,123
Additions	1,500	—
Total gains or losses:		
Included in earnings	(224)	1,123
Settlements ⁽¹⁾	(250)	(7,250)
Liabilities at end of period	<u>\$ 4,022</u>	<u>\$ 2,996</u>

(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 property, plant and equipment, goodwill, intangible assets, and operating lease right-of-use assets. If measured at fair value in the 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.

Other Equity Securities

We also hold various other equity securities without readily determinable fair values. These equity securities are measured at cost, less any impairments, and recorded within Investments on our Consolidated Balance Sheets. As of September 30, 2022 and 2021, the aggregate balance of these equity securities was \$23.7 million and \$2.9 million, respectively. During the fiscal year ended September 30, 2022 and 2021, we did not record any impairments on these investments.

The following table reconciles changes in the balance of our equity securities, without readily determinable fair values, for the periods presented below:

<i>(in thousands)</i>	Year Ended September 30,	
	2022	2021
Assets at beginning of period	\$ 2,865	\$ —
Purchases	15,177	2,865
Transfers in ⁽¹⁾	3,000	—
Unrealized gain included in earnings	2,703	—
Assets at end of period	<u>\$ 23,745</u>	<u>\$ 2,865</u>

(1) Conversion from debt to equity security

Geothermal Investments

As of September 30, 2022 and 2021 the aggregate balance of our debt and equity security investments in geothermal energy was \$23.7 million and \$2.7 million, respectively. All of our geothermal investments are considered a Level 3 input based on the absence of market activity. These investments include assets measured on both a recurring and nonrecurring basis (discussed in the subsections above).

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 receivable, other current and noncurrent assets, accounts payable, accrued liabilities and other liabilities approximated fair value at September 30, 2022 and 2021.



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

<i>(in millions)</i>	September 30,	
	2022	2021
Current portion of long-term debt, net ¹		
Carrying value	\$ —	\$ 483.5
Fair value	—	541.6
Long-term debt, net		
Carrying value	542.6	542.0
Fair value	430.7	554.3

(1) On October 27, 2021 we redeemed the outstanding 2025 Notes. See Note 7—Debt to our Consolidated Financial Statements.

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

NOTE 14 EMPLOYEE BENEFIT PLANS

We maintain a domestic noncontributory defined benefit pension plan covering certain U.S. employees who meet certain age and service requirements. In July 2003, we revised the Helmerich & Payne, Inc. Employee Retirement Plan (“Pension Plan”) to close the Pension Plan to new participants effective October 1, 2003, and reduce benefit accruals for current participants through September 30, 2006, at which time benefit accruals were discontinued and the Pension Plan was frozen.

The following table provides a reconciliation of the changes in the pension benefit obligations and fair value of Pension Plan assets over the two-year period ended September 30, 2022 and a statement of the funded status as of September 30, 2022 and 2021:

<i>(in thousands)</i>	September 30,	
	2022	2021
Accumulated benefit obligation	\$ 60,463	\$ 110,352
Changes in projected benefit obligations:		
Projected benefit obligation at beginning of year	\$ 110,352	\$ 116,146
Interest cost	2,537	2,925
Actuarial (gain) loss	(16,260)	7,111
Benefits paid	(36,166)	(15,749)
Other	—	(81)
Projected benefit obligation at end of year	\$ 60,463	\$ 110,352
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 87,255	\$ 86,103
Actual return on plan assets	(14,324)	11,835
Employer contribution	5,000	5,066
Benefits paid	(36,167)	(15,749)
Fair value of plan assets at end of year	\$ 41,764	\$ 87,255
Funded status of the plan at end of year	\$ (18,699)	\$ (23,097)

Fluctuations in actuarial gains and losses during the period are primarily due to changes in the discount rate and investment returns. The mortality table issued by the Society of Actuaries in October 2021 was used for the September 30, 2022 pension calculation.

The amounts recognized in the Consolidated Balance Sheets at September 30, 2022 and 2021 are as follows:

<i>(in thousands)</i>	September 30,	
	2022	2021
Accrued liabilities	\$ —	\$ —
Noncurrent liabilities-other	(18,699)	(23,097)
Net amount recognized	\$ (18,699)	\$ (23,097)



The amounts recognized in Accumulated Other Comprehensive Income (Loss) at September 30, 2022 and 2021, and not yet reflected in net periodic benefit cost, are as follows:

(in thousands)	September 30,	
	2022	2021
Net actuarial loss	\$ 15,703	\$ 26,268

Unrecognized actuarial gains/losses outside of a corridor of the greater of: 1) 10 percent of the Projected Benefit Obligation, or 2) the fair value of assets, are amortized into expense for the year on a straight-line basis over the average remaining service years of participants. Amortization is not carried from year-to-year as the calculation resets each year.

The weighted average assumptions used for the pension calculations were as follows:

	September 30,		
	2022	2021	2020
Discount rate for net periodic benefit costs	2.75 %	2.66 %	3.16 %
Discount rate for year-end obligations	5.44 %	2.75 %	2.66 %
Expected return on plan assets	4.25 %	3.50 %	4.65 %

We made a voluntary contribution of \$5.0 million in both fiscal year 2022 and fiscal year 2021. In fiscal year 2023, we do not expect minimum contributions required by law to be needed. However, we may make contributions in fiscal year 2023 if needed to fund unexpected distributions in lieu of liquidating pension assets.

