As filed with the Securities and Exchange Commission on August 15, 2018

File No. 001-38609

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1
TO

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

KLX ENERGY SERVICES HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**36-4904146**
(State of incorporation or organization)	(I.R.S. Employer Identification No.)

1300 Corporate Center Way
Wellington, Florida 33414
(Address of principal executive offices)
(561) 383-5100
(Registrant's telephone number, including area code)

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

Title of Each Class to be so Registered	**Name of Each Exchange on Which Each Class is to be Registered**
Common Stock, $0.01 Par Value	The Nasdaq Global Select Market

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

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 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 o	Accelerated filer o	Non-accelerated filer ☒	Smaller reporting company o Emerging growth company ☒

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. o

INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

The information required by the following Form 10 Registration Statement items is contained in the Information Statement sections that we identify below, each of which we incorporate in this report by reference:

Item 1. Business

The information required by this item is contained under the sections "Summary," "Business," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Certain Relationships and Related Party Transactions" and "Where You Can Find More Information" of the Information Statement.

Item 1A. Risk Factors

The information required by this item is contained under the section "Risk Factors" of the Information Statement.

Item 2. Financial Information

The information required by this item is contained under the sections "Summary," "Selected Historical Financial Data," "Unaudited Pro Forma Condensed Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Capital Stock" of the Information Statement.

Item 3. Properties

The information required by this item is contained under the section "Business—Properties" of the Information Statement.

Item 4. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is contained under the section "Security Ownership of Certain Beneficial Owners and Management" of the Information Statement.

Item 5. Directors and Executive Officers

The information required by this item is contained under the section "Management" of the Information Statement.

Item 6. Executive Compensation

The information required by this item is contained under the section "Executive Compensation" of the Information Statement.

Item 7. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is contained under the sections "Management," "Executive Compensation" and "Certain Relationships and Related Party Transactions" of the Information Statement.

Item 8. Legal Proceedings

The information required by this item is contained under the section "Business—Legal Proceedings" of the Information Statement.

Item 9. Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

The information required by this item is contained under the sections "Risk Factors," "The Spin-Off," "Dividend Policy" and "Executive Compensation" of the Information Statement.

Item 10. Recent Sales of Unregistered Securities

The information required by this item is contained under the section "Description of Material Financing Arrangements" and "Description of Capital Stock" of the Information Statement.

Item 11. Description of Registrant's Securities to be Registered

The information required by this item is contained under the section "Description of Capital Stock" of the Information Statement.

Item 12. Indemnification of Directors and Officers

The information required by this item is contained under the section "Description of Capital Stock—Liability and Indemnification of Directors and Officers" of the Information Statement.

Item 13. Financial Statements and Supplementary Data

The information required by this item is contained under the sections "Selected Historical Financial Data," "Unaudited Pro Forma Condensed Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Capital Stock" and "Index to Financial Statements" of the Information Statement.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 15. Financial Statements and Exhibits

(a) Financial Statements

The information required by this item is contained under the section "Index to Financial Statements" beginning on page F-1 of the Information Statement.

(b) Exhibits

We are filing the following documents as exhibits to this registration statement:

Exhibit No.	Description
2.1	Distribution Agreement, dated as of July 13, 2018, by and among KLX Inc., KLX Energy Services Holdings, Inc. and KLX Energy Services LLC (incorporated by reference to Exhibit 2.1 to KLX Inc.'s Current Report on Form 8-K (File No. 001-36610) filed with the SEC on July 17, 2018)
2.2	Employee Matters Agreement, dated as of July 13, 2018, by and among KLX Inc., KLX Energy Services Holdings, Inc. and KLX Energy Services LLC (incorporated by reference to Exhibit 2.2 to KLX Inc.'s Current Report on Form 8-K (File No. 001-36610) filed with the SEC on July 17, 2018)
2.3	IP Matters Agreement, dated as of July 13, 2018, by and between KLX Inc. and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 2.3 to KLX Inc.'s Current Report on Form 8-K (File No. 001-36610) filed with the SEC on July 17, 2018)
2.4	Transition Services Agreement, dated as of July 13, 2018, by and between KLX Inc. and KLX Energy Services Holdings, Inc. (incorporated by reference to Exhibit 2.4 to KLX Inc.'s Current Report on Form 8-K (File No. 001-36610) filed with the SEC on July 17, 2018)

Exhibit No.	Description
3.1	Form of Amended and Restated Articles of Incorporation of KLX Energy Services Holdings, Inc.*
3.2	Form of Amended and Restated By-Laws of KLX Energy Services Holdings, Inc.*
10.1	Form of Letter Agreement between Amin J. Khoury and KLX Energy Services Holdings, Inc.
10.2	Form of Letter Agreement between Thomas P. McCaffrey and KLX Energy Services Holdings, Inc.
10.3	Form of Consulting Agreement between Amin J. Khoury and KLX Energy Services Holdings, Inc.
10.4	Employment Agreement between KLX Inc. and Gary J. Roberts, dated as of February 25, 2015
10.5	Assignment and Assumption Agreement among KLX Inc., KLX Energy Services LLC and Gary J. Roberts, dated as of April 30, 2018
10.6	Form of KLX Energy Services Holdings, Inc. Long-Term Incentive Plan*
10.7	Form of Amended and Restated Employment Agreement between KLX Energy Services Holdings, Inc. and Gary J. Roberts
10.8	Form of Registration Rights Agreement between Amin J. Khoury and KLX Energy Services Holdings, Inc.
10.9	Form of Registration Rights Agreement between Thomas P. McCaffrey and KLX Energy Services Holdings, Inc.
10.10	Credit Agreement, dated as of August 10, 2018, by and among KLX Energy Services Holdings, Inc., the several Lenders and JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent
21.1	List of subsidiaries of KLX Energy Services Holdings, Inc.*
99.1	Preliminary Information Statement of KLX Energy Services Holdings, Inc., subject to completion, dated August 15, 2018

* Previously filed.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

KLX ENERGY SERVICES HOLDINGS, INC.

By: /s/ THOMAS P. MCCAFFREY

Thomas P. McCaffrey
Vice President

Date: August 15, 2018

QuickLinks

Exhibit 10.1

FORM OF LETTER AGREEMENT BETWEEN AMIN J. KHOURY AND KLX ENERGY SERVICES HOLDINGS, INC.

KLX Energy Services Holdings, Inc.
1300 Corporate Center Way
Wellington, FL 33414

[·], 2018

Mr. Amin J. Khoury
Chief Executive Officer
1300 Corporate Center Way
Wellington, FL 33414

Re: Terms of Employment

Dear Mr. Khoury:

This letter agreement confirms the terms and conditions of your employment with KLX Energy Services Holdings, Inc. (the ***Company***) as set forth below:

Start Date: [·], 2018.

Title and Reporting: During the term of your employment with the Company, you will serve as Chief Executive Officer of the Company and its subsidiaries, and you will report directly to the Company's Board of Directors (the ***Board***). The Board will take such action as may be necessary to appoint or elect you as a member of the Board as of the Start Date above. Thereafter, during your employment with the Company, the Board will nominate you for re-election as a member of the Board at the expiration of the then current term, except to the extent prohibited by legal or regulatory requirements. You will not be entitled to any additional compensation for such Board service while you are also serving as the Company's Chief Executive Officer.

Duties and Responsibilities: You will have the duties and responsibilities that are normally associated with the position described above. In addition, you are hereby expressly permitted to continue to serve (i) as a consultant to B/E Aerospace, Inc. or its successor pursuant to that certain letter agreement by and among you, B/E Aerospace, Inc. and Rockwell Collins, Inc., dated April 13, 2017 and (ii) as an employee, executive officer, director or consultant of KLX Inc.

Cash Compensation: During the period of your employment with the Company, the Company will pay you a cash base salary at the annual rate of two dollars ($2) in accordance with the usual payroll practices of the Company and subject to any applicable withholdings and deductions. In addition, during the period of your employment with the Company, you may receive cash incentive compensation in the discretion of the Compensation Committee of the Board (the ***Committee***), but you will not have any contractual entitlement to receive any such cash incentive compensation.

Incentive Equity: Promptly following completion of the Company's spin-off from KLX Inc., the Company will grant you a restricted stock award on the common stock of the Company pursuant to the Company's Long-Term Incentive Plan (the ***LTIP***) (i) representing five percent (5%) of the Company's common stock on a fully diluted basis as of the effective date of the Company's spin-off from

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KLX Inc., (ii) to become vested in four (4) equal annual installments on each of the first four (4) anniversaries of the effective date of the Company's spin-off from KLX Inc., subject to your continued employment or other service with the Company on each applicable vesting date (and subject to the following clause (iii)), (iii) to become fully vested (A) upon an involuntary termination of your employment by the Company, (B) upon your death or "Disability" (as defined in the LTIP), (C) upon your voluntary retirement from the Company, subject to the consent of the Committee, or (D) upon the occurrence of a "Change in Control" (as defined in the LTIP) of the Company, and (iv) to be subject to such other terms and conditions as are set forth in the form of restricted stock award agreement as set forth on ***Exhibit A*** hereto. You will also be considered to receive additional equity or other long-term incentive awards from the Company in the future. The level of such participation, if any, will be determined in the sole discretion of the Board (or the Committee) from time to time.

Monthly Automobile Allowance: During the period of your employment with the Company, you will receive either an automobile owned or leased by the Company or a monthly automobile allowance, as reasonably determined by the Company, which automobile or allowance will be at least equivalent (i.e., the same make and model, or equivalent value thereof) to that which KLX Inc. is currently providing to you. To the extent that the Company elects to provide a monthly automobile allowance, such allowance will be paid in accordance with Company policy, but in any event, no later than on a monthly basis in arrears.

Employee Benefits, Vacation and Business Expenses: Except to the extent equivalent benefits are provided by B/E Aerospace, Inc., KLX Inc. or their respective successors or affiliates, during the period of your employment with the Company: (i) you will be eligible to participate in all health, welfare, life insurance and retirement plans of the Company, and reimbursement of financial and estate planning costs and expenses, and (ii) you will be entitled to all rights and benefits pursuant to the Company's travel policy, including, without limitation, personal and business use of the Company's corporate aircraft. You also will be entitled to annual paid time off in accordance with the Company's policy on accrual and use generally applicable to employees of the Company from time to time; ***provided*** that your prior employment and service with each of B/E Aerospace, Inc. and KLX Inc. will be taken into account with respect to your annual paid time off entitlement. Finally, upon presentation of reasonable substantiation and documentation, you will be reimbursed for all out-of-pocket business expenses incurred and paid by you during your employment with the Company and in connection with the performance of your duties hereunder in accordance with Company policy.

Indemnification; Directors' and Officers' Liability Insurance: Both during and after the period of your service with the Company, regardless of the reason for termination, the Company hereby agrees to indemnify you and hold you harmless to the maximum extent permitted by applicable law against and in respect of any and all actions, suits, proceedings, investigations, claims, demands, judgments, costs, expenses (including reasonable attorney's fees), losses, and damages resulting from your performance of your duties and obligations with the Company hereunder. The Company will advance to you as

incurred any costs and expenses (including attorney's fees) incurred in the defense of any such action, suit, proceeding or investigation, subject to any limitation pursuant to applicable law. The Company will cover you under directors' and officers' liability insurance both during and, while potential liability exists, after the term of your service with the Company in the same amount and to the same extent as the Company covers its other active officers and directors. The foregoing obligations will survive the termination of your service with the Company.

Proprietary Rights Agreement; Code of Conduct: Contemporaneously with the execution of this letter agreement, you will enter into the Proprietary Rights Agreement regarding certain obligations relating to business, confidential and/or proprietary information of the Company in the form attached as ***Exhibit B*** hereto. You also acknowledge and agree that, during the period of your employment with the

Company and thereafter, as applicable, you will be subject to the Company's Code of Conduct and other employment policies, as may be amended from time to time.

At-Will Employment: Your employment with the Company will be "at-will." You may resign at any time with or without notice for any (or no) reason. The Company may terminate your employment at any time, upon at least twelve (12) months' prior written notice, for any (or no) reason. You will not have any contractual right to severance benefits in connection with any termination of your employment with the Company, except for the accelerated vesting of the incentive equity award contemplated in this letter agreement, or except as may be otherwise provided in any severance plan or policy generally applying to employees of the Company, or as may be otherwise determined by the Committee in its sole discretion. In connection with any termination of your employment with the Company other than by reason of death, the Company will retain you to perform consulting services for a period of three (3) years following the date of termination under the terms and conditions of a Consulting Agreement substantially in the form attached hereto as ***Exhibit C***.

Governing Law: This letter agreement will be governed by, and construed under and in accordance with, the internal laws of the State of Florida, without regard to the choice of law principles thereof, except that all matters related to the LTIP and any equity awards granted thereunder, will be governed by the internal laws of the State of Delaware, without regard to the choice of law principles thereof.

Entire Agreement: This letter agreement constitutes the entire agreement between you and the Company with respect to the subject matter hereof and supersedes any and all prior agreements or understandings between you and the Company with respect to the subject matter hereof, whether written or oral. This letter agreement may be amended or modified only by a written instrument executed by you and the Company.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Very truly yours,

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____

Name: _____

Title: _____

The above terms and conditions accurately reflect our understanding regarding the terms and conditions of my employment with the Company, and I hereby confirm my agreement to the same.

Dated: **[·]**, 2018

_____
Amin J. Khoury

Signature Page to Employment Letter

EXHIBIT A

KLX ENERGY SERVICES HOLDINGS, INC. LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (the "***Award Agreement***") is made effective as of **[·]**, 2018 (the "***Date of Grant***") by KLX Energy Services Holdings, Inc., a Delaware corporation (the "***Company***"), for the benefit of **Amin J. Khoury** (the "***Participant***"). Capitalized terms not otherwise defined herein shall have the same meanings as in the KLX Energy Services Holdings, Inc. Long-Term Incentive Plan (the "***Plan***").

WHEREAS, the Company desires to grant the Restricted Stock provided for herein to the Participant pursuant to the Plan and the terms and conditions set forth herein;

NOW THEREFORE, the Restricted Stock is hereby granted, subject to the following terms and conditions:

Grant of the Award. Subject to the provisions of this Award Agreement and the Plan, the Company hereby grants to the Participant, an aggregate of **<# Shares>(1)** restricted shares of Common Stock (the "***Restricted Stock***"), subject to adjustment as set forth in the Plan.

Incorporation of Plan. The Company has previously provided the Participant with a copy of the Plan. This Award Agreement and the Restricted Stock shall be subject to the Plan, the terms of which are incorporated herein by reference, and in the event of any conflict or inconsistency between the Plan and this Award Agreement, the Plan shall govern. Defined terms used herein without definition shall have the meanings ascribed thereto in the Plan.

Vesting Schedule. Unless previously vested or canceled in accordance with the provisions of the Plan or this Award Agreement, subject to the Participant's continued employment or other service with the Company or its subsidiaries on each applicable vesting date (except as otherwise provided herein), one fourth ($1/4^{th}$) of the shares of Restricted Stock shall vest on each of the first, second, third and fourth anniversaries of the Date of Grant and shall no longer be subject to cancellation pursuant to Section 4 or the transfer restrictions set forth in Section 5.

Accelerated Vesting. Subject to the following sentence and consistent with the terms and conditions set forth in the Incentive Equity provision of that certain employment letter, by and between the Participant and the Company, dated as of **[·]**, 2018 (the "***Employment Letter***"), if, prior to the vesting of all shares of Restricted Stock hereunder, (A) the Participant's service with the Company is: (i) involuntarily terminated by the Company for any reason, (ii) voluntarily terminated by the Participant due to the Participant's retirement from the Company, with the express consent of the Committee, (iii) terminated due to death or Disability or (B) a Change in Control occurs while the Participant remains in the continued service of the Company, then, in each case, all of the unvested shares of Restricted Stock shall vest immediately as of the date of such termination or Change in Control, as applicable, and shall no longer be subject to cancellation or the transfer restrictions set forth in Section 5. The Participant and the Company agree to sign a mutual waiver and release of claims agreement, effective as of the date of termination, as a condition to the accelerated vesting of all then-unvested shares of the Participant's Restricted Stock described in Section 4(A), substantially in the form attached hereto as Exhibit A (the "***Mutual Waiver and Separation Agreement***"). For the avoidance of doubt, in the event that the Participant becomes a consultant or director of the Company following termination of the Participant's employment with the Company, no termination of service shall be deemed to occur for purposes of the continued vesting of the Restricted Stock hereunder until such time as the Participant is no longer an employee, a consultant or a director of the Company.

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(1) Number of restricted shares to represent five percent (5%) of the Company's common stock on a fully diluted basis as of the effective date of the Company's spin-off from KLX Inc.

Nontransferability of Restricted Stock. Unless otherwise determined by the Committee, the Restricted Stock may not be transferred, pledged, alienated, assigned or otherwise attorned other than by last will and testament or by the laws of descent and distribution or pursuant to a domestic relations order, as the case may be; *provided, however*, that the Committee may, subject to such terms and conditions as it shall specify, permit the transfer of the Restricted Stock, including, without limitation, for no consideration to a charitable institution or a Permitted Transferee. Any shares of Restricted Stock transferred to a charitable institution may not be further transferable without the Committee's approval and any shares of Restricted Stock transferred to a Permitted Transferee shall be further transferable only by last will and testament or the laws of descent and distribution or, for no consideration, to another Permitted Transferee of the Participant.

Rights as a Stockholder. The Participant shall have, with respect to the Restricted Stock, all the rights of a stockholder of the Company, including, if applicable, the right to vote the Restricted Stock and to receive any dividends or other distributions, subject to the restrictions set forth in the Plan and this Award Agreement.

Dividends and Distributions. Any cash, Common Stock or other securities of the Company or other consideration received by the Participant as a result of a distribution to holders of Restricted Stock or as a dividend on the Restricted Stock shall be subject to the same restrictions as the Restricted Stock, and all references to Restricted Stock hereunder shall be deemed to include such cash, Common Stock or other securities or consideration.

Legend on Certificates. The Committee may cause a legend or legends to be put on certificates representing the Common Stock underlying the Restricted Stock to make appropriate reference to such restrictions as the Committee may deem advisable under the Plan or as may be required by the rules, regulations, and other requirements of the Securities and Exchange Commission, any exchange that lists the Common Stock, and any applicable federal or state laws.

Conditions to Delivery of Common Stock Certificates. The Company shall not be required to deliver any certificate or certificates for shares of Common Stock pursuant to this Agreement prior to fulfillment of all of the following conditions:

(a) The obtaining of any approval or other clearance from any state or federal governmental agency which the Committee determines to be necessary or advisable; and

(b) The lapse of such reasonable period of time as the Committee may from time to time establish for reasons of administrative convenience.

Physical Custody. The Restricted Stock may be issued in certificate form or electronically in "book entry". The Secretary of the Company or such other representative as the Committee may appoint shall retain physical custody of each certificate representing Restricted Stock until all of the restrictions imposed under this Award Agreement with respect to the shares evidenced by such certificate expire or are removed. In no event shall the Participant retain physical custody of any certificates representing unvested Restricted Stock assigned to the Participant.

No Entitlements.

(a) No Right to Continued Service. This award is not an employment or other service agreement, and nothing in this Award Agreement or the Plan shall (i) alter the Participant's status as an "at-will" employee of the Company, (ii) be construed as guaranteeing the Participant's service with the Company or as giving the Participant any right to continue in the service of the Company during any period or (iii) be construed as giving the Participant any right to be reemployed by the Company following any termination of service.

(b) No Right to Future Awards. This award of Restricted Stock and all other equity-based awards under the Plan are discretionary. This award does not confer on the Participant any right or entitlement to receive another award of Restricted Stock or any other equity-based award at any time in the future or in respect of any future period, except as otherwise may be provided in the discretion of the Committee.

(c) No Effect on Future Compensation. The Company has made this award of Restricted Stock to the Participant in its sole discretion. This award does not confer on the Participant any right or entitlement to receive compensation in any specific amount for any future fiscal year, and does not diminish in any way the Company's discretion to determine the amount, if any, of the Participant's compensation. In addition, this award of Restricted Stock will not be taken into account in determining any other service-related rights the Participant may have, such as rights to any pension pay.

Taxes and Withholding. No later than the date as of which an amount with respect to the Restricted Stock first becomes includable in the gross income of the Participant for applicable income tax purposes, appropriate arrangements satisfactory to the Committee must be made regarding payment of any federal, state or local taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Committee, in accordance with rules and procedures established by the Committee, the minimum required withholding obligations may be settled in Common Stock, including Common Stock that is part of the award that gives rise to the withholding requirement. The obligations of the Company to deliver the certificates for shares of Common Stock under this Award Agreement shall be conditional upon such payment or arrangements and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant, including, without limitation, by withholding shares of Common Stock to be delivered upon vesting.

Section 83(b) Election. If, within 30 days following the Date of Grant, the Participant makes an election under Section 83(b) of the Code, or any successor section thereto, to be taxed with respect to all or any portion of the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Committee may require the Participant to deliver a copy of such election to the Company immediately after filing such election with the Internal Revenue Service.

Securities Laws. In connection with the grant or vesting of the Restricted Stock, the Committee may require such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Award Agreement.

General Provisions.

(a) Notices. Any notice necessary under this Award Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the records of the Company for the Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Notwithstanding the foregoing, the Company may deliver notices to the Participant by means of email or other electronic means that are generally used for employee communications. Any such notice shall be deemed effective upon receipt thereof by the addressee.

(b) Headings. The headings of sections and subsections are included solely for convenience of reference and shall not affect the meaning of the provisions of this Award Agreement.

(c) Entire Agreement. This Award Agreement, the Employment Letter, the Mutual Waiver and Separation Agreement and the Plan constitute the entire agreement with regard to the subject matter

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hereof. They supersede all other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(d) Amendments. The Board or the Committee shall have the power to alter, amend, modify or terminate the Plan or this Award Agreement at any time; *provided*, *however*, that no such termination, amendment or modification may adversely affect the Participant's rights under this Award Agreement without the Participant's consent. Any amendment, modification or termination shall, upon adoption, become and be binding on all persons affected thereby without requirement for consent or other action with respect thereto by any such person.

(e) Successor. Except as otherwise provided herein, this Award Agreement shall be binding upon and shall inure to the benefit of any successor or successors of the Company, and to any Permitted Transferee pursuant to Section 5.

(f) Choice of Law. Except as to matters of federal law, this Award Agreement and all actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware (other than its conflict of law rules).

[***Remainder of Page Intentionally Left Blank]***

IN WITNESS WHEREOF, the Company has executed this Award Agreement as of the date first written above.

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____

Name: _____

Title: _____

PARTICIPANT

_____

Amin J. Khoury

EXHIBIT A

Form of Mutual Waiver Agreement

SEPARATION AGREEMENT AND MUTUAL RELEASE

This Separation Agreement and Mutual Release (the "***Agreement***"), is made as of , 20 , by and between KLX Energy Services Holdings, Inc., a Delaware corporation (the "***Company***") and Amin J. Khoury ("***Employee***"), for the purpose of memorializing the terms and conditions of the Employee's departure from the Company's employment.

Now, therefore, in consideration of the sum of one dollar ($1.00) and the mutual promises, agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, (the "***Settlement Consideration***"), the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Termination; Employment Letter**. Effective , 20 , Employee's employment with the Company was terminated. Upon Employee's termination, Employee and the Company shall each have those respective surviving rights, obligations and liabilities described in that certain Employment Letter, dated as of **[·]**, by and between Employee and the Company (the "***Employment Letter***") and that certain Restricted Stock Award Agreement, dated as of **[·]**, by and between Employee and the Company (the "***Restricted Stock Agreement***").

2. **Non-Released Claims**.

(a) Employee Non-Released Claims. It is explicitly agreed, understood and intended that the general release of claims provided for in this Agreement shall not include or constitute a waiver of the Company's, its agent, representative or designee's obligations to Employee (i) that are specified in the Employment Letter as surviving the termination of Employee's employment, (ii) that arise out of or from *respondeat superior* principles, (iii) for claims for indemnification and defense under any organizational documents, agreement, insurance policy, or at law or in equity concerning either the Company, its subsidiaries, affiliates, directors, officers or employees, (iii) concerning any deferred compensation plan, 401(k) plan, equity plan or retirement plan and (iv) any claims not waivable under applicable law, collectively, the "***Employee Non-Released Company Claims***".

(b) Company Non-Released Claims. It is explicitly agreed, understood and intended that the general release of claims provided for in this Agreement shall not include or constitute a waiver of (i) the Employee's obligations to the Company concerning the Company's confidential information and proprietary rights that survive Employee's termination of employment, including those specified in that certain Proprietary Rights Agreement, dated as of **[·]**, 2018, by and between Employee and the Company (the "***Proprietary Rights Agreement***") (ii) any claim of the Company for fraud based on willful and intentional acts or omissions of Employee, other than those taken in good faith and in a manner that Employee believed to be in or not opposed to the interests of the Company, proximately causing a financial restatement by the Company and (iii) any claims not waivable by the Company under applicable law, collectively, the "***Company Non-Released Employee Claims***".

3. **General Release in Favor of the Company**: Employee, for himself and for his heirs, executors, administrators, trustees, legal representatives and assigns (collectively, the "***Releasers***"), hereby forever releases and discharges the Company, its Board of Directors, and any of its past, present, or future parent corporations, subsidiaries, divisions, affiliates, officers, directors, agents, trustees, administrators, attorneys, employees, employee benefit and/or pension plans or funds (including qualified and non-qualified plans or funds), successors and/or assigns and any of its or their past, present or future parent corporations, subsidiaries, divisions, affiliates, officers, directors, agents, trustees, administrators, attorneys, employees, employee benefit and/or pension plans or funds (including qualified and non-qualified plans or funds), successors and/or assigns (whether acting as agents for the Company or in their individual capacities) (collectively, the "***Releasees***") from any and all claims, demands, causes of action, and liabilities of any kind whatsoever (upon any legal or equitable theory, whether contractual, common-law, statutory, federal, state, local, or otherwise), whether known or unknown, by reason of any act, omission, transaction or occurrence which Releasers ever had, now have or hereafter can, shall or may have against Releasees up to and including the date of the execution of this Agreement, except for the Employee Non-Released Company Claims. Without limiting the generality of the foregoing, Releasers hereby release and discharge Releasees from:

(a) any and all claims for backpay, frontpay, minimum wages, overtime compensation, bonus payments, benefits, reimbursement for expenses, or compensation of any kind (or the value thereof), and/or for liquidated damages or punitive damages (under any applicable statute or at common law);

(b) any and all claims, relating to Employee's employment by the Company, the terms and conditions of such employment, employee benefits related to Employee's employment, the termination of Employee's employment, and/or any of the events relating directly or indirectly to or surrounding such termination;

(c) any and all claims of discrimination, harassment, whistle blowing or retaliation in employment (whether based on federal, state or local law, statutory or decisional), including without limitation, all claims under the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Civil Rights Act of 1866, 42 USC §§ 1981-86, as amended, the Equal Pay Act, the Fair Labor Standards Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the Florida Civil Rights Act of 1992, the Florida Whistle-Blower Law (Fla. Stat. § 448.101 et seq.), the Florida Equal Pay Act, and waivable rights under the Florida Constitution;

(d) any and all claims under any contract, whether express or implied;

(e) any and all claims for unintentional or intentional torts, for emotional distress and for pain and suffering;

(f) any and all claims for violation of any statutory or administrative rules, regulations or codes;

(g) any and all claims for attorneys' fees, costs, disbursements, wages, bonuses, benefits, vacation and/or the like;

which Releasers ever had, now have or hereafter can, shall or may have against Releasees for, upon or by reason of any act, omission, transaction or occurrence up to and including the date of the execution of this Agreement, except for the Employee Non-Released Company Claims.

4. **General Release in Favor of Employee**. The Releasees, and each of them, hereby release Releasers, and each of them, from all claims or causes of action whatsoever, known or unknown, including any and all claims of the common law of the State of Florida, including but not limited to breach of contract (whether written or oral), promissory estoppel, defamation, unjust enrichment, or claims for attorneys' fees and costs and all claims which were alleged or could have been alleged against the Employee which arose from the beginning of the world to the date of this Agreement, except for the Company Non-Released Employee Claims.

5. **Reserved.**

6. **Covenants not to Sue**.

(a) Employee Covenant not to Sue. Employee represents and warrants that to date, he has not filed any lawsuit, action, complaint or charge of any kind with any federal, state, or county court or administrative or public agency against the Company or any other Releasee. Without in any way limiting the generality of the foregoing, Employee hereby covenants not to sue or to assert, prosecute, or maintain, directly or indirectly, in any form, any claim or cause of action against any person or entity being released pursuant to this Agreement with respect to any matter, cause, omission, act, or thing whatsoever, occurring in whole or in part on or at any time prior to the date of this Agreement, except for the Employee Non-Released Company Claims. Employee agrees that he will not seek or accept any award or settlement from any source or proceeding with respect to any claim or right waived in this Agreement.