Components of the net periodic pension expense were as follows:

(in thousands)	Year Ended September 30,		
	2022	2021	2020
Interest cost	\$ 2,537	\$ 2,925	\$ 3,598
Expected return on plan assets ¹	(2,481)	(3,722)	(4,784)
Recognized net actuarial loss	2,080	3,205	2,718
Settlement expense	9,031	3,448	3,001
Other	—	(81)	—
Net pension expense	\$ 11,167	\$ 5,775	\$ 4,533

(1) The Company uses the fair value of plan assets in determining the expected return on plan assets.

We record settlement expense when benefit payments exceed the total annual interest costs. During March 2022, the Company's domestic noncontributory defined benefit pension plan was amended to include a limited lump sum distribution option and a special eligibility window to be available to certain participants. During the period beginning on May 2, 2022 and ending on June 30, 2022, these participants could elect the limited lump sum distribution. This one-time lump sum was subsequently paid in August 2022 and resulted in a pension settlement charge of \$7.8 million during the year ended September 30, 2022.

The following table reflects the expected benefits to be paid from the Pension Plan in each of the next five fiscal years, and in the aggregate for the five years thereafter (in thousands):

Year Ended September 30,								
2023	2024	2025	2026	2027	2028 – 2032	Total		
\$ 5,479	\$ 5,049	\$ 5,614	\$ 5,088	\$ 5,376	\$ 22,827	\$ 49,433		

Investment Strategy and Asset Allocation

Our investment policy and strategies are established with a long-term view in mind. The investment strategy is intended to help pay the cost of the Pension Plan while providing adequate security to meet the benefits promised under the Pension Plan. We maintain a diversified asset mix to minimize the risk of a material loss to the portfolio value that might occur from devaluation of any single investment. In determining the appropriate asset mix, our financial strength and ability to fund potential shortfalls are considered. Pension Plan assets are invested in portfolios of diversified public-market equity securities and fixed income securities. The Pension Plan does not directly hold securities of the Company.



The expected long-term rate of return on Pension Plan assets is based on historical and projected rates of return for current and planned asset classes in the Pension Plan's investment portfolio after analyzing historical experience and future expectations of the return and volatility of various asset classes.

During the 2021 fiscal year, we implemented a glide-path strategy with a goal to reduce risk as certain funded levels are achieved and began aligning our fixed income exposure with our pension liabilities. The target allocation for 2023 and the asset allocation for the Pension Plan at the end of fiscal years 2022 and 2021, by asset category, were as follows:

Asset Category	Target Allocation	September 30,	
	2023	2022	2021
U.S. equities	17 %	18 %	46 %
International equities	12	11	17
Fixed income	71	71	37
Total	100 %	100 %	100 %

Plan Assets

The fair value of Pension Plan assets at September 30, 2022 and 2021, summarized by level within the fair value hierarchy described in Note 13—Fair Value Measurement of Financial Instruments, are as follows:

(in thousands)	September 30, 2022			
	Total	Level 1	Level 2	Level 3
Short-term investments	\$ 555	\$ 555	\$ —	\$ —
Mutual funds:				
Domestic stock funds	7,318	7,318	—	—
Bond funds	29,093	29,093	—	—
International stock funds	4,739	4,739	—	—
Total mutual funds	41,150	41,150	—	—
Oil and gas properties	59	—	—	59
Total	\$ 41,764	\$ 41,705	\$ —	\$ 59

(in thousands)	September 30, 2021			
	Total	Level 1	Level 2	Level 3
Short-term investments	\$ 2,444	\$ 2,444	\$ —	\$ —
Mutual funds:				
Domestic stock funds	35,212	35,212	—	—
Bond funds	17,679	17,679	—	—
Balanced funds	17,520	17,520	—	—
International stock funds	14,379	14,379	—	—
Total mutual funds	84,790	84,790	—	—
Oil and gas properties	21	—	—	21
Total	\$ 87,255	\$ 87,234	\$ —	\$ 21

As of September 30, 2022 and 2021, the Pension Plan's financial assets utilizing Level 1 inputs are valued based on quoted prices in active markets for identical securities. As of September 30, 2022 and 2021, the Pension Plan's assets utilizing Level 3 inputs consist of oil and gas properties. The fair value of oil and gas properties is determined by Wells Fargo Bank, N.A., based upon actual revenue received for the previous twelve-month period and experience with similar assets.

Defined Contribution Plan

Substantially all employees on the U.S. payroll may elect to participate in our 401(k)/Thrift Plan by contributing a portion of their earnings. We contribute an amount equal to 100 percent of the first five percent of the participant's compensation subject to certain limitations. The annual expense incurred for this defined contribution plan was \$24.8 million, \$13.6 million and \$23.8 million in fiscal years 2022, 2021 and 2020, respectively.



NOTE 15 SUPPLEMENTAL BALANCE SHEET INFORMATION

The following reflects the activity in our reserve for expected credit losses on trade receivables for fiscal years 2022, 2021 and 2020:

<i>(in thousands)</i>	September 30,		
	2022	2021	2020
Reserve for credit losses:			
Balance at October 1,	\$ 2,068	\$ 1,820	\$ 9,927
Provision for credit loss	1,077	203	2,203
(Write-off) recovery of credit loss	(170)	45	(10,310)
Balance at September 30,	<u>\$ 2,975</u>	<u>\$ 2,068</u>	<u>\$ 1,820</u>



Accounts receivable, prepaid expenses and other current assets, net, accrued liabilities and noncurrent liabilities —other at September 30, 2022 and 2021 consist of the following:

<i>(in thousands)</i>	September 30,	
	2022	2021
Accounts receivable, net of reserve:		
Trade receivables	\$ 430,944	\$ 204,424
Income tax receivable	27,769	24,470
Total accounts receivable, net of reserve	\$ 458,713	\$ 228,894
Prepaid expenses and other current assets, net:		
Deferred mobilization	\$ 5,048	\$ 3,734
Prepaid insurance	7,498	7,313
Prepaid value added tax	6,628	7,682
Prepaid maintenance and rent	13,092	5,540
Accrued demobilization, net	6,319	4,513
Prepaid operating expenses	—	17,959
Prepaid equipment	10,091	—
Other	17,787	20,837
Total prepaid expenses and other current assets, net	\$ 66,463	\$ 67,578
Accrued liabilities:		
Accrued operating costs	\$ 26,539	\$ 20,872
Payroll and employee benefits	58,604	69,311
Taxes payable, other than income tax	26,786	25,329
Self-insurance liabilities	38,422	40,060
Deferred income	19,821	8,546
Advance payment for sale of property, plant and equipment	—	86,524
Deferred mobilization revenue	8,959	4,662
Accrued income taxes	40,833	881
Contingent liability	2,750	5,985
Operating lease liability	12,382	12,624
Other	6,055	8,698
Total accrued liabilities	\$ 241,151	\$ 283,492
Noncurrent liabilities — Other:		
Pension and other non-qualified retirement plans	\$ 40,423	\$ 47,263
Self-insurance liabilities	38,422	40,910
Contingent liability	1,272	1,759
Deferred revenue	3,162	1,003
Uncertain tax positions including interest and penalties	2,381	2,578
Operating lease liability	27,350	37,864
Payroll tax deferral ¹	—	15,424
Other	377	956
Total noncurrent liabilities — other	\$ 113,387	\$ 147,757

(1) Deferral related to the provisions within the Coronavirus Aid, Relief, and Economic Security Act, enacted on March 27, 2020, which allows for the deferral of the employer share of Social Security tax.

NOTE 16 COMMITMENTS AND CONTINGENCIES

Purchase Commitments

Equipment, parts and supplies are ordered in advance to promote efficient construction and capital improvement progress. At September 30, 2022, we had purchase commitments for equipment, parts and supplies of approximately \$148.6 million.

Lease Obligations

Refer to Note 5—Leases for additional information on our lease obligations.



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 seizure 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, none of which were granted by the trial judge. However, on June 23, 2022, Plaintiffs' counsel filed a Voluntary Remittitur with the trial court, which formally reduced the verdict to \$60.0 million. The Company and its insurers are currently filing motions to appeal the judgement. Accordingly, the Company cannot make an estimate of the possible loss at this time. As of September 30, 2022, we have incurred expenses, mainly legal fees, against the insurance deductible. At this time, we believe our insurance policies will be responsive to the amounts over our \$3.0 million insurance deductible and that foreseeable exposures to the Company exceeding the deductible will be recovered through insurance. Accordingly, we do not believe this exposure will exceed our insurance coverage limits.

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 17 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, and 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 fiscal years ended September 30, 2022, 2021 and 2020 is shown in the following tables:

	September 30, 2022					
<i>(in thousands)</i>	North America Solutions	Offshore Gulf of Mexico	International Solutions	Other	Eliminations	Total
External sales	\$ 1,788,167	\$ 125,465	\$ 136,072	\$ 9,240	\$ —	\$ 2,058,944
Intersegment	—	—	—	57,047	(57,047)	—
Total sales	1,788,167	125,465	136,072	66,287	(57,047)	2,058,944
Segment operating income (loss)	121,893	23,214	(138)	12,720	(6,422)	151,267
Depreciation and amortization	375,250	9,175	4,156	1,701	—	390,282

	September 30, 2021					
<i>(in thousands)</i>	North America Solutions	Offshore Gulf of Mexico	International Solutions	Other	Eliminations	Total
External sales	\$ 1,026,364	\$ 126,399	\$ 57,917	\$ 7,888	\$ —	\$ 1,218,568
Intersegment	—	—	—	35,416	(35,416)	—
Total sales	1,026,364	126,399	57,917	43,304	(35,416)	1,218,568
Segment operating income (loss)	(287,176)	15,969	(21,003)	(9,704)	(1,580)	(303,494)
Depreciation and amortization	392,415	10,557	2,013	1,426	—	406,411



	September 30, 2020					
<i>(in thousands)</i>	North America Solutions	Offshore Gulf of Mexico	International Solutions	Other	Eliminations	Total
External sales	\$ 1,474,380	\$ 143,149	\$ 144,185	\$ 12,213	\$ —	\$ 1,773,927
Intersegment	—	—	—	36,901	(36,901)	—
Total sales	1,474,380	143,149	144,185	49,114	(36,901)	1,773,927
Segment operating income (loss)	(393,902)	7,478	(162,368)	4,403	—	(544,389)
Depreciation and amortization	438,039	11,681	17,531	1,241	—	468,492

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

<i>(in thousands)</i>	Year Ended September 30,		
	2022	2021	2020
Segment operating income (loss)	\$ 151,267	\$ (303,494)	\$ (544,389)
Gain on reimbursement of drilling equipment	29,443	12,322	26,959
Other gain (loss) on sale of assets	5,432	(11,280)	19,816
Corporate selling, general and administrative costs, corporate depreciation and corporate restructuring charges	(140,850)	(126,097)	(122,573)
Operating income (loss) from continuing operations	45,292	(428,549)	(620,187)
Other income (expense)			
Interest and dividend income	18,090	10,254	7,304
Interest expense	(19,203)	(23,955)	(24,474)
Gain (loss) on investment securities	57,937	6,727	(8,720)
Gain on sale of subsidiary	—	—	14,963
Loss on extinguishment of debt	(60,083)	—	—
Other	(11,115)	(5,657)	(5,384)
Total unallocated amounts	(14,374)	(12,631)	(16,311)
Income (loss) from continuing operations before income taxes	\$ 30,918	\$ (441,180)	\$ (636,498)