(b) Company Covenant not to Sue. The Company represents and warrants that to date, it has not filed any lawsuit, action, complaint or charge of any kind with any federal, state, or county court or administrative or public agency against Employee or any other Releaser. Without in any way limiting the generality of the foregoing, the Company hereby covenants not to sue or to assert, prosecute, or maintain, directly or indirectly, in any form, any claim or cause of action against any person or entity being released pursuant to this Agreement with respect to any matter, cause, omission, act, or thing whatsoever, occurring in whole or in part on or at any time

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prior to the date of this Agreement, except for the Company Non-Released Employee Claims. The Company agrees that it will not seek or accept any award or settlement from any source or proceeding with respect to any claim or right waived in this Agreement.

7. **No Admission**. The making of this Agreement is not intended, and shall not be construed, as an admission that the Company or any of the Releasees, has violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrongdoing whatsoever.

8. **Effectiveness**. This Agreement shall not become effective until the eighth day following Employee's signing of this Agreement ("***Effective Date***") and Employee may at any time prior to the Effective Date revoke this Agreement by giving notice in writing of such revocation to:

KLX Energy Services Holdings, Inc.
1300 Corporate Center Way,
Wellington, FL 33414
Attn: General Counsel

In the event that Employee revokes this Agreement prior to the eighth day after his execution thereof, this Agreement, and the promises contained herein, shall automatically be deemed null and void.

9. **Employee Acknowledgement**. Employee acknowledges that he has been advised in writing to consult with an attorney before signing this Agreement, and that Employee has been afforded the opportunity to consider the terms of this Agreement for twenty-one (21) days prior to its execution. Employee further acknowledges that he has read this Agreement in its entirety, that he fully understands all of its terms and their significance, that he has signed it voluntarily and of Employee's own free will, and that Employee intends to abide by its provisions without exception.

10. **Severability**. If any provision of this Agreement is held by a court of competent jurisdiction to be illegal, void or unenforceable, such provision shall have no effect, however, the remaining provisions shall be enforced to the maximum extent possible.

11. **Entire Agreement**. This Agreement, the Restricted Stock Agreement, the Proprietary Rights Agreement and the Employment Letter, taken together, constitute the complete understanding between the parties and supersedes all such prior agreements between the parties and may not be changed orally. Employee acknowledges that neither the Company nor any representative of the Company has made any representation or promises to Employee other than as set forth herein or therein. No other promises or agreements shall be binding unless in writing and signed by the parties.

12. **General Provisions**.

(a) Governing Law; Jurisdiction; Venue. This Agreement shall be enforced, governed and interpreted by the laws of the State of Florida without regard to Florida's conflict of laws principles. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled in a court of competent jurisdiction in the State of Florida in Palm Beach County. Each party consents to the jurisdiction of such Florida court in any such civil action or legal proceeding and waives any objection to the laying of venue in such Florida court.

(b) Prevailing Party. In the event of any litigation, dispute or contest arising from a breach of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable costs incurred in connection with such litigation, dispute or contest, including without limitation, reasonable attorneys' fees, disbursement and costs, and experts' fees and costs.

(c) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed as an original, but all of which together shall constitute one and the same instrument.

(d) Binding Effect. This Agreement is binding upon, and shall inure to the benefit of, the parties, the Releasers and the Releasees and their respective heirs, executors, administrators, successors and assigns.

(e) Interpretation. Should any provision of this Agreement require interpretation or construction, it is agreed by the parties that the entity interpreting or construing this Agreement shall not apply a presumption that the provisions hereof shall be more strictly construed against one party who prepared the Agreement, it being agreed that all parties have participated in the preparation of all provisions of this Agreement.

(f) Defense of Trade Secrets Act. Notwithstanding anything to the contrary in this Agreement or otherwise, Employee understands and acknowledges that the Company has informed Employee that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for (i) the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or (ii) the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal. Additionally, notwithstanding anything to the contrary in this Agreement or otherwise, Employee understands and acknowledges that the Company has informed Employee that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to a court order.

(g) Whistleblowing. Nothing in this Agreement or any other agreement between Employee and the Company shall be interpreted to limit or interfere with Employee's right to report good faith suspected violations of law to applicable government agencies, including the Equal Employment Opportunity Commission, National Labor Relation Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other applicable federal, state or local governmental agency, in accordance with the provisions of any "whistleblower" or similar provisions of local, state or federal law. Employee may report such suspected violations of law, even if such action would require Employee to share the Company's proprietary information or trade secrets with the government agency, provided that any such information is protected to the maximum extent permissible and any such information constituting trade secrets is filed only under seal in connection with any court proceeding. Lastly, nothing in this Agreement or any other agreement between Employee and the Company will be interpreted to prohibit Employee from collecting any financial incentives in connection with making such reports or require Employee to notify or obtain approval by the Company prior to making such reports to a government agency.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Separation Agreement and Mutual Release as of the date first written above.

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____

_____
Amin J. Khoury

PRINT NAME:

TITLE:

STATE OF FLORIDA)

) ss.

COUNTY OF)

I HEREBY CERTIFY, that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Amin J. Khoury, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he/she executed the same. This individual is personally known to me or has produced a as identification and did take an oath.

SWORN TO AND SUBSCRIBED before me this day of , 20 .

Notary Public

My Commission Expires:

EXHIBIT B

KLX ENERGY SERVICES HOLDINGS, INC. PROPRIETARY RIGHTS AGREEMENT

This Proprietary Rights Agreement ("**Agreement**") is intended to set forth in writing my responsibility to KLX Energy Services Holdings, Inc. and/or any of its subsidiaries or affiliated businesses (collectively, the "**Company**") during my employment, consultancy, and/or tenure as an independent contractor with the Company and thereafter. I recognize that the Company is engaged in a continuous program of research, development and production respecting its business, present and future. As part of my employment, consultancy, and/or tenure as an independent contractor with the Company, I have certain obligations relating to business, confidential and/or proprietary information of the Company.

I acknowledge and agree that:

Agreement and Effective Date

This Agreement shall be effective on, the first day of my employment, consultancy, and/or tenure as an independent contractor with the Company and shall continue in effect throughout my employment, consultancy, and/or tenure as an independent contractor (the "**Agreement Period**"). As an inducement to, and in consideration of, my acceptance and/or continuation of employment, consultancy, and/or tenure as an independent contractor with the Company, and the Company's compensating me for services and extending to me certain other benefits of a compensatory nature, but without any obligation on the Company's part to continue such employment, compensation or benefits for any specified period whatsoever, I agree to protect, safeguard and maintain the integrity and confidentiality of the Company's valuable assets and legitimate business interests in accordance with the terms and conditions set forth in this Agreement.

Confidentiality

Permitted Use. I will maintain in confidence and will not disclose or use, either during or after the Agreement Period, any "**Proprietary Information**", whether or not in written form, except to the extent required to perform my duties on behalf of the Company.

Definition of Proprietary Information. As used in this Agreement, Proprietary Information means all of the following materials and information that I use, receive, have access to, conceive or develop or have used, received, conceived or developed, in whole or in part, in connection with my employment, consultancy and/or tenure as an independent contractor with the Company:

Written materials of the Company;

The names and information relating to customers and prospective customers of the Company and/or persons, firms, corporations or other entities with whom the Company has provided goods or services at any time, including contact persons, addresses and phone numbers, their characteristics and preferences and types of services provided to or received from those customers and prospective customers;

The terms of various agreements between the Company and any third parties, including without limitation, the terms of customer agreements, vendor or supplier agreements, lease agreements, advertising agreements, fee arrangements, terms of dealing and the like;

Any data or database, trading algorithms or processes, or other information compiled by the Company, including, but not limited to, customer lists, customer information, information concerning the Company, or any business in which the Company is engaged or contemplates becoming engaged, any company with which the Company engages in business, any customer, prospective customer or other person, firm or corporation to whom or which the Company has provided goods or services or to whom or which any employee of the Company has provided goods or services on behalf of the Company, or any compilation, analysis, evaluation or report concerning or deriving from any data or database, or any other information;

All policies, procedures, strategies and techniques regarding the services performed by the Company or regarding the training, marketing and sales of the Company, either oral or written. The Company's internal corporate policies and practices related to its services, price lists, fee arrangements and terms of dealings with customers or potential customers or vendors. Information relating to formulas, records, research and development data, trade secrets, processes, other methods of doing business, forecasts and business and marketing plans;

Any other information, data, know-how or knowledge of a confidential or proprietary nature observed, used, received, conceived or developed by me in connection with my employment, consultancy, and/or tenure as an independent contractor by the Company, including and not limited to the Company's methodologies, price strategies, price lists, costs and quantities sold, financial and sales information, including, but not limited to, the Company's financial condition, business interests, initiatives, objectives, plans or strategies; internal information regarding personnel identity, skills, compensation, organizational charts, budgets or costs of

individual departments, and the compensation paid to those working for or who provide services to the Company; and performance of

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investments, funds or portfolio companies, including any "track record" or other financial performance information or results;

All other non-public information regarding the amount and nature of the capital and assets owned or controlled by, or net worth of, the Company and/or any of the Company's shareholders, members, partners, employees or investors; the investments made, directly or indirectly, by the Company (including, but not limited to, any partnerships, corporations or other entities in which the Company may invest and the assets which any of those entities acquires); the expected or actual rates of return or holding periods of any investment by the Company; the respective interest in any investment of any of its shareholders, members, partners or investors or the manner in which those interests are held; the identities of the other persons or entities who participate in any investment made by the Company; and financial statements, projections, budgets and market information;

All discoveries, software (including, without limitation, both source code and object code), models, drawings, photographs, specifications, trademarks, formulas, patterns, devices, compilations and all other proprietary know-how and technology, whether or not patentable or copyrightable, and all copies and tangible embodiments of any of the foregoing, and that have been or will be created for the Company by me, whether alone or with others;

The Company's inventions, products, research and development, production processes, manufacturing and engineering processes, machines and equipment, finances, customers, marketing, and production and future business plans, information belonging to customers or suppliers of the Company disclosed incidental to my employment, consultancy, and/or tenure as an independent contractor and any other information which is identified as confidential by the Company; and

"**Trade Secrets**", which shall include, but not be limited to, information regarding formulas, processes or methods that: (a) derive independent economic value, actual or potential, from not being generally known to or readily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use; and (b) is the subject of reasonable efforts by the Company to maintain its secrecy. "Trade Secrets" shall also include all other information or data that qualifies as a trade secret under applicable law.

Trade Secrets

Use and Return of Proprietary Information and Trade Secrets:

I agree that, upon termination of my employment (if applicable) and/or tenure as an independent contractor with the Company for any reason (regardless of whether or not the Company retains me as a consultant) or at any other time upon the Company's request, I shall return to Company, without retaining any copies, all Proprietary Information and Trade Secrets, as well as all other Company's documents and other materials, which are in my possession regardless of the form in which any such materials are kept;

I acknowledge that all documents, in hard copy or electronic form, received, created or used by me in connection with my employment, consultancy, and/or tenure as an independent contractor with the Company are and will remain the property of the Company. I agree to return all such documents (including all copies) promptly upon the termination of my employment, consultancy, and/or tenure as an independent contractor, certify that no other documents remain, and agree that, during or after my employment, consultancy, and/or tenure as an independent contractor, I will not, under any circumstances, without the written consent of the Company, disclose those documents to anyone outside the Company or use those documents for any purpose other than the advancement of the Company's interests;

Defense of Trade Secrets Act. Notwithstanding anything to the contrary, I understand and acknowledge that the Company has informed me that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for (i) the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal. Additionally, notwithstanding anything to the contrary, I understand and acknowledge that the Company has informed me that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to a court order.

No Conflicting Obligations

Except as otherwise set forth in the Employment Letter, my performance of this Agreement does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by me prior to my employment, consultancy, and/or tenure as an independent contractor with the Company. I will not disclose, induce, or permit the Company to, either directly or indirectly, use, any confidential or

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proprietary information or material belonging to any previous employer or other person or entity. Except as otherwise set forth in the Employment Letter, I am not a party to any other agreement that will interfere with my full compliance with this Agreement. I will not enter into any agreement, whether written or oral, conflicting with the provisions of this Agreement.

Whistleblowing

Nothing in this Agreement or any other agreement between you and the Company shall be interpreted to limit or interfere with your right to report good faith suspected violations of law to applicable government agencies, including the Equal Employment Opportunity Commission, National Labor Relation Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other applicable federal, state or local governmental agency, in accordance with the provisions of any "whistleblower" or similar provisions of local, state or federal law. You may report such suspected violations of law, even if such action would require you to share the Company's Proprietary Information or Trade Secrets with the government agency, provided that any such Proprietary Information is protected to the maximum extent permissible and any such information constituting Trade Secrets is filed only under seal in connection with any court proceeding. Lastly, nothing in this Agreement or any other agreement between you and the Company will be interpreted to prohibit you from collecting any financial incentives in connection with making such reports nor to require you to notify or obtain approval by the Company prior to making such reports to a government agency.

Survival

Notwithstanding the termination of the Agreement Period, this Agreement shall survive such termination and continue in accordance with its terms and conditions. Unless provided otherwise in a written contract with the Company, this Agreement does not in any way restrict my right or the right of the Company to terminate my employment, consultancy, and/or tenure as an independent contractor at any time, for any reason or for no reason.

Specific Performance

A breach of any of the promises or agreements contained herein will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law, and the Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages, if appropriate).

Waiver

The waiver by the Company of a breach of any provision of this Agreement by me will not operate or be construed as a waiver of any other or subsequent breach by me.

Severability

If any part of this Agreement is found invalid or unenforceable, that part will be amended to achieve as nearly as possible the same economic effect as the original provision and the remainder of this Agreement will remain in full force.

Governing Law

This Agreement will be governed by and construed in accordance with the laws (other than the conflict of laws rules) of the state of Florida.

Entire Agreement

Except for the Employment Letter (and the exhibits thereto), this Agreement constitutes the entire agreement between the parties relating to this subject matter and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral, except for prior proprietary rights agreements which shall for the period prior to the effective date of this Agreement be deemed to be in addition to, and not in lieu of, this Agreement for such prior period. This Agreement may be amended or modified only with the written consent of both me and the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

Assignment

This Agreement may be assigned by the Company. I may not assign or delegate my duties under this Agreement without the Company's prior written approval. This Agreement shall be binding upon my hairs, successors and permitted assignees.

Date: _____

EMPLOYEE

_____
(Name)

_____
(Printed Name)

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____

Title: _____

EXHIBIT C

[Insert Date]

Mr. Amin J. Khoury
c/o KLX Energy Services Holdings, Inc.
1300 Corporate Center Way,
Wellington, FL 33414

Consulting Agreement

Dear Mr. Khoury:

This letter agreement (the "Agreement") confirms the agreement between KLX Energy Services Holdings, Inc. (the "Company") and you to engage in a consulting arrangement and sets forth the agreement between the Company and you regarding the terms of such consulting arrangement.

Term. The term of your services pursuant to this Agreement shall commence upon the separation of your employment as an officer and employee of the Company (the "Effective Date") and terminate on the third anniversary of the Effective Date (the "Consulting Period").

Consulting Services.

Services. Your services hereunder during the Consulting Period shall consist of strategic planning, financial planning, merger and acquisition advice and consultation to the Company, as well as providing periodic advice and consultation regarding key staffing and recruitment issues and such other services mutually agreed to by you and the Company (the "Consulting Services"). At all times, the Consulting Services shall be non-exclusive and you shall only be required to devote so much time as is reasonably necessary to discharge the Consulting Services; provided, however, that in no event shall the Consulting Services provided hereunder cause the termination of your employment with the Company to cease to be a "separation from service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder.

Expenses. Except to the extent equivalent benefits are provided by B/E Aerospace, Inc., KLX Inc. (or any of their respective successors), during the Consulting Period, the Company shall:

provide you with an office at such location as is reasonably agreed by you and the Company;

provide you with a full time assistant to be selected by you;

provide you with the automobile benefit contemplated by your employment letter by and between you and the Company, dated as of **[·]**, 2018 (the "Employment Letter");

provide you with the travel benefits contemplated under the Employment Letter as well as the travel benefits under the Company's Aircraft Usage Policy on a basis at least as favorable to such policy as in effect on the effective date of the Company's spin-off from KLX Inc., which shall include, among other things, personal and family use of the Company's G450 aircraft through the end of its current lease, and thereafter, on a G450 or equivalent aircraft; and

pay or reimburse you for reasonable out-of-pocket expenses incurred in connection with your performance of the Consulting Services in accordance with past practices within thirty (30) days following submission of documentation and substantiation of such expenses; provided, however, that (x) in no event may you seek to receive any reimbursement less than thirty (30) days prior to the last day of the calendar year following the calendar year in which the related expense was incurred, and (y) no amount reimbursed during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year.

Nature of the Relationship.

Independent Contractor. You acknowledge that the Consulting Services shall be performed in the capacity of an "independent contractor," that you are solely responsible for determining your actions or inactions in carrying out and performing the Consulting Services, and that nothing in this Agreement shall be construed to create an employment relationship between you and the Company. You agree that, with respect to the Consulting Services provided hereunder, you are not an employee of the Company for any purpose, including, without limitation: (i) for federal, state or local tax, employment, withholding or reporting purposes; or (ii) for eligibility or entitlement to any benefit under any of the Company's employee benefit plans (including, without limitation, those plans that are subject to the Employee Retirement Income Security Act of 1974, as amended), incentive compensation or other employee programs or policies, except as provided in this Agreement, the Employment Letter or as otherwise required by applicable law.

Code of Conduct. During the Consulting Period, you shall comply with the Company's Code of Business Conduct and its Delegations of Authority, each as in effect from time to time (as if you were a non-management employee with respect to the Delegations of Authority policy).

Payment of Taxes. You shall be responsible for and shall maintain adequate records of expenses that you incur in the course of performing the

Consulting Services hereunder and shall be solely responsible for and shall file, on a timely basis, tax returns and payments required to be filed with or made to any federal, state or local tax authority with respect to your performance of the Consulting Services. Neither federal, state, nor local income tax of any kind shall be withheld or paid by the Company with respect to any amount paid to you pursuant to this Agreement. You agree that you are responsible for withholding and paying all taxes as required.

Indemnification. To the fullest extent permitted under applicable laws, rules and regulations and the Company's applicable corporate governance documents, the Company agrees to defend, indemnify and hold you harmless from any loss, liability, cost and expense (including, but not limited to, reasonable attorney's fees) incurred by you as a result of you being made a party to any action or proceedings by reason of your provision of the Consulting Services.

Consulting Fees. During the Consulting Period, you shall receive a consulting fee of ten thousand dollars ($10,000) per calendar year (the "Fees"), payable in monthly installments in arrears on the last day of the month (pro-rated for partial months).

Amendment, Modification or Termination of Agreement. The Consulting Period may not be terminated (except as provided in Section 7 hereof), and the terms and conditions of this Agreement cannot be amended, modified or terminated without the prior written consent of both parties hereto.

Proprietary Rights Agreement. The restrictive covenant obligations set forth in the Proprietary Rights Agreement attached as Exhibit B to the Employment Letter are incorporated herein by reference and shall have the same legal force and effect as if fully set forth herein.

Effect of Death or Incapacity. In the event of the termination of the Consulting Period and your services hereunder due to death or incapacity, you or your estate or designated beneficiary, as applicable, shall be entitled to a lump sum payment equal to the total amount of Fees payable to you for the remainder of the Consulting Period. Such lump sum payment shall be made within ten (10) business days following the date of termination.

Documents and Materials. Upon the termination of the Consulting Period, or at any other time upon the Company's request, you shall promptly deliver to the Company, without retaining any copies, all documents and other materials furnished to you by the Company, prepared by you for the Company or otherwise relating to the Company's business, including, without limitation, all written and tangible material in your possession incorporating any "Proprietary Information" (as defined in the Employment Agreement).

General Provisions.

Entire Agreement. This Agreement and the Employment Letter (and the exhibits thereto) represent the entire agreement of the parties and shall supersede

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any and all previous contracts, arrangements or understandings between you and the Company.

Governing Law. This Agreement will be governed by and construed in accordance with the laws of Florida, without giving effect to the conflicts of laws principles thereof.

Enforceability; Waiver. If any arbitrator or court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then such invalidity or unenforceability shall have no effect on the other provisions of this Agreement, which shall remain valid, binding and enforceable and in full force and effect, and such invalid or unenforceable provision shall be construed, blue-penciled or reformed by the court or arbitrator in a manner so as to give the maximum valid and enforceable effect to the intent of the parties expressed in such provision. Your or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right that you or the Company may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Similarly, the waiver by any party hereto of a breach of any provision of this Agreement by the other party will not operate or be construed as a waiver of any other or subsequent breach by such other party.

Headings. The descriptive headings in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed an original but all of which together shall constitute one and the same agreement.

Signatures. Each party's signature on the lines below constitutes his or its agreement with each provision contained in this Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto execute this Agreement as of the date first above written.

EXECUTIVE

_____
Amin J. Khoury

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____
Name: _____
Title: _____

Exhibit 10.2

FORM OF LETTER AGREEMENT BETWEEN THOMAS P. MCCAFFREY AND KLX ENERGY SERVICES HOLDINGS, INC.

KLX Energy Services Holdings, Inc.
1300 Corporate Center Way
Wellington, FL 33414

[·], 2018

Mr. Thomas P. McCaffrey
Senior Vice President and Chief Financial Officer
1300 Corporate Center Way
Wellington, FL 33414

Re: Terms of Employment

Dear Mr. McCaffrey:

This letter agreement confirms the terms and conditions of your employment with KLX Energy Services Holdings, Inc. (the ***Company***) as set forth below:

Start Date: [·], 2018.

Title and Reporting: During the term of your employment with the Company, you will serve as Senior Vice President and Chief Financial Officer of the Company and its subsidiaries, and you will report directly to the Company's Chief Executive Officer.

Duties and Responsibilities: You will have the duties and responsibilities that are normally associated with the position described above. In addition, you are hereby expressly permitted to continue to serve as an employee, executive officer, director or consultant of KLX Inc.

Cash Compensation: During the period of your employment with the Company, the Company will pay you a cash base salary at the annual rate of one dollar ($1) in accordance with the usual payroll practices of the Company and subject to any applicable withholdings and deductions. In addition, during the period of your employment with the Company, you may receive cash incentive compensation in the discretion of the Compensation Committee of the Company's Board of Directors (the ***Committee***), but you will not have any contractual entitlement to receive any such cash incentive compensation.

Incentive Equity: Promptly following completion of the Company's spin-off from KLX Inc., the Company will grant you a restricted stock award on the common stock of the Company pursuant to the Company's Long-Term Incentive Plan (the ***LTIP***) (i) representing three percent (3%) of the Company's common stock on a fully diluted basis as of the effective date of the Company's spin-off from KLX Inc., (ii) to become vested in four (4) equal annual installments on each of the first four (4) anniversaries of the effective date of the Company's spin-off from KLX Inc., subject to your continued employment or other service with the Company on each applicable vesting date (and subject to the following clause (iii)), (iii) to become fully vested (A) upon an involuntary termination of your employment by the Company, (B) upon your death or "Disability" (as defined in the LTIP), (C) upon your voluntary retirement from the Company, subject to the consent of the Committee, or (D) upon the occurrence of a "Change in Control" (as defined in the LTIP) of the Company, and (iv) to be subject to

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such other terms and conditions as are set forth in the form of restricted stock award agreement as set forth on ***Exhibit A*** hereto. You will also be considered to receive additional equity or other long-term incentive awards from the Company in the future. The level of such participation, if any, will be determined in the sole discretion of the Company's Board of Directors (or the Committee) from time to time.

Monthly Automobile Allowance: During the period of your employment with the Company, you will receive either an automobile owned or leased by the Company or a monthly automobile allowance, as reasonably determined by the Company, which automobile or allowance will be at least equivalent (i.e., the same make and model, or equivalent value thereof) to that which KLX Inc. is currently providing to you. To the extent that the Company elects to provide a monthly automobile allowance, such allowance will be paid in accordance with Company policy, but in any event, no later than on a monthly basis in arrears.

Employee Benefits, Vacation and Business Expenses: Except to the extent equivalent benefits are provided by KLX Inc. or its successors or affiliates, during the period of your employment with the Company: (i) you will be eligible to participate in all health, welfare, life insurance and retirement plans of the Company, and reimbursement of financial and estate planning costs and expenses, and (ii) you will be entitled to all rights and benefits pursuant to the Company's travel policy, including, without limitation, personal and business use of the Company's corporate aircraft. You also will be entitled to annual paid time off in accordance with the Company's policy on accrual and use generally applicable to employees of the Company from time to time; ***provided*** that your prior employment and service with each of B/E Aerospace, Inc. and KLX Inc. will be taken into account with respect to your annual paid time off entitlement. Finally, upon presentation of reasonable substantiation and documentation, you will be reimbursed for all out-of-pocket business expenses incurred and paid by you during your employment with the Company and in connection with the performance of your duties hereunder in accordance with Company policy.

Indemnification; Directors' and Officers' Liability Insurance: Both during and after the period of your service with the Company, regardless of the reason for termination, the Company hereby agrees to indemnify you and hold you harmless to the maximum extent permitted by applicable law against and in respect of any and all actions, suits, proceedings, investigations, claims, demands, judgments, costs, expenses (including reasonable attorney's fees), losses, and damages resulting from your performance of your duties and obligations with the Company hereunder. The Company will advance to you as incurred any costs and expenses (including attorney's fees) incurred in the defense of any such action, suit, proceeding or investigation, subject to any limitation pursuant to applicable law. The Company will cover you under directors' and officers' liability insurance both during and, while potential liability exists, after the term of your service with the Company in the same amount and to the same extent as the Company covers its other active officers and directors. The foregoing obligations will survive the termination of your service with the Company.

Proprietary Rights Agreement; Code of Conduct: Contemporaneously with the execution of this letter agreement, you will enter into the Proprietary Rights Agreement regarding certain obligations relating to business, confidential and/or proprietary information of the Company in the form attached as ***Exhibit B*** hereto. You also acknowledge and agree that, during the period of your employment with the Company and thereafter, as applicable, you will be subject to the Company's Code of Conduct and other employment policies, as may be amended from time to time.

At-Will Employment: Your employment with the Company will be "at-will." You may resign at any time with or without notice for any (or no) reason. The Company may terminate your employment at any time, upon at least twelve (12) months' prior written notice, for any (or no) reason. You will not

have any contractual right to severance benefits in connection with any termination of your employment with the Company, except for the accelerated vesting of the incentive equity award contemplated in this letter agreement, or except as may be otherwise provided in any severance plan or policy generally applying to employees of the Company, or as may be otherwise determined by the Committee in its sole discretion.

Governing Law: This letter agreement will be governed by, and construed under and in accordance with, the internal laws of the State of Florida, without regard to the choice of law principles thereof, except that all matters related to the LTIP and any equity awards granted thereunder, will be governed by the internal laws of the State of Delaware, without regard to the choice of law principles thereof.

Entire Agreement: This letter agreement constitutes the entire agreement between you and the Company with respect to the subject matter hereof and supersedes any and all prior agreements or understandings between you and the Company with respect to the subject matter hereof, whether written or oral. This letter agreement may be amended or modified only by a written instrument executed by you and the Company.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Very truly yours,

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____

Name: _____

Title: _____

The above terms and conditions accurately reflect our understanding regarding the terms and conditions of my employment with the Company, and I hereby confirm my agreement to the same.

Dated: **[·]**, 2018

_____
Thomas P. McCaffrey

Signature Page to Employment Letter

EXHIBIT A

KLX ENERGY SERVICES HOLDINGS, INC. LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (the "***Award Agreement***") is made effective as of **[·]**, 2018 (the "***Date of Grant***") by KLX Energy Services Holdings, Inc., a Delaware corporation (the "***Company***"), for the benefit of **Thomas P. McCaffrey** (the "***Participant***"). Capitalized terms not otherwise defined herein shall have the same meanings as in the KLX Energy Services Holdings, Inc. Long-Term Incentive Plan (the "***Plan***").

WHEREAS, the Company desires to grant the Restricted Stock provided for herein to the Participant pursuant to the Plan and the terms and conditions set forth herein;

NOW THEREFORE, the Restricted Stock is hereby granted, subject to the following terms and conditions:

Grant of the Award. Subject to the provisions of this Award Agreement and the Plan, the Company hereby grants to the Participant, an aggregate of **<# Shares>(1)** restricted shares of Common Stock (the "***Restricted Stock***"), subject to adjustment as set forth in the Plan.

Incorporation of Plan. The Company has previously provided the Participant with a copy of the Plan. This Award Agreement and the Restricted Stock shall be subject to the Plan, the terms of which are incorporated herein by reference, and in the event of any conflict or

inconsistency between the Plan and this Award Agreement, the Plan shall govern. Defined terms used herein without definition shall have the meanings ascribed thereto in the Plan.

Vesting Schedule. Unless previously vested or canceled in accordance with the provisions of the Plan or this Award Agreement, subject to the Participant's continued employment or other service with the Company or its subsidiaries on each applicable vesting date (except as otherwise provided herein), one fourth ($1/4^{th}$) of the shares of Restricted Stock shall vest on each of the first, second, third and fourth anniversaries of the Date of Grant and shall no longer be subject to cancellation pursuant to Section 4 or the transfer restrictions set forth in Section 5.