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

<i>(in thousands)</i>	Year Ended September 30,	
	2022	2021
Total assets ¹		
North America Solutions	\$ 3,406,824	\$ 3,418,569
Offshore Gulf of Mexico	80,993	84,580
International Solutions	330,974	269,820
Other	120,305	95,398
	3,939,096	3,868,367
Investments and corporate operations	416,435	1,165,761
Total assets from continuing operations	\$ 4,355,531	\$ 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>	Year Ended September 30,		
	2022	2021	2020
Operating revenues			
United States	\$ 1,920,026	\$ 1,158,230	\$ 1,626,407
Argentina	91,385	27,855	84,402
Bahrain	16,986	27,435	28,653
United Arab Emirates	5,698	957	24,716
Colombia	22,003	1,674	6,414
Other foreign	2,846	2,417	3,335
Total	<u>\$ 2,058,944</u>	<u>\$ 1,218,568</u>	<u>\$ 1,773,927</u>

The following table presents property, plant and equipment by country based on the location of service provided:

<i>(in thousands)</i>	Year Ended September 30,	
	2022	2021
Property, plant and equipment, net		
United States	\$ 2,872,145	\$ 3,042,140
Argentina	54,789	50,944
Colombia	21,809	22,959
Other foreign	12,066	11,244
Total	<u>\$ 2,960,809</u>	<u>\$ 3,127,287</u>

NOTE 18 RESTRUCTURING CHARGES

During the second quarter of fiscal year 2021, we reorganized our IT operations and moved select IT functions to a managed service provider. Costs incurred as of September 30, 2021 in connection with the restructuring are primarily comprised of one-time severance benefits to employees who were involuntarily terminated. During the third quarter of fiscal year 2021, we commenced a voluntary separation program at our local office in Argentina for which we incurred severance charges for employees who were voluntarily terminated.

Additionally, during fiscal year 2021, we continued to take measures to lower our cost structure based on activity levels. During fiscal year 2021, we incurred one-time moving related expenses primarily due to the downsizing and relocation of our Houston assembly facility and various storage yards used for idle rigs. These charges are included in other restructuring expenses within the table below.

The following table summarizes the Company's restructuring charges incurred during the year ended September 30, 2021:

<i>(in thousands)</i>	Year Ended September 30, 2021			
	North America Solutions	International Solutions	Corporate	Total
Employee termination benefits	\$ 54	\$ 207	\$ 1,215	\$ 1,476
Other restructuring expenses	3,815	—	635	4,450
Total restructuring charges	<u>\$ 3,869</u>	<u>207</u>	<u>\$ 1,850</u>	<u>\$ 5,926</u>

Beginning in the third quarter of fiscal year 2020, we implemented cost controls and began evaluating further measures to respond to the combination of weakened commodity prices, uncertainties related to the COVID-19 pandemic, and the resulting market volatility. We restructured our operations to accommodate scale during an industry downturn and to re-organize our operations to align to new marketing and management strategies. We commenced a number of restructuring efforts as a result of this evaluation, which included, among other things, a reduction in our capital allocation plans, changes to our organizational structure, and a reduction of staffing levels. Costs incurred during the fiscal year ended September 30, 2020 in connection with the restructuring were primarily comprised of severance benefits to employees who were voluntarily or involuntarily terminated, benefits related to forfeitures and costs related to modification of stock-based compensation awards.



The following table summarizes the Company's restructuring charges incurred during the year ended September 30, 2020:

<i>(in thousands)</i>	Year Ended September 30, 2020					
	North America Solutions	Offshore Gulf of Mexico	International Solutions	Other	Corporate G&A	Total
Employee termination benefits	\$ 10,041	\$ 1,432	\$ 2,991	\$ 321	\$ 4,745	\$ 19,530
Stock-based compensation benefit	(3,036)	(178)	(11)	(61)	(197)	(3,483)
Total restructuring charges	\$ 7,005	\$ 1,254	\$ 2,980	\$ 260	\$ 4,548	\$ 16,047

These expenses are recorded within restructuring charges on our Consolidated Statements of Operations for the fiscal years ended September 30, 2021 and 2020.

NOTE 19 SUBSEQUENT EVENTS

As part of our commitment to return cash to shareholders, on October 17, 2022, the Board of Directors of the Company declared a quarterly cash supplemental dividend of \$0.235 per share on the Company's common stock, payable on December 1, 2022, to stockholders of record at the close of business on November 15, 2022. The payable date and record date of this supplemental dividend coincides with the dates applicable to the Company's base dividend of \$0.25 per share, which was declared on September 7, 2022.

In October 2022, we purchased a \$14.1 million equity investment, representing approximately 106 million shares, in Tamboran Resources Limited ("Tamboran"). Tamboran's shares are listed and publicly traded on the Australian Securities Exchange. Additionally, during September 2022, we entered into a fixed-term drilling services agreement with Tamboran. The expected \$30.3 million of revenue to be earned over the term of the contract is included within our contract backlog as of September 30, 2022, as mobilization is expected to commence in fiscal year 2023.



ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

a) Evaluation of Disclosure Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report have been designed and are effective at the reasonable assurance level so that the information required to be disclosed by us in our SEC filings, is recorded, processed, summarized and reported within the time periods specific in the SEC's rules, regulations, and forms and is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding financial disclosure. We believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

b) Management's Report on Internal Control over Financial Reporting.

A copy of our Management's Report on Internal Control over Financial Reporting is included in Item 8 of this Form 10-K.

c) Attestation Report of the Independent Registered Public Accounting Firm.

A copy of the report of Ernst & Young LLP, our independent registered public accounting firm, is included in Item 8 of this Form 10-K.

d) Changes in Internal Control Over Financial Reporting.

There have been no material changes in our internal controls over financial reporting during the year ended September 30, 2022 that have materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated herein by reference to the material under the captions "Proposal 1—Election of Directors," "Corporate Governance" and "Executive Officers" in our definitive Proxy Statement for the Annual Meeting of Stockholders to be held in calendar year 2023, to be filed with the SEC no later than 120 days after September 30, 2022.

We have adopted a Code of Ethics for our Principal Executive Officer and Senior Financial Officers. The text of this code is located on our website under "<http://ir.helmerichpayne.com/websites/helmerichandpayne/English/4500.html>." Our Internet address is www.helmerichpayne.com. We intend to disclose any amendments to or waivers from this code on our website.



ITEM 11. EXECUTIVE COMPENSATION

The information required by this item regarding executive compensation, as well as director compensation and compensation committee interlocks and insider participation, is incorporated herein by reference to the material beginning with the caption "Compensation Committee Report" and ending with the caption "Pay Ratio Disclosure", as well as under the captions "Director Compensation in Fiscal Year 2022" and "Corporate Governance—Compensation Committee Interlocks and Insider Participation" in our definitive Proxy Statement for the Annual Meeting of Stockholders to be held in calendar year 2023, to be filed with the SEC no later than 120 days after September 30, 2022.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated herein by reference to the material under the captions "Summary of All Existing Equity Compensation Plans," "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Directors and Management" in our definitive Proxy Statement for the Annual Meeting of Stockholders to be held in calendar year 2023, to be filed with the SEC no later than 120 days after September 30, 2022.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated herein by reference to the material under the captions "Corporate Governance—Transactions With Related Persons, Promoters and Certain Control Persons" and "Corporate Governance—Director Independence" in our definitive Proxy Statement for the Annual Meeting of Stockholders to be held in calendar year 2023, to be filed with the SEC no later than 120 days after September 30, 2022.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated herein by reference to the material under the caption "Proposal 2—Ratification of Appointment of Independent Auditors—Audit Fees" in our definitive Proxy Statement for the Annual Meeting of Stockholders to be held in calendar year 2023, to be filed with the SEC no later than 120 days after September 30, 2022.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements: Our consolidated financial statements, together with the notes thereto and the report of Ernst & Young LLP dated November 16, 2022, are listed below and included in Item 8— "Financial Statements and Supplementary Data" of this Form 10-K.

	<u>Page</u>
<u>Report of Independent Registered Public Accounting Firm (PCAOB ID Number 00042)</u>	56
<u>Consolidated Balance Sheets at September 30, 2022 and 2021</u>	59
<u>Consolidated Statements of Operations for the Years Ended September 30, 2022, 2021 and 2020</u>	60
<u>Consolidated Statements of Comprehensive Income (Loss) for the Years Ended September 30, 2022, 2021 and 2020</u>	61
<u>Consolidated Statements of Shareholders' Equity for the Years Ended September 30, 2022, 2021 and 2020</u>	62
<u>Consolidated Statements of Cash Flows for the Years Ended September 30, 2022, 2021 and 2020</u>	63
<u>Notes to Consolidated Financial Statements</u>	65

2. Financial Statement Schedules: All schedules are omitted because they are not applicable or required or because the required information is contained in the financial statements or included in the notes thereto.

3. Exhibits: The following documents are included as exhibits to this Form 10-K. Exhibits incorporated by reference are duly noted as such.

- 3.1 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).