Accelerated Vesting. Subject to the following sentence and consistent with the terms and conditions set forth in the Incentive Equity provision of that certain employment letter, by and between the Participant and the Company, dated as of **[·]**, 2018 (the "***Employment Letter***"), if, prior to the vesting of all shares of Restricted Stock hereunder, (A) the Participant's service with the Company is: (i) involuntarily terminated by the Company for any reason, (ii) voluntarily terminated by the Participant due to the Participant's retirement from the Company, with the express consent of the Committee, (iii) terminated due to death or Disability or (B) a Change in Control occurs while the Participant remains in the continued service of the Company, then, in each case, all of the unvested shares of Restricted Stock shall vest immediately as of the date of such termination or Change in Control, as applicable, and shall no longer be subject to cancellation or the transfer restrictions set forth in Section 5. The Participant and the Company agree to sign a mutual waiver and release of claims agreement, effective as of the date of termination, as a condition to the accelerated vesting of all then-unvested shares of the Participant's Restricted Stock described in Section 4(A), substantially in the form attached hereto as Exhibit A (the "***Mutual Waiver and Separation Agreement***"). For the avoidance of doubt, in the event that the Participant becomes a consultant or director of the Company following termination of the Participant's employment with the Company, no termination of service shall be deemed to occur for purposes of the continued vesting of the Restricted Stock hereunder until such time as the Participant is no longer an employee, a consultant or a director of the Company.

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(1) Number of restricted shares to represent three percent (3%) of the Company's common stock on a fully diluted basis as of the effective date of the Company's spin-off from KLX Inc.

Nontransferability of Restricted Stock. Unless otherwise determined by the Committee, the Restricted Stock may not be transferred, pledged, alienated, assigned or otherwise attorned other than by last will and testament or by the laws of descent and distribution or pursuant to a domestic relations order, as the case may be; *provided*, *however*, that the Committee may, subject to such terms and conditions as it shall specify, permit the transfer of the Restricted Stock, including, without limitation, for no consideration to a charitable institution or a Permitted Transferee. Any shares of Restricted Stock transferred to a charitable institution may not be further transferable without the Committee's approval and any shares of Restricted Stock transferred to a Permitted Transferee shall be further transferable only by last will and testament or the laws of descent and distribution or, for no consideration, to another Permitted Transferee of the Participant.

Rights as a Stockholder. The Participant shall have, with respect to the Restricted Stock, all the rights of a stockholder of the Company, including, if applicable, the right to vote the Restricted Stock and to receive any dividends or other distributions, subject to the restrictions set forth in the Plan and this Award Agreement.

Dividends and Distributions. Any cash, Common Stock or other securities of the Company or other consideration received by the Participant as a result of a distribution to holders of Restricted Stock or as a dividend on the Restricted Stock shall be subject to the same restrictions as the Restricted Stock, and all references to Restricted Stock hereunder shall be deemed to include such cash, Common Stock or other securities or consideration.

Legend on Certificates. The Committee may cause a legend or legends to be put on certificates representing the Common Stock underlying the Restricted Stock to make appropriate reference to such restrictions as the Committee may deem advisable under the Plan or as may be required by the rules, regulations, and other requirements of the Securities and Exchange Commission, any exchange that lists the Common Stock, and any applicable federal or state laws.

Conditions to Delivery of Common Stock Certificates. The Company shall not be required to deliver any certificate or certificates for shares of Common Stock pursuant to this Agreement prior to fulfillment of all of the following conditions:

(a) The obtaining of any approval or other clearance from any state or federal governmental agency which the Committee determines to be necessary or advisable; and

(b) The lapse of such reasonable period of time as the Committee may from time to time establish for reasons of administrative convenience.

Physical Custody. The Restricted Stock may be issued in certificate form or electronically in "book entry". The Secretary of the Company or such other representative as the Committee may appoint shall retain physical custody of each certificate representing Restricted Stock until all of the restrictions imposed under this Award Agreement with respect to the shares evidenced by such certificate expire or are removed. In no event shall the Participant retain physical custody of any certificates representing unvested Restricted Stock assigned to the Participant.

No Entitlements.

(a) No Right to Continued Service. This award is not an employment or other service agreement, and nothing in this Award Agreement or the Plan shall (i) alter the Participant's status as an "at-will" employee of the Company, (ii) be construed as guaranteeing the Participant's service with the Company or as giving the Participant any right to continue in the service of the Company during any period or (iii) be construed as giving the Participant any right to be reemployed by the Company following any termination of service.

(b) No Right to Future Awards. This award of Restricted Stock and all other equity-based awards under the Plan are discretionary. This award does not confer on the Participant any right or entitlement to receive another award of Restricted Stock or any other equity-based award at any time in the future or in respect of any future period, except as otherwise may be provided in the discretion of the Committee.

(c) No Effect on Future Compensation. The Company has made this award of Restricted Stock to the Participant in its sole discretion. This award does not confer on the Participant any right or entitlement to receive compensation in any specific amount for any future fiscal year, and does not diminish in any way the Company's discretion to determine the amount, if any, of the Participant's compensation. In addition, this award of Restricted Stock will not be taken into account in determining any other service-related rights the Participant may have, such as rights to any pension pay.

Taxes and Withholding. No later than the date as of which an amount with respect to the Restricted Stock first becomes includable in the gross income of the Participant for applicable income tax purposes, appropriate arrangements satisfactory to the Committee must be made regarding payment of any federal, state or local taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Committee, in accordance with rules and procedures established by the Committee, the minimum required withholding obligations may be settled in Common Stock, including Common Stock that is part of the award that gives rise to the withholding requirement. The obligations of the Company to deliver the certificates for shares of Common Stock under this Award Agreement shall be conditional upon such payment or arrangements and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant, including, without limitation, by withholding shares of Common Stock to be delivered upon vesting.

Section 83(b) Election. If, within 30 days following the Date of Grant, the Participant makes an election under Section 83(b) of the Code, or any successor section thereto, to be taxed with respect to all or any portion of the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Committee may require the Participant to deliver a copy of such election to the Company immediately after filing such election with the Internal Revenue Service.

Securities Laws. In connection with the grant or vesting of the Restricted Stock, the Committee may require such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Award Agreement.

General Provisions.

(a) Notices. Any notice necessary under this Award Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the records of the Company for the Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Notwithstanding the foregoing, the Company may deliver notices to the Participant by means of email or other electronic means that are generally used for employee communications. Any such notice shall be deemed effective upon receipt thereof by the addressee.

(b) Headings. The headings of sections and subsections are included solely for convenience of reference and shall not affect the meaning of the provisions of this Award Agreement.

(c) Entire Agreement. This Award Agreement, the Employment Letter, the Mutual Waiver and Separation Agreement and the Plan constitute the entire agreement with regard to the subject matter

hereof. They supersede all other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(d) Amendments. The Board or the Committee shall have the power to alter, amend, modify or terminate the Plan or this Award Agreement at any time; *provided*, *however*, that no such termination, amendment or modification may adversely affect the Participant's rights under this Award Agreement without the Participant's consent. Any amendment, modification or termination shall, upon adoption, become and be binding on all persons affected thereby without requirement for consent or other action with respect thereto by any such person.

(e) Successor. Except as otherwise provided herein, this Award Agreement shall be binding upon and shall inure to the benefit of any successor or successors of the Company, and to any Permitted Transferee pursuant to Section 5.

(f) Choice of Law. Except as to matters of federal law, this Award Agreement and all actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware (other than its conflict of law rules).

[***Remainder of Page Intentionally Left Blank]***

IN WITNESS WHEREOF, the Company has executed this Award Agreement as of the date first written above.

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____

Name: _____

Title: _____

PARTICIPANT

_____

Thomas P. McCaffrey

EXHIBIT A

Form of Mutual Waiver Agreement

SEPARATION AGREEMENT AND MUTUAL RELEASE

This Separation Agreement and Mutual Release (the "***Agreement***"), is made as of , 20 , by and between KLX Energy Services Holdings, Inc., a Delaware corporation (the "***Company***") and Thomas P. McCaffrey ("***Employee***"), for the purpose of memorializing the terms and conditions of the Employee's departure from the Company's employment.

Now, therefore, in consideration of the sum of one dollar ($1.00) and the mutual promises, agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, (the "***Settlement Consideration***"), the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Termination; Employment Letter**. Effective , 20 , Employee's employment with the Company was terminated. Upon Employee's termination, Employee and the Company shall each have those respective surviving rights, obligations and liabilities described in that certain Employment Letter, dated as of **[·]**, by and between Employee and the Company (the "***Employment Letter***") and that certain Restricted Stock Award Agreement, dated as of **[·]**, by and between Employee and the Company (the "***Restricted Stock Agreement***").

2. **Non-Released Claims**.

(a) Employee Non-Released Claims. It is explicitly agreed, understood and intended that the general release of claims provided for in this Agreement shall not include or constitute a waiver of the Company's, its agent, representative or designee's obligations to Employee (i) that are specified in the Employment Letter as surviving the termination of Employee's employment, (ii) that arise out of or from *respondeat superior* principles, (iii) for claims for indemnification and defense under any organizational documents, agreement, insurance policy, or at law or in equity concerning either the Company, its subsidiaries, affiliates, directors, officers or employees, (iii) concerning any deferred compensation plan, 401(k) plan, equity plan or retirement plan and (iv) any claims not waivable under applicable law, collectively, the "***Employee Non-Released Company Claims***".

(b) Company Non-Released Claims. It is explicitly agreed, understood and intended that the general release of claims provided for in this Agreement shall not include or constitute a waiver of (i) the Employee's obligations to the Company concerning the Company's confidential information and proprietary rights that survive Employee's termination of employment, including those specified in that certain Proprietary Rights Agreement, dated as of **[·]**, 2018, by and between Employee and the Company (the "***Proprietary Rights Agreement***") (ii) any claim of the Company for fraud based on willful and intentional acts or omissions of Employee, other than those taken in good faith and in a manner that Employee believed to be in or not opposed to the interests of the Company, proximately causing a financial restatement by the Company and (iii) any claims not waivable by the Company under applicable law, collectively, the "***Company Non-Released Employee Claims***".

3. **General Release in Favor of the Company**: Employee, for himself and for his heirs, executors, administrators, trustees, legal representatives and assigns (collectively, the "***Releasers***"), hereby forever releases and discharges the Company, its Board of Directors, and any of its past, present, or future parent corporations, subsidiaries, divisions, affiliates, officers, directors, agents, trustees, administrators, attorneys, employees, employee benefit and/or pension plans or funds (including qualified and non-qualified plans or funds), successors and/or assigns and any of its or their past, present or future parent corporations, subsidiaries, divisions, affiliates, officers, directors, agents, trustees, administrators, attorneys, employees, employee benefit and/or pension plans or funds (including qualified and non-qualified plans or funds), successors and/or assigns (whether acting as agents for the Company or in their individual capacities) (collectively, the "***Releasees***") from any and all claims, demands, causes of action, and liabilities of any kind whatsoever (upon any legal or equitable theory, whether contractual, common-law, statutory, federal, state, local, or otherwise), whether known or unknown, by reason of any act, omission, transaction or occurrence which Releasers ever had, now have or hereafter can, shall or may have against Releasees up to and including the date of the execution of this Agreement, except for the Employee Non-Released Company Claims. Without limiting the generality of the foregoing, Releasers hereby release and discharge Releasees from:

(a) any and all claims for backpay, frontpay, minimum wages, overtime compensation, bonus payments, benefits, reimbursement for expenses, or compensation of any kind (or the value thereof), and/or for liquidated damages or punitive damages (under any applicable statute or at common law);

(b) any and all claims, relating to Employee's employment by the Company, the terms and conditions of such employment, employee benefits related to Employee's employment, the termination of Employee's employment, and/or any of the events relating directly or indirectly to or surrounding such termination;

(c) any and all claims of discrimination, harassment, whistle blowing or retaliation in employment (whether based on federal, state or local law, statutory or decisional), including without limitation, all claims under the Age Discrimination in Employment Act of 1967, as amended, Title VII of

the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Civil Rights Act of 1866, 42 USC §§ 1981-86, as amended, the Equal Pay Act, the Fair Labor Standards Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the Florida Civil Rights Act of 1992, the Florida Whistle-Blower Law (Fla. Stat. § 448.101 et seq.), the Florida Equal Pay Act, and waivable rights under the Florida Constitution;

(d) any and all claims under any contract, whether express or implied;

(e) any and all claims for unintentional or intentional torts, for emotional distress and for pain and suffering;

(f) any and all claims for violation of any statutory or administrative rules, regulations or codes;

(g) any and all claims for attorneys' fees, costs, disbursements, wages, bonuses, benefits, vacation and/or the like;

which Releasers ever had, now have or hereafter can, shall or may have against Releasees for, upon or by reason of any act, omission, transaction or occurrence up to and including the date of the execution of this Agreement, except for the Employee Non-Released Company Claims.

4. **General Release in Favor of Employee**. The Releasees, and each of them, hereby release Releasers, and each of them, from all claims or causes of action whatsoever, known or unknown, including any and all claims of the common law of the State of Florida, including but not limited to breach of contract (whether written or oral), promissory estoppel, defamation, unjust enrichment, or claims for attorneys' fees and costs and all claims which were alleged or could have been alleged against the Employee which arose from the beginning of the world to the date of this Agreement, except for the Company Non-Released Employee Claims.

5. **Reserved.**

6. **Covenants not to Sue**.

(a) Employee Covenant not to Sue. Employee represents and warrants that to date, he has not filed any lawsuit, action, complaint or charge of any kind with any federal, state, or county court or administrative or public agency against the Company or any other Releasee. Without in any way limiting the generality of the foregoing, Employee hereby covenants not to sue or to assert, prosecute, or maintain, directly or indirectly, in any form, any claim or cause of action against any person or entity being released pursuant to this Agreement with respect to any matter, cause, omission, act, or thing whatsoever, occurring in whole or in part on or at any time prior to the date of this Agreement, except for the Employee Non-Released Company Claims. Employee agrees that he will not seek or accept any award or settlement from any source or proceeding with respect to any claim or right waived in this Agreement.

(b) Company Covenant not to Sue. The Company represents and warrants that to date, it has not filed any lawsuit, action, complaint or charge of any kind with any federal, state, or county court or administrative or public agency against Employee or any other Releaser. Without in any way limiting the generality of the foregoing, the Company hereby covenants not to sue or to assert, prosecute, or maintain, directly or indirectly, in any form, any claim or cause of action against any person or entity being released pursuant to this Agreement with respect to any matter, cause, omission, act, or thing whatsoever, occurring in whole or in part on or at any time

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prior to the date of this Agreement, except for the Company Non-Released Employee Claims. The Company agrees that it will not seek or accept any award or settlement from any source or proceeding with respect to any claim or right waived in this Agreement.

7. **No Admission**. The making of this Agreement is not intended, and shall not be construed, as an admission that the Company or any of the Releasees, has violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrongdoing whatsoever.

8. **Effectiveness**. This Agreement shall not become effective until the eighth day following Employee's signing of this Agreement ("***Effective Date***") and Employee may at any time prior to the Effective Date revoke this Agreement by giving notice in writing of such revocation to:

KLX Energy Services Holdings, Inc.
1300 Corporate Center Way,
Wellington, FL 33414
Attn: General Counsel

In the event that Employee revokes this Agreement prior to the eighth day after his execution thereof, this Agreement, and the promises contained herein, shall automatically be deemed null and void.

9. **Employee Acknowledgement**. Employee acknowledges that he has been advised in writing to consult with an attorney before signing this Agreement, and that Employee has been afforded the opportunity to consider the terms of this Agreement for twenty-one (21) days prior to its execution. Employee further acknowledges that he has read this Agreement in its entirety, that he fully understands all of its terms and their significance, that he has signed it voluntarily and of Employee's own free will, and that Employee intends to abide by its provisions without exception.

10. **Severability**. If any provision of this Agreement is held by a court of competent jurisdiction to be illegal, void or unenforceable, such provision shall have no effect, however, the remaining provisions shall be enforced to the maximum extent possible.

11. **Entire Agreement**. This Agreement, the Restricted Stock Agreement, the Proprietary Rights Agreement and the Employment Letter, taken together, constitute the complete understanding between the parties and supersedes all such prior agreements between the parties and may not be changed orally. Employee acknowledges that neither the Company nor any representative of the Company has made any representation or promises to Employee other than as set forth herein or therein. No other promises or agreements shall be binding unless in writing and signed by the parties.

12. **General Provisions**.

(a) Governing Law; Jurisdiction; Venue. This Agreement shall be enforced, governed and interpreted by the laws of the State of Florida without regard to Florida's conflict of laws principles. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled in a court of competent jurisdiction in the State of Florida in Palm Beach County. Each party consents to the jurisdiction of such Florida court in any such civil action or legal proceeding and waives any objection to the laying of venue in such Florida court.

(b) Prevailing Party. In the event of any litigation, dispute or contest arising from a breach of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable costs incurred in connection with such litigation, dispute or contest, including without limitation, reasonable attorneys' fees, disbursement and costs, and experts' fees and costs.

(c) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed as an original, but all of which together shall constitute one and the same instrument.

(d) Binding Effect. This Agreement is binding upon, and shall inure to the benefit of, the parties, the Releasers and the Releasees and their respective heirs, executors, administrators, successors and assigns.

(e) Interpretation. Should any provision of this Agreement require interpretation or construction, it is agreed by the parties that the entity interpreting or construing this Agreement shall not apply a presumption that the provisions hereof shall be more strictly construed against one party who prepared the Agreement, it being agreed that all parties have participated in the preparation of all provisions of this Agreement.

(f) Defense of Trade Secrets Act. Notwithstanding anything to the contrary in this Agreement or otherwise, Employee understands and acknowledges that the Company has informed Employee that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for (i) the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or (ii) the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal. Additionally, notwithstanding anything to the contrary in this Agreement or otherwise, Employee understands and acknowledges that the Company has informed Employee that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to a court order.

(g) Whistleblowing. Nothing in this Agreement or any other agreement between Employee and the Company shall be interpreted to limit or interfere with Employee's right to report good faith suspected violations of law to applicable government agencies, including the Equal Employment Opportunity Commission, National Labor Relation Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other applicable federal, state or local governmental agency, in accordance with the provisions of any "whistleblower" or similar provisions of local, state or federal law. Employee may report such suspected violations of law, even if such action would require Employee to share the Company's proprietary information or trade secrets with the government agency, provided that any such information is protected to the maximum extent permissible and any such information constituting trade secrets is filed only under seal in connection with any court proceeding. Lastly, nothing in this Agreement or any other agreement between Employee and the Company will be interpreted to prohibit Employee from collecting any financial incentives in connection with making such reports or require Employee to notify or obtain approval by the Company prior to making such reports to a government agency.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Separation Agreement and Mutual Release as of the date first written above.

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____

_____
Thomas P. McCaffrey

PRINT NAME:

TITLE:

STATE OF FLORIDA)

) ss.

COUNTY OF)

I HEREBY CERTIFY, that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Thomas P. McCaffrey, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he/she executed the same. This individual is personally known to me or has produced a as identification and did take an oath.

SWORN TO AND SUBSCRIBED before me this day of , 20 .

_____
Notary Public

My Commission Expires:

EXHIBIT B

KLX ENERGY SERVICES HOLDINGS, INC. PROPRIETARY RIGHTS AGREEMENT

This Proprietary Rights Agreement ("**Agreement**") is intended to set forth in writing my responsibility to KLX Energy Services Holdings, Inc. and/or any of its subsidiaries or affiliated businesses (collectively, the "**Company**") during my employment, consultancy, and/or tenure as an independent contractor with the Company and thereafter. I recognize that the Company is engaged in a continuous program of research, development and production respecting its business, present and future. As part of my employment, consultancy, and/or tenure as an independent contractor with the Company, I have certain obligations relating to business, confidential and/or proprietary information of the Company.

I acknowledge and agree that:

Agreement and Effective Date

This Agreement shall be effective on, the first day of my employment, consultancy, and/or tenure as an independent contractor with the Company and shall continue in effect throughout my employment, consultancy, and/or tenure as an independent contractor (the "**Agreement Period**"). As an inducement to, and in consideration of, my acceptance and/or continuation of employment, consultancy, and/or tenure as an independent contractor with the Company, and the Company's compensating me for services and extending to me certain other benefits of a compensatory nature, but without any obligation on the Company's part to continue such employment, compensation or benefits for any specified period whatsoever, I agree to protect, safeguard and maintain the integrity and confidentiality of the Company's valuable assets and legitimate business interests in accordance with the terms and conditions set forth in this Agreement.

Confidentiality

Permitted Use. I will maintain in confidence and will not disclose or use, either during or after the Agreement Period, any "**Proprietary Information**", whether or not in written form, except to the extent required to perform my duties on behalf of the Company.

Definition of Proprietary Information. As used in this Agreement, Proprietary Information means all of the following materials and information that I use, receive, have access to, conceive or develop or have used, received, conceived or developed, in whole or in part, in connection with my employment, consultancy and/or tenure as an independent contractor with the Company:

Written materials of the Company;

The names and information relating to customers and prospective customers of the Company and/or persons, firms, corporations or

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other entities with whom the Company has provided goods or services at any time, including contact persons, addresses and phone numbers, their characteristics and preferences and types of services provided to or received from those customers and prospective customers;

The terms of various agreements between the Company and any third parties, including without limitation, the terms of customer agreements, vendor or supplier agreements, lease agreements, advertising agreements, fee arrangements, terms of dealing and the like;

Any data or database, trading algorithms or processes, or other information compiled by the Company, including, but not limited to, customer lists, customer information, information concerning the Company, or any business in which the Company is engaged or contemplates becoming engaged, any company with which the Company engages in business, any customer, prospective customer or other person, firm or corporation to whom or which the Company has provided goods or services or to whom or which any employee of the Company has provided goods or services on behalf of the Company, or any compilation, analysis, evaluation or report concerning or deriving from any data or database, or any other information;

All policies, procedures, strategies and techniques regarding the services performed by the Company or regarding the training, marketing and sales of the Company, either oral or written. The Company's internal corporate policies and practices related to its services, price lists, fee arrangements and terms of dealings with customers or potential customers or vendors. Information relating to formulas, records, research and development data, trade secrets, processes, other methods of doing business, forecasts and business and marketing plans;

Any other information, data, know-how or knowledge of a confidential or proprietary nature observed, used, received, conceived or developed by me in connection with my employment, consultancy, and/or tenure as an independent contractor by the Company, including and not limited to the Company's methodologies, price strategies, price lists, costs and quantities sold, financial and sales information, including, but not limited to, the Company's financial condition, business interests, initiatives, objectives, plans or strategies; internal information regarding personnel identity, skills, compensation, organizational charts, budgets or costs of individual departments, and the compensation paid to those working for or who provide services to the Company; and performance of

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investments, funds or portfolio companies, including any "track record" or other financial performance information or results;

All other non-public information regarding the amount and nature of the capital and assets owned or controlled by, or net worth of, the Company and/or any of the Company's shareholders, members, partners, employees or investors; the investments made, directly or indirectly, by the Company (including, but not limited to, any partnerships, corporations or other entities in which the Company may invest and the assets which any of those entities acquires); the expected or actual rates of return or holding periods of any investment by the Company; the respective interest in any investment of any of its shareholders, members, partners or investors or the manner in which those interests are held; the identities of the other persons or entities who participate in any investment made by the Company; and financial statements, projections, budgets and market information;

All discoveries, software (including, without limitation, both source code and object code), models, drawings, photographs, specifications, trademarks, formulas, patterns, devices, compilations and all other proprietary know-how and technology, whether or not patentable or copyrightable, and all copies and tangible embodiments of any of the foregoing, and that have been or will be created for the Company by me, whether alone or with others;

The Company's inventions, products, research and development, production processes, manufacturing and engineering processes, machines and equipment, finances, customers, marketing, and production and future business plans, information belonging to customers or suppliers of the Company disclosed incidental to my employment, consultancy, and/or tenure as an independent contractor and any other information which is identified as confidential by the Company; and

"**Trade Secrets**", which shall include, but not be limited to, information regarding formulas, processes or methods that: (a) derive independent economic value, actual or potential, from not being generally known to or readily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use; and (b) is the subject of reasonable efforts by the Company to maintain its secrecy. "Trade Secrets" shall also include all other information or data that qualifies as a trade secret under applicable law.

Trade Secrets

Use and Return of Proprietary Information and Trade Secrets:

I agree that, upon termination of my employment (if applicable) and/or tenure as an independent contractor with the Company for any reason (regardless of whether or not the Company retains me as a consultant) or at any other time upon the Company's request, I shall return to Company, without retaining any copies, all Proprietary Information and Trade Secrets, as well as all other Company's documents and other materials, which are in my possession regardless of the form in which any such materials are kept;

I acknowledge that all documents, in hard copy or electronic form, received, created or used by me in connection with my employment, consultancy, and/or tenure as an independent contractor with the Company are and will remain the property of the Company. I agree to return all such documents (including all copies) promptly upon the termination of my employment, consultancy, and/or tenure as an independent contractor, certify that no other documents remain, and agree that, during or after my employment, consultancy, and/or tenure as an independent contractor, I will not, under any circumstances, without the written consent of the Company, disclose those documents to anyone outside the Company or use those documents for any purpose other than the advancement of the Company's interests;

Defense of Trade Secrets Act. Notwithstanding anything to the contrary, I understand and acknowledge that the Company has informed me that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for (i) the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal. Additionally, notwithstanding anything to the contrary, I understand and acknowledge that the Company has informed me that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to a court order.

No Conflicting Obligations

Except as otherwise set forth in the Employment Letter, my performance of this Agreement does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by me prior to my employment, consultancy, and/or tenure as an independent contractor with the Company. I will not disclose, induce, or permit the Company to, either directly or indirectly, use, any confidential or

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proprietary information or material belonging to any previous employer or other person or entity. Except as otherwise set forth in the Employment Letter, I am not a party to any other agreement that will interfere with my full compliance with this Agreement. I will not enter into any agreement, whether written or oral, conflicting with the provisions of this Agreement.

Whistleblowing

Nothing in this Agreement or any other agreement between you and the Company shall be interpreted to limit or interfere with your right to report good faith suspected violations of law to applicable government agencies, including the Equal Employment Opportunity Commission, National Labor Relation Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other applicable federal, state or local governmental agency, in accordance with the provisions of any "whistleblower" or similar provisions of local, state or federal law. You may report such suspected violations of law, even if such action would require you to share the Company's Proprietary Information or Trade Secrets with the government

agency, provided that any such Proprietary Information is protected to the maximum extent permissible and any such information constituting Trade Secrets is filed only under seal in connection with any court proceeding. Lastly, nothing in this Agreement or any other agreement between you and the Company will be interpreted to prohibit you from collecting any financial incentives in connection with making such reports nor to require you to notify or obtain approval by the Company prior to making such reports to a government agency.

Survival

Notwithstanding the termination of the Agreement Period, this Agreement shall survive such termination and continue in accordance with its terms and conditions. Unless provided otherwise in a written contract with the Company, this Agreement does not in any way restrict my right or the right of the Company to terminate my employment, consultancy, and/or tenure as an independent contractor at any time, for any reason or for no reason.

Specific Performance

A breach of any of the promises or agreements contained herein will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law, and the Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages, if appropriate).

Waiver

The waiver by the Company of a breach of any provision of this Agreement by me will not operate or be construed as a waiver of any other or subsequent breach by me.

Severability

If any part of this Agreement is found invalid or unenforceable, that part will be amended to achieve as nearly as possible the same economic effect as the original provision and the remainder of this Agreement will remain in full force.

Governing Law

This Agreement will be governed by and construed in accordance with the laws (other than the conflict of laws rules) of the state of Florida.

Entire Agreement

Except for the Employment Letter (and the exhibits thereto), this Agreement constitutes the entire agreement between the parties relating to this subject matter and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral, except for prior proprietary rights agreements which shall for the period prior to the effective date of this Agreement be deemed to be in addition to, and not in lieu of, this Agreement for such prior period. This Agreement may be amended or modified only with the written consent of both me and the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

Assignment

This Agreement may be assigned by the Company. I may not assign or delegate my duties under this Agreement without the Company's prior written approval. This Agreement shall be binding upon my hairs, successors and permitted assignees.

Date: _____

EMPLOYEE

_____
(Name)

_____
(Printed Name)

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____

Title: _____

Signature Page to the Proprietary Rights Agreement

Exhibit 10.3

FORM OF CONSULTING AGREEMENT BETWEEN AMIN J. KHOURY AND KLX ENERGY SERVICES HOLDINGS, INC.

[Insert Date]

Mr. Amin J. Khoury
c/o KLX Energy Services Holdings, Inc.
1300 Corporate Center Way,
Wellington, FL 33414

Consulting Agreement

Dear Mr. Khoury:

This letter agreement (the "Agreement") confirms the agreement between KLX Energy Services Holdings, Inc. (the "Company") and you to engage in a consulting arrangement and sets forth the agreement between the Company and you regarding the terms of such consulting arrangement.

1. Term. The term of your services pursuant to this Agreement shall commence upon the separation of your employment as an officer and employee of the Company (the "Effective Date") and terminate on the third anniversary of the Effective Date (the "Consulting Period").