- 3.2 [Amended and Restated By-laws of Helmerich & Payne, Inc. \(incorporated herein by reference to Exhibit 3.1 of the Company's Form 8-K filed on June 2, 2021, SEC File No. 001-04221\).](#)
- 4.1 [Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 \(incorporated herein by reference to Exhibit 4.1 of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2021, SEC File No. 001-04221\).](#)
- 4.2 [Indenture, dated March 19, 2015, among Helmerich & Payne International Drilling Co., Helmerich & Payne, Inc. and Wells Fargo Bank, National Association, as trustee \(incorporated herein by reference to Exhibit 4.1 of the Company's Form 8-K filed on March 19, 2015, SEC File No. 001-04221\).](#)
- 4.3 [Indenture, dated December 20, 2018, among Helmerich & Payne, Inc., Helmerich & Payne International Drilling Co. and Wells Fargo Bank, National Association, as trustee \(incorporated herein by reference to Exhibit 4.1 of the Company's Form 8-K filed on December 20, 2018, SEC File No. 001-04221\).](#)
- 4.4 [First Supplemental Indenture, dated December 20, 2018, to the Indenture, dated December 20, 2018, among Helmerich & Payne, Inc., Helmerich & Payne International Drilling Co. and Wells Fargo Bank, National Association, as trustee \(including the forms of 4.65% Senior Note due 2025\) \(incorporated herein by reference to Exhibit 4.2 of the Company's Form 8-K filed on December 20, 2018, SEC File No. 001-04221\).](#)
- 4.5 [Second Supplemental Indenture, dated September 29, 2021, to the Indenture, dated December 20, 2018, between Helmerich & Payne, Inc. and Wells Fargo Bank, National Association, as trustee \(including the form of 2.900% Senior Note due 2031\) \(incorporated herein by reference to Exhibit 4.2 of the Company's Form 8-K filed on September 29, 2021, SEC File No. 001-04221\).](#)
- 4.6 [Registration Rights Agreement, dated September 29, 2021, among Helmerich & Payne, Inc. and the initial purchasers named therein \(incorporated herein by reference to Exhibit 4.3 of the Company's Form 8-K filed on September 29, 2021, SEC File No. 001-04221\).](#)
- 10.1 [Credit Agreement, dated November 13, 2018, among Helmerich & Payne, Inc., the lenders from time to time party thereto and Wells Fargo Bank, National Association \(incorporated herein by reference to Exhibit 10.2 of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2018, SEC File No. 001-04221\).](#)
- 10.2 [Amendment No. 1 to Credit Agreement, dated November 13, 2019, among Helmerich & Payne, Inc., the lenders party thereto and Wells Fargo Bank, National Association \(incorporated herein by reference to Exhibit 10.2 of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2019, SEC File No. 001-04221\).](#)
- 10.3 [Amendment No. 2 to Credit Agreement, Dated March 8, 2022, among Helmerich & Payne, Inc., the lenders party thereto and Wells Fargo Bank, National Association.](#)
- *10.4 [Form of Change of Control Agreement applicable to executive officers and certain other employees of Helmerich & Payne, Inc., adopted September 9, 2020 \(incorporated herein by reference to Exhibit 10.1 of the Company's Form 8-K filed on September 14, 2020, SEC File No. 001-04221\).](#)
- *10.5 [Helmerich & Payne, Inc. 2010 Long-Term Incentive Plan \(incorporated herein by reference to Appendix "A" of the Company's Proxy Statement on Schedule 14A filed on January 26, 2011, SEC File No. 001-04221\).](#)
- *10.6 [Form of Agreements for the Helmerich & Payne, Inc. 2010 Long-Term Incentive Plan applicable to certain executives: \(i\) Nonqualified Stock Option Agreement and \(ii\) Restricted Stock Award Agreement \(incorporated herein by reference to Exhibit 10.1 of the Company's Form 8-K filed on March 14, 2012, SEC File No. 001-04221\).](#)
- *10.7 [Form of Agreements for the Helmerich & Payne, Inc. 2010 Long-Term Incentive Plan applicable to participants other than certain executives: \(i\) Nonqualified Stock Option Agreement and \(ii\) Restricted Stock Award Agreement \(incorporated herein by reference to Exhibit 10.2 of the Company's Form 8-K filed on March 14, 2012, SEC File No. 001-04221\).](#)
- *10.8 [Form of Agreements for the Helmerich & Payne, Inc. 2010 Long-Term Incentive Plan applicable to Directors: \(i\) Nonqualified Stock Option Agreement and \(ii\) Restricted Stock Award Agreement \(incorporated by reference to Exhibit 10.3 of the Company's Form 8-K filed on March 14, 2012, SEC File No. 001-04221\).](#)
- *10.9 [Helmerich & Payne, Inc. 2016 Omnibus Incentive Plan \(incorporated herein by reference to Appendix "A" of the Company's Proxy Statement on Schedule 14A filed on January 19, 2016, SEC File No. 001-04221\).](#)
- *10.10 [Form of Agreements for the Helmerich & Payne, Inc. 2016 Omnibus Incentive Plan applicable to certain executives: \(i\) Nonqualified Stock Option Agreement and \(ii\) Restricted Stock Award Agreement \(incorporated herein by reference to Exhibit 10.26 of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2016, SEC File No. 001-04221\).](#)