2. Consulting Services.

(a) Services. Your services hereunder during the Consulting Period shall consist of strategic planning, financial planning, merger and acquisition advice and consultation to the Company, as well as providing periodic advice and consultation regarding key staffing and recruitment issues and such other services mutually agreed to by you and the Company (the "Consulting Services"). At all times, the Consulting Services shall be non-exclusive and you shall only be required to devote so much time as is reasonably necessary to discharge the Consulting Services; provided, however, that in no event shall the Consulting Services provided hereunder cause the termination of your employment with the Company to cease to be a "separation from service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder.

(b) Expenses. Except to the extent equivalent benefits are provided by B/E Aerospace, Inc., KLX Inc. (or any of their respective successors), during the Consulting Period, the Company shall:

(i) provide you with an office at such location as is reasonably agreed by you and the Company;

(ii) provide you with a full time assistant to be selected by you;

(iii) provide you with the automobile benefit contemplated by your employment letter by and between you and the Company, dated as of **[·]**, 2018 (the "Employment Letter");

(iv) provide you with the travel benefits contemplated under the Employment Letter as well as the travel benefits under the Company's Aircraft Usage Policy on a basis at least as favorable to such policy as in effect on the effective date of the Company's spin-off from KLX Inc., which shall include, among other things, personal and family use of the Company's G450 aircraft through the end of its current lease, and thereafter, on a G450 or equivalent aircraft; and

(v) pay or reimburse you for reasonable out-of-pocket expenses incurred in connection with your performance of the Consulting Services in accordance with past practices within thirty (30) days following submission of documentation and substantiation of such expenses; provided, however, that (x) in no event may you seek to receive any reimbursement less than thirty (30) days prior to the last day of the calendar year following the calendar year in which the related expense was incurred, and (y) no amount reimbursed during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year.

3. Nature of the Relationship.

(a) Independent Contractor. You acknowledge that the Consulting Services shall be performed in the capacity of an "independent contractor," that you are solely responsible for determining your actions or inactions in carrying out and performing the Consulting Services, and that nothing in this Agreement shall be construed to create an employment relationship between you and the Company. You agree that, with respect to the Consulting Services provided hereunder, you are not an employee of the Company for any purpose, including, without limitation: (i) for federal, state or local tax, employment, withholding or reporting purposes; or (ii) for eligibility or entitlement to any benefit under any of the Company's employee benefit plans (including, without limitation, those plans that are subject to the Employee Retirement Income Security Act of 1974, as amended), incentive compensation or other employee programs or policies, except as provided in this Agreement, the Employment Letter or as otherwise required by applicable law.

(b) Code of Conduct. During the Consulting Period, you shall comply with the Company's Code of Business Conduct and its Delegations of Authority, each as in effect from time to time (as if you were a non-management employee with respect to the Delegations of Authority policy).

(c) Payment of Taxes. You shall be responsible for and shall maintain adequate records of expenses that you incur in the course of performing the Consulting Services hereunder and shall be solely responsible for and shall file, on a timely basis, tax returns and payments required to be filed with or made to any federal, state or local tax authority with respect to your performance of the Consulting Services. Neither federal, state, nor local income tax of any kind shall be withheld or paid by the Company with respect to any amount paid to you pursuant to this Agreement. You agree that you are responsible for withholding and paying all taxes as required.

(d) Indemnification. To the fullest extent permitted under applicable laws, rules and regulations and the Company's applicable corporate governance documents, the Company agrees to defend, indemnify and hold you harmless from any loss, liability, cost and expense (including, but not limited to, reasonable attorney's fees) incurred by you as a result of you being made a party to any action or proceedings by reason of your provision of the Consulting Services.

4. Consulting Fees. During the Consulting Period, you shall receive a consulting fee of ten thousand dollars ($10,000) per calendar year (the "Fees"), payable in monthly installments in arrears on the last day of the month (pro-rated for partial months).

5. Amendment, Modification or Termination of Agreement. The Consulting Period may not be terminated (except as provided in Section 7 hereof), and the terms and conditions of this Agreement cannot be amended, modified or terminated without the prior written consent of both parties hereto.

6. Proprietary Rights Agreement. The restrictive covenant obligations set forth in the Proprietary Rights Agreement attached as Exhibit B to the Employment Letter are incorporated herein by reference and shall have the same legal force and effect as if fully set forth herein.

7. Effect of Death or Incapacity. In the event of the termination of the Consulting Period and your services hereunder due to death or incapacity, you or your estate or designated beneficiary, as applicable, shall be entitled to a lump sum payment equal to the total amount of Fees payable to you for the remainder of the Consulting Period. Such lump sum payment shall be made within ten (10) business days following the date of termination.

8. Documents and Materials. Upon the termination of the Consulting Period, or at any other time upon the Company's request, you shall promptly deliver to the Company, without retaining any copies, all documents and other materials furnished to you by the Company, prepared by you for the Company or otherwise relating to the Company's business, including, without limitation, all written and tangible material in your possession incorporating any "Proprietary Information" (as defined in the Employment Agreement).

9. General Provisions.

(a) Entire Agreement. This Agreement and the Employment Letter (and the exhibits thereto) represent the entire agreement of the parties and shall supersede any and all previous contracts, arrangements or understandings between you and the Company.

(b) Governing Law. This Agreement will be governed by and construed in accordance with the laws of Florida, without giving effect to the conflicts of laws principles thereof.

(c) Enforceability; Waiver. If any arbitrator or court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then such invalidity or unenforceability shall have no effect on the other provisions of this Agreement, which shall remain valid, binding and enforceable and in full force and effect, and such invalid or unenforceable provision shall be construed, blue-penciled or reformed by the court or arbitrator in a manner so as to give the maximum valid and enforceable effect to the intent of the parties expressed in such provision. Your or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right that you or the Company may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Similarly, the waiver by any party hereto of a breach of any provision of this Agreement by the other party will not operate or be construed as a waiver of any other or subsequent breach by such other party.

(d) Headings. The descriptive headings in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(e) Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed an original but all of which together shall constitute one and the same agreement.

(f) Signatures. Each party's signature on the lines below constitutes his or its agreement with each provision contained in this Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto execute this Agreement as of the date first above written.

EXECUTIVE

_____
Amin J. Khoury

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____
Name: _____

Title: _____

[SIGNATURE PAGE FOR AMIN KHOURY CONSULTING AGREEMENT]

EMPLOYMENT AGREEMENT

This Employment Agreement (this "***Agreement***") is entered into effective as of February 25, 2015 (the "***Effective Date***"), by and between KLX Inc., a Delaware corporation (the "***Company***"), and Gary J. Roberts (the "***Executive***").

RECITALS

WHEREAS, BEA Logistics Services LLC, a Delaware limited liability company, now known as KLX Energy Services LLC ("***KLXES***") entered into an Asset Purchase Agreement, dated March 13, 2014, by and among, KLXES, Vision Oil Tools, LLC, a Delaware limited liability company ("***Vision Oil***"), Vision Incentive, LLC, a Delaware limited liability company and certain other parties (the "***APA***"), pursuant to which KLXES acquired substantially all of Vision Oil's assets;

WHEREAS, in connection with entering into the APA, KLXES entered into an employment agreement dated April 7, 2014 (the "***Prior Employment Agreement***"), pursuant to which, subject to the closing of the transactions contemplated by the APA, KLXES employed the Executive on a full-time basis;

WHEREAS, in connection with the spin-off of the Company (which included KLXES) from B/E Aerospace, Inc. a Delaware corporation ("***B/E Aerospace***"), the Company wishes to enter into new employment agreements with its executives, including the Executive;

WHEREAS, the Company wishes to employ the Executive and the Executive wishes to accept such employment on the terms and conditions hereafter set forth; and

WHEREAS, pursuant to the APA, the Executive is subject to Non-Competition, Non-Interference, and Confidentiality provisions from certain prior employment agreements, and such restrictive covenants, along with any and all remedies for the Executive's breach of such provisions were specifically assigned to KLXES;

WHEREAS, concurrently with the execution and delivery of this Agreement, the Executive and the Company are entering into the KLX 2015 Proprietary Rights Agreement, (the "***2015 Proprietary Rights Agreement***"), attached hereto as Exhibit A, and hereby incorporated by reference; and

WHEREAS, by virtue of the Executive's position with the Company, the Executive will have regular access to and use of the Company's confidential information and trade secrets, and the Company has a legitimate interest in protecting its confidential information and trade secrets by prohibiting the Executive from assisting, whether directly or indirectly, a competitor or competing with the Company for a reasonable period after the termination of the Executive's employment.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto, each intending to be legally bound, do hereby agree as follows:

1. Employment. Unless otherwise terminated pursuant to the provisions of Section 4 hereof, the Company shall employ the Executive and the Executive shall perform services for and continue in the employment of the Company commencing on the Effective Date until the third anniversary of the Effective Date, and the Executive's employment hereunder shall automatically be extended on the first anniversary date of the Effective Date and on each subsequent anniversary of the Effective Date for additional one (1) year periods until either the Company or the Executive gives the other party at least thirty (30) days' written notice prior to the anniversary of the Effective Date of any such year of its or his desire to not renew the then current term of this Agreement, unless the Executive's employment is terminated earlier pursuant to this Agreement as hereinafter set forth. For purposes of this Agreement, the term "***Employment Period***" shall mean the initial three (3) year period and all extensions thereof, if any, as aforesaid, provided that the Executive continues to be employed by the Company; provided, however that for the purposes of Section 4 of this Agreement, the Employment Period shall run through the last day of the then current Employment Period (assuming for this purpose the Executive's continued employment through such last day).

2. Position and Duties. The Executive shall serve the Company in the capacity of Vice President and General Manager, Energy Services Group and (i) be accountable to the President of the Company, or his designee, and (ii) have such other powers, duties and responsibilities, consistent with this capacity, as may from time to time be prescribed by the President of the Company, or his designee. The Executive shall perform and discharge, faithfully, diligently and to the best of his ability, such powers, duties and responsibilities. The Executive shall devote all of his working time and efforts to the business and affairs of the Company. Notwithstanding the foregoing, the parties hereto acknowledge and agree that the Executive may engage in the executive and operational management of Vision Oil and Vision Incentive as reasonably necessary to perform or comply with all covenants in the APA and any other certificate or agreement delivered in connection therewith and to dissolve and wind up the affairs of Vision Oil and Vision Incentive solely to the extent that such activities do not (x) materially interfere with the Executive's performance of his duties and responsibilities hereunder or (y) result in a breach of the Executive's non-competition obligations hereunder. The Executive may engage in business or investment activities not described in the preceding sentences of this Section only with the prior approval of the Board of Directors of the Company (the "***Board***"), which such approval may be provided or withheld in the Board's discretion.

3. Compensation.

(a) Salary. During the Employment Period, the Executive shall receive a salary (the "***Salary***") payable at the rate of Three Hundred Twenty Thousand Dollars ($320,000) per annum. Such rate may be adjusted from time to time by the Compensation Committee of the Board (the "***Compensation Committee***"); provided, however, that it shall at no time be adjusted below the Salary then in effect. The Salary shall be payable bi-weekly or in accordance with the Company's then current payroll practices, less all required deductions. The Salary shall be prorated for any period of service less than a full year.

(b) Incentive Bonus. During the Employment Period, the Executive may receive a performance bonus of up to seventy-five percent (75%) of the Salary (the "***Target Bonus***") as determined by the Compensation Committee in its sole discretion. The incentive

bonus shall be paid in accordance with Company policy, but in no event later than March 15th of the year following the year in which it is earned.

(c) Equity Awards.

(i) During the Employment Period, the Executive shall be eligible to participate in the Company's equity incentive plan as determined by the Compensation Committee in its sole discretion. The timing of any grant, form and amount of the equity awards shall be determined by the Compensation Committee in its sole discretion. The equity awards shall be granted pursuant to and subject to the terms of the Company's Long-Term Incentive Plan (or any successor plan) and an award agreement to be entered into between the Company and the Executive.

(ii) Notwithstanding any provision in the applicable award documents, and as additional consideration for the Executive's restrictive covenants for the benefit of the Company set forth in Section 5 of this Agreement, the Executive's time-vested equity awards shall, subject to applicable law, accelerate and become immediately vested and unrestricted and, as applicable, become immediately exercisable and remain exercisable through the remainder of their term following the occurrence of any of the following events (the "***Accelerated Restricted Stock***"): (A) the termination of the Executive's employment without Cause pursuant to Section 4(e), (B) the Executive's termination due to Incapacity pursuant to Section 4(c), (C) the Executive's death, or (D) upon a Change of Control Termination (as defined in Section 4(f), below); provided, however, that if, pursuant to Section 4(h) below, the Company elects to exercise its option to retain the Executive as a consultant after the termination of the Executive's employment, the Accelerated Restricted Stock shall vest and or become accelerated as fully set forth in Section 4(h) below. Nothing in this Section 3(c)(ii) shall alter the terms of any equity awards subject to performance-based vesting.

(d) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by him on behalf of the Company in accordance with the Company's policies and procedures in effect from time to time. If the Executive's employment with the Company is terminated for any reason, the Company shall reimburse the Executive for all reasonable business expenses incurred by him on behalf of the Company within two payroll periods of the Termination Date.

(e) Benefits. During the Employment Period, the Executive shall be entitled to participate in or receive benefits under any life or disability insurance, health, pension, retirement, accident, and other employee benefit plans, programs and arrangements made generally available by the Company to its employees, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements in effect from time to time. In accordance with the Company's policies in effect from time to time applicable to the Executive, the Executive shall also be entitled to paid vacation in any fiscal year during the Employment Period as well as all paid holidays given by the Company to its employees.

4. Termination and Compensation Thereon.

(a) Termination Date. Subject to the terms and conditions of this Agreement, the Executive's employment pursuant to this Agreement may be terminated either by the Executive or the Company at any time and for any reason. The term "***Termination Date***" shall mean the date upon which the Executive's employment is terminated (i) by his death, (ii) by

his Incapacity (as defined in Section 4(c)), (iii) otherwise in accordance with this Agreement, or (iv) for any other reason, the Executive incurs a Separation from Service (as defined in Section 16(c)).

(b) Death. The Executive's employment shall terminate upon his death. In such event, the Company shall, within thirty (30) days following the date of death, (i) pay to such person as the Executive shall have designated in a notice filed with the Company, or, if no such person shall have been designated, to the Executive's estate, a lump-sum amount equal to the sum of (A) a prorated portion of 75% of the Executive's then current Salary, with the prorated amount to be determined based on the number of days that the Executive was employed by the Company in the year during which the Termination Date occurs, (B) the Executive's Salary for the remainder of the Employment Period, (C) the maximum annual contribution under the Company's deferred compensation plan of seven and a half percent (7.5%) of the Executive's total base salary and annual cash bonus (with such maximum amount to be determined in accordance with the terms of the applicable deferred compensation plan) that would have been made during the remainder of the Employment Period and (D) two (2) times the Executive's Target Bonus, in the case of each of clauses (B), (C) and (D) at the rates in effect as of the Termination Date (the lump sum amount determined in accordance with this Section 4(b), the "***Termination Amount***").