- *10.11 [Form of Agreements for the Helmerich & Payne, Inc. 2016 Omnibus Incentive Plan applicable to participants other than certain executives: \(i\) Nonqualified Stock Option Agreement and \(ii\) Restricted Stock Award Agreement \(incorporated herein by reference to Exhibit 10.27 of the Company's Annual Report on Form 10-K for fiscal year ended September 30, 2016, SEC File No. 001-04221\).](#)
- *10.12 [Form of Agreements for the Helmerich & Payne, Inc. 2016 Omnibus Incentive Plan applicable to Directors: \(i\) Nonqualified Stock Option Agreement and \(ii\) Restricted Stock Award Agreement \(incorporated herein by reference to Exhibit 10.28 of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2016, SEC File No. 001-04221\).](#)
- *10.13 [Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc. \(incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2008, SEC File No. 001-04221\).](#)
- *10.14 [Supplemental Savings Plan for Salaried Employees of Helmerich & Payne, Inc. \(incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2008, SEC File No. 001-04221\).](#)
- *10.15 [Helmerich & Payne, Inc. Director Deferred Compensation Plan \(incorporated herein by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2008, SEC File No. 001-04221\).](#)
- *10.16 [Form of Performance-Vested Restricted Share Unit Award Agreement for the Helmerich & Payne, Inc. 2016 Omnibus Incentive Plan \(incorporated herein by reference to Exhibit 10.1 of the Company's Form 8-K filed on December 18, 2018, SEC File No. 001-04221\).](#)
- *10.17 [Helmerich & Payne, Inc. 2020 Omnibus Incentive Plan \(incorporated herein by reference to Appendix "A" of the Company's Proxy Statement on Schedule 14A filed on January 21, 2020, SEC File No. 001-04221\).](#)
- *10.18 [Helmerich & Payne, Inc. Director Deferred Compensation Plan \(incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, SEC File No. 001-04221\).](#)
- *10.19 [Form of Restricted Stock Award Agreement for the Helmerich & Payne, Inc. 2020 Omnibus Incentive Plan applicable to Directors \(incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, SEC File No. 001-04221\).](#)
- *10.20 [Form of Annual Three-Year Performance-Vested Restricted Share Unit Award Agreement for the Helmerich & Payne, Inc. 2020 Omnibus Incentive Plan \(incorporated herein by reference to Exhibit 10.27 of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2020, SEC File No. 001-04221\).](#)
- *10.21 [Form of Standard Three-Year Performance-Vested Restricted Share Unit Award Agreement for the Helmerich & Payne, Inc. 2020 Omnibus Incentive Plan \(incorporated herein by reference to Exhibit 10.28 of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2020, SEC File No. 001-04221\).](#)
- *10.22 [Form of Restricted Stock Award Agreement for the Helmerich & Payne, Inc. 2020 Omnibus Incentive Plan applicable to employees \(incorporated herein by reference to Exhibit 10.29 of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2020, SEC File No. 001-04221\).](#)
- *10.23 [Amendment to Standard Three-Year Performance-Vested Restricted Share Unit Award Agreement for the 2020 Helmerich & Payne, Inc. 2020 Omnibus Incentive Plan, dated June 6, 2022 \(incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, SEC File No. 001-04221\).](#)
- *10.24 [Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan \(incorporated herein by reference to Appendix "A" of the Company's Proxy Statement on Schedule 14A filed on January 18, 2022, SEC File No. 001-04221\).](#)
- *10.25 [Form of Restricted Stock Agreement for the Helmerich & Payne Amended and Restated 2020 Omnibus Incentive Plan applicable to Directors \(incorporated herein by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, SEC File No. 001-04221\).](#)
- *10.26 [Form of Annual Three-Year Performance-Vested Restricted Share Unit Award Agreement for the Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan \(incorporated herein by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, SEC File No. 001-04221\).](#)



*10.27	<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 (incorporated herein by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, SEC File No. 001-04221).</u>
*10.28	<u>Form of Restricted Stock Award Agreement applicable to employees for the Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, SEC File No. 001-04221).</u>
21	<u>List of Subsidiaries of the Company.</u>
23.1	<u>Consent of Independent Registered Public Accounting Firm.</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a), promulgated under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a), promulgated under the Securities Exchange Act of 1934, as amended, 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 this Form 10-K formatted in Inline eXtensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Shareholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101).

*Management or Compensatory Plan or Arrangement.

ITEM 16. FORM 10-K SUMMARY

None.



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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

HELMERICH & PAYNE, INC.

By: /s/ John W. Lindsay
John W. Lindsay,
Director, President and Chief Executive Officer

Date: November 16, 2022



Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ John W. Lindsay</u> John W. Lindsay	Director, President and Chief Executive Officer (Principal Executive Officer)	November 16, 2022
<u>/s/ Mark W. Smith</u> Mark W. Smith	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	November 16, 2022
<u>/s/ Sara M. Momper</u> Sara M. Momper	Vice President and Chief Accounting Officer (Principal Accounting Officer)	November 16, 2022
<u>/s/ Hans Helmerich</u> Hans Helmerich	Director and Chairman of the Board	November 16, 2022
<u>/s/ Delaney M. Bellinger</u> Delaney Bellinger	Director	November 16, 2022
<u>/s/ Belgacem Chariag</u> Belgacem Chariag	Director	November 16, 2022
<u>/s/ Kevin G. Cramton</u> Kevin G. Cramton	Director	November 16, 2022
<u>/s/ Randy A. Foutch</u> Randy A. Foutch	Director	November 16, 2022
<u>/s/ Jose R. Mas</u> Jose R. Mas	Director	November 16, 2022
<u>/s/ Thomas A. Petrie</u> Thomas A. Petrie	Director	November 16, 2022
<u>/s/ Donald F. Robillard, Jr.</u> Donald F. Robillard, Jr.	Director	November 16, 2022
<u>/s/ Edward B. Rust, Jr.</u> Edward B. Rust, Jr.	Director	November 16, 2022
<u>/s/ Mary M. VanDeWeghe</u> Mary M. VanDeWeghe	Director	November 16, 2022
<u>/s/ John D. Zeglis</u> John D. Zeglis	Director	November 16, 2022



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

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

LENDER:

BOKE, NA DBA BANK OF OKLAHOMA,
as a Lender

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

LENDER:

BARCLAYS BANK PLC,
as a Lender

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

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

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

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

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

LENDER:

ARVEST BANK,
as a Lender

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

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

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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 delegatee) 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 2.1 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 2.2 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 2.3 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 2.4 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 2.5 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 2.6 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 ratable 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 2.7 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 2.8 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 2.9 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 2.10 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 2.11 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 2.12 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 2.13 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 2.14 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 2.15 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 2.16 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 3.1 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 3.2 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 4.1 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 4.2 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 4.3 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 4.4 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 4.5 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 4.6 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 4.7 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 4.8 No Default. No Default has occurred and is continuing.

Section 4.9 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 4.10 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 4.11 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 4.12 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 4.13 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 4.14 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 4.15 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 4.16 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 4.17 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 4.18 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 4.19 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 5.1 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 5.2 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 5.3 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 5.4 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 5.5 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 5.6 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 5.7 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 5.8 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 6.1 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 6.2 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;

(h) 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;

(i) 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

(k) 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 6.3 [Reserved.]

Section 6.4 [Reserved.]

Section 6.5 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 6.6 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 6.7 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 6.8 [Reserved.]

Section 6.9 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 6.10 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 6.11 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 6.12 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 6.13 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 6.14 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 6.15 [Reserved.]

ARTICLE VII. DEFAULT AND REMEDIES

Section 7.1 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 expected 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 7.2 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 7.3 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 7.4 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 7.5 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 7.6 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 8.1 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 8.2 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 8.3 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 8.4 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 8.5 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 8.6 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 8.7 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 8.8 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 8.9 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 8.10 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 8.11 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 9.1 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 9.2 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 9.3 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 9.4 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 9.5 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 9.6 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 9.7 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 9.8 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 9.9 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 9.10 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 9.11 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 9.12 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 9.13 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 9.14 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 9.15 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 9.16 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 9.17 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 9.18 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.]

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/A	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-/Baa	1.500%	0.500%	0.200%

SUBSIDIARIES OF THE REGISTRANT

Name of Company	State or Country of Incorporation
4D Directional Services, L.L.C.	United States, Delaware
Helmerich & Payne (Argentina) Drilling Co.	United States, Oklahoma
Helmerich & Payne (Boulder) Drilling Co.	United States, Oklahoma
Helmerich & Payne (Colombia) Drilling Co.	United States, Oklahoma
Helmerich & Payne Corporate Ventures, LLC	United States, Delaware
Helmerich & Payne de Venezuela, C.A.	Venezuela
Helmerich & Payne del Ecuador, Inc.	United States, Oklahoma
Helmerich and Payne Drilling Muscat LLC	Oman
Helmerich & Payne Equatorial Guinea, S.A.R.L.	Equatorial Guinea*
Helmerich & Payne International Drilling Co.	United States, Delaware
Helmerich & Payne International Holdings, LLC	United States, Delaware
Helmerich & Payne Management, LLC	United States, Delaware
Helmerich & Payne Offshore, LLC	United States, Delaware
Helmerich & Payne Properties, Inc.	United States, Oklahoma
Helmerich & Payne Rasco, Inc.	United States, Oklahoma
Helmerich & Payne Technologies Canada, Inc.	Canada
Helmerich and Payne Technologies Private Limited	India
Helmerich & Payne Technologies UK Ltd.	United Kingdom
Helmerich & Payne Technologies, LLC	United States, Delaware
HP Falcon Investments, LLC	United States, Delaware
HP Middle East Holdings, LLC	United States, Delaware
HPO HOLDCO, LLC	United States, Delaware
DrillScan Asia & Middle East Pte. LTD	Singapore
DrillScan Energy SAS	France
DrillScan France SAS	France
DrillScan Europe SAS	France
DrillScan US, Inc.	United States, Texas
Magnetic Variation Services, LLC	United States, Colorado
Motive Drilling Technologies, Inc.	United States, Delaware
Scissortail Assurance, LLC	United States, Oklahoma
Space Center, Inc.	United States, Oklahoma
Surcon, Ltd.	United States, Colorado
Utica Resources Co.	United States, Oklahoma
Utica Square Shopping Center, Inc.	United States, Oklahoma
White Eagle Assurance Company	United States, Vermont
Helmerich & Payne (Australia) Drilling Pty Ltd	Australia
HP Middle East Holdings Limited Company	Saudi Arabia

*Helmerich & Payne Rasco, Inc. holds 65% of the share capital of Helmerich & Payne Equatorial Guinea, S.A.R.L.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 Nos. 333-264553 and 333-264553-01) of Helmerich & Payne, Inc. and Helmerich & Payne International Drilling Co.;
- (2) Registration Statement (Form S-8 No. 333-176911) pertaining to the Helmerich & Payne, Inc. 2010 Long-Term Incentive Plan;
- (3) Registration Statement (Form S-8 No. 333-213053) pertaining to the Helmerich & Payne, Inc. 2016 Omnibus Incentive Plan; and
- (4) Registration Statement (Form S-8 No. 333-237161) pertaining to the Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan
- (5) Registration Statement (Form S-8 No. 333-264546) pertaining to the Helmerich & Payne, Inc. Amended and Restated 2020 Omnibus Incentive Plan

of our reports dated November 16, 2022, with respect to the consolidated financial statements of Helmerich & Payne, Inc. and the effectiveness of internal control over financial reporting of Helmerich & Payne, Inc. included in this Annual Report (Form 10-K) of Helmerich & Payne, Inc. for the year ended September 30, 2022.

/s/ Ernst & Young LLP

Tulsa, Oklahoma
November 16, 2022

CERTIFICATION

I, John W. Lindsay, certify that:

- 1 I have reviewed this annual report on Form 10-K 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 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 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: November 16, 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 annual report on Form 10-K 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 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 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: November 16, 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 Annual Report of Helmerich & Payne, Inc. (the "Company") on Form 10-K for the period ended September 30, 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 Sections 13(a) or 15(d) 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

/s/ Mark W. Smith

John W. Lindsay
Director, President and Chief Executive Officer
Date: November 16, 2022

Mark W. Smith
Senior Vice President and Chief Financial Officer
Date: November 16, 2022