(c) Incapacity. If, in the reasonable judgment of the President of KLX, or his designee, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his full-time duties as described hereunder for the entire period of six (6) consecutive months ("***Incapacity***"), the Executive's employment shall terminate at the end of the six (6)-month period. In such event, upon the Termination Date, the Company shall pay to the Executive a lump sum payment equal to the Termination Amount. The lump sum payment shall be made within sixty (60) days following the Termination Date, provided, however, that prior to the payment date, the Executive or his designated appointee signs a waiver and release of claims agreement in the form provided by the Company in its discretion and such waiver and release becomes effective and irrevocable in its entirety prior to such date. If the waiver and release does not become effective and irrevocable on or prior to the payment date set forth in the preceding sentence, the Company shall have no further obligations pursuant to Sections 4(c) and 4(g). To the extent not already paid, the Company's obligation to pay the Executive his Salary and benefits shall be reduced if the Executive subsequently takes other employment to the extent of the Executive's salary and benefits from such subsequent employment. Any dispute between the President of KLX, or his designee, and the Executive with respect to the Executive's Incapacity shall be settled by reference to a competent medical authority mutually agreed to by the President of KLX, or his designee, and the Executive, whose decision shall be binding on all parties.

(d) Termination by the Company for Cause; Resignation by the Executive.

(i) If the Executive's employment is terminated by the Company for Cause or the Executive resigns his employment for any reason, the Company shall have no further obligations to the Executive hereunder after the Termination Date, except for unpaid Salary and benefits accrued through the Termination Date.

(ii) For purposes of this Agreement, "***Cause***" means the Executive's: (A) failure, refusal or neglect to perform and discharge his powers, duties (other than fiduciary duties, which shall be governed by the terms of subclause (D)), obligations or responsibilities as an employee of

the Company, which refusal to perform such duties

and responsibilities continues for more than thirty (30) days after written notice from the Company or one of its affiliates to perform such duties and responsibilities; (B) violation of Company policies; (C) breach of the terms of this Agreement or the 2015 Proprietary Rights Agreement; (D) breach of any fiduciary duties or duties of loyalty the Executive may have because of any position the Executive holds with the Company or any subsidiary or affiliate thereof; (E) conviction of, or plea of nolo contendere to, a felony or any other crime involving the Executive's personal dishonesty or moral turpitude or that could reflect negatively upon the Company or any of its subsidiaries or affiliates; (F) indictment by a grand jury for acts detrimental to the Company's best interests; or (G) engagement in willful misconduct (including any willful violation of federal securities laws), negligence, act of dishonesty, violence or threat of violence, in each case that would reasonably be expected to result in injury to the Company or any of its subsidiaries or affiliates.

(e) Termination Without Cause. The Company may terminate the Executive's employment hereunder at any time without Cause. In such event, the Company shall pay to the Executive a lump sum payment equal to the Termination Amount; provided, however that if the Severance Payment (as defined in the Prior Employment Agreement) would exceed the Termination Amount (based on a calculation completed on the applicable Termination Date), the Executive shall be entitled to receive the value of the Severance Payment in lieu of the Termination Amount pursuant to this Section 4(e). The Termination Amount (or, if applicable the Severance Payment) shall be made on the sixtieth (60th) day following the Termination Date, provided, that prior to the payment date, the Executive signs a waiver and release agreement in the form provided by the Company and such waiver and release becomes effective and irrevocable in its entirety prior to such date. If the waiver and release does not become effective and irrevocable on or prior to the payment date set forth in the preceding sentence, the Company shall have no further obligations pursuant to Sections 4(e) and 4(g).

(f) Change of Control.

(i) If a Change of Control occurs during the Employment Period and the Executive's employment is terminated by the Company without Cause during the (2) year period following the applicable Change of Control (a "***Change of Control Termination***"), the Company shall pay to the Executive a lump-sum amount equal to the Termination Amount. The lump sum payment shall be made within thirty (30) days following the Termination Date without any action by the Executive.

(ii) For purposes of this Agreement, a "***Change of Control***" shall mean a "change in control event" within the meaning of the default rules under Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder ("***Section 409A***"). The obligations of the Company pursuant to this Section 4(f) shall survive any termination of this Agreement or the Executive's employment.

(g) Benefit Continuation. If the Executive's employment is terminated pursuant to Sections 4(c), 4(e) or 4(f), the Company shall provide the Executive and his eligible dependents with continued participation in medical, dental and health benefit plans available to the Company's similarly situated employees on similar terms and conditions as active employees, from the Termination Date until (i) the end of the Employment Period; or (ii) the date the Executive becomes eligible for comparable benefits provided by a third party; provided, however, that the continuation of such benefits shall be subject to (x) the respective terms of

the applicable plan, in effect from time to time, (y) the Executive being solely responsible for the tax consequences to him of such benefit continuation, and (z) and the timely payment by the Executive of his applicable share of the applicable premiums in effect from time to time. To the extent that reimbursable medical and dental care expenses constitute deferred compensation for purposes of Section 409A, the Company shall reimburse the medical and dental care expenses as soon as practicable consistent with the Company's practice, but in no event later than the last day of the calendar year next following the calendar year in which such expenses were incurred.

(h) Consulting Services. Upon the Termination Date, and at the Company's sole and absolute discretion, the Executive may be retained to act as a consultant of the Company for two (2) full years after the Termination Date (the "***Consulting Period***"). During the Consulting Period, the Executive shall make himself available to the Company as a consultant for up to forty (40) hours per month. The Executive may fulfill this obligation by making himself available telephonically, or through web-based conferencing, at the Company's discretion. In consideration for the Executive's availability and services during the Consulting Period and subject to the Executive's performance of the same, the Company shall: (i) pay the Executive one-twenty fourth (1/24) of the Salary each month during the Consulting Period, payable in accordance with the Company's ordinary payroll practices as established from time to time; and (ii) notwithstanding any provision in the applicable award documents, and subject to applicable law, the Accelerated Restricted Stock shall continue to vest during the Consulting Period upon the same schedule as such Accelerated Restricted Stock would have vested if the Executive remained employed by the Company, and the remaining Accelerated Restricted Stock shall accelerate and become immediately vested and unrestricted and, as applicable, become immediately exercisable and remain exercisable through the remainder of their term following the conclusion of the Consulting Period; provided, however, that the Executive shall have performed all of his obligations in this Section 4(h) and not breached any of his duties, obligations and covenants set forth in Section 5. Nothing in this Section 4(h) shall alter the terms of any equity awards subject to performance-based vesting.

5. Noncompete; Nonsolicitation. During the Executive's employment with the Company and for a period ending three (3) years following the Termination Date (the "***Restricted Period***"), the Executive shall not directly or indirectly:

(a) with respect to any Competing Product or Service, compete in any manner (i) in those states within which the Company or KLXES performed any services in the twenty-four (24) months prior to the Termination Date, or (ii) within one hundred (100) miles of any location where the Company or KLXES performed any services in the twenty-four (24) months prior to the Termination Date ("***Territory***"). "***Competing Product or Service***" means (x) those products or services manufactured, developed, researched, sold, or provided by the Company or KLXES, or prior to the Employment Period under the Previous Employment Agreement, Vision Oil, including but not limited to, (A) land-based cased hole electric wireline services provided to the oil and gas industry, (B) fishing services provided to the oil and gas industry; (C) frac valve rental, (D) the provision of mission-critical turnkey accommodation systems and equipment rental to exploration and production companies in the oil and gas industry, and (E) the provision of rental tools, equipment and services to the oil and gas industry and (y) those products or services under development by the Company, KLXES and/or Vision Oil during the Executive's

employment with the Company, KLXES or Vision Oil of which he had knowledge, or any product or service competitive with or intended to compete with such products or services, or any product or service of the Company, KLXES and/or Vision Oil which the

Executive acquired knowledge of as a result of his employment with the Company, KLXES or Vision Oil;

(b) own, be employed by, invest in, make loans to, operate, manage, control, participate in, consult with, or advise any entity that provides a Competing Product or Service with the Company or KLXES in the Territory. This covenant shall not prevent the Executive from having passive investments of less than five percent (5%) of the outstanding equity securities of any entity listed for trading on a national stock exchange (as defined in the Securities Exchange Act of 1934) or any recognized automatic quotation system;

(c) within the Territory, contact, solicit business from, perform services for, or accept work or business from any clients or customers of the Company or KLXES and/or former clients or customers of Vision Oil with whom the Executive has worked or had contact during the Executive's employment with the Company, KLXES and/or Vision Oil, or of whom the Executive had knowledge of due to his employment or access to the Company's, KLXES's and/or Vision Oil's confidential information and/or trade secrets;

(d) contact, solicit or accept contact from any clients, subcontractors, consultants, vendors, suppliers or independent contractors of the Company, KLXES and/or Vision Oil for the purpose of interfering with, causing, inviting, or encouraging any such persons or entities from altering or terminating their business relationship or association with the Company or KLXES. This applies to any clients, subcontractors, consultants, vendors, suppliers or independent contractors with whom the Executive has worked or had contact during his employment with the Company, KLXES and/or Vision Oil, or of whom the Executive had knowledge of due to his employment or access to the Company's, KLXES's and/or Vision Oil's confidential information and/or trade secrets; or

(e) contact, solicit or accept contact from any employee of the Company or KLXES for the purpose of interfering with their employment with the Company or KLXES, or inviting or encouraging them to terminate their employment with the Company or KLXES or which has the effect of altering or terminating their employment with the Company or KLXES.

6. Extension of the Restricted Period. If the Executive breaches any provision of Section 5, the Executive agrees and acknowledges that the Restricted Period shall be extended by the time period of such breach.

7. Remedies; Enforcement. The Executive agrees that the covenants set forth in Section 5 are necessary and reasonably limited in scope and duration to protect the Company's and KLXES's commercial interests, including, but not limited to, protection from unfair competition, disparagement, misappropriation, disclosure or use of its confidential information and/or trade secrets, and misuse or unauthorized use of the Company's or KLXES's work product/inventions. The Executive agrees and acknowledges that if the Executive violates any provision of Section 5 of this Agreement, the Company will have an inadequate remedy at law and will suffer continuing and irreparable injury to its business. The Company shall be entitled to enjoin the Executive from any breach or threatened breach of this Agreement and other applicable injunctive or equitable relief (without obtaining a bond or posting other security) and without the necessity of proving any actual damage or that monetary damages would not afford it an adequate remedy.

8. Clawback. The Executive agrees and acknowledges that if he materially breaches any of his obligations, duties, or covenants set forth in Section 5 of this Agreement, the Company shall be entitled to clawback the initial restricted stock grant (and any shares of restricted stock of the Company granted, paid or distributed in connection with the spin-off) that was previously granted by B/E Aerospace (the "***Restricted Stock Grant***") and any of the Accelerated Restricted Stock, as well as any proceeds the Executive has received for the sale of the Restricted Stock Grant and/or the Accelerated Restricted Stock. The Company's remedies set forth in this Section 8 are in addition to, and not in lieu of, any other remedies to which the Company may be entitled.

9. Amendments. No amendment to this Agreement or any schedule hereto shall be effective unless it is in writing and signed by each party hereto.

10. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally (or upon refusal to accept delivery) or sent by overnight mail or three days after being mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, to it at:

KLX Inc.
1300 Corporate Center Way
Wellington, FL 33414
Attention: General Counsel

If to the Executive, to him at:

Gary J. Roberts
PO Box D
Sheridan WY, 82801

11. Entire Agreement. This Agreement and the 2015 Proprietary Rights Agreement constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties. The non-solicitation and non-competition provisions in this Agreement, those in the 2015 Proprietary Rights Agreement, and those in the APA shall be deemed separate and distinct provisions and each of their respective terms and applicable time periods shall run concurrently in accordance with their respective terms for the benefit of the Company. This Agreement and the 2015 Proprietary Rights Agreement shall each be governed by the choice-of-law

provisions set forth in each respective agreement. Except as provided in this Section 11, to the extent the 2015 Proprietary Right Agreement is determined to be inconsistent with this Agreement, the 2015 Proprietary Rights Agreement shall govern.

12. Headings. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof

13. Counterparts. This Agreement may be executed in multiple counterparts (each of which is to be deemed original for all purposes). This Agreement may also be executed by delivery by facsimile or electronic mail of an executed counterpart of this Agreement. The parties hereto agree that the signature of any party transmitted by facsimile with confirmation of transmission

or by electronic mail shall have binding effect as though such signature were delivered as an original.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws (other than the conflict of laws rules) of the State of Delaware.

15. Withholding. All payment(s) made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

16. Section 409A.

(a) If any amounts that become due under Sections 3 or 4 of this Agreement constitute "nonqualified deferred compensation" within the meaning of Section 409A, payment of such amounts shall not commence until the Executive incurs a Separation from Service (as defined below) if and only if necessary to avoid accelerated taxation or tax penalties in respect of such amounts.

(b) Notwithstanding any provision of this Agreement to the contrary, if the Executive is a Specified Employee (as defined below), he shall not be entitled to any payments upon a Separation from Service until the earlier of: (i) the date which is the first (1st) business day following the date that is six (6) months after the Executive s Separation from Service for any reason other than death; or (ii) the Executive's date of death. The provisions of this Section 16(b) shall only apply if required to comply with Section 409A.

(c) For purposes of this Agreement, "***Separation from Service***" shall have the meaning set forth in Section 409A(a)(2)(A)(i) and determined in accordance with the default rules under Section 409A. "***Specified Employee***" shall have the meaning set forth in Section 409A(a)(2)(B)(i), as determined in accordance with the uniform methodology and procedures adopted by the Company and then in effect.

(d) It is intended that the terms and conditions of this Agreement comply with Section 409A. If any provision of this Agreement contravenes any regulations or Treasury guidance promulgated under Section 409A, or could cause any amounts or benefits hereunder to be subject to taxes, interest and penalties under Section 409A, the Company may, in its sole discretion and without the Executive's consent, modify the Agreement to: (i) comply with, or avoid being subject to, Section 409A; (ii) avoid the imposition of taxes, interest and penalties under Section 409A; and/or (iii) maintain, to the maximum extent practicable, the original intent of the applicable provision without contravening the provisions of Section 409A. This Section 16(d) does not create an obligation on the part of the Company to modify this Agreement and does not guarantee that the amounts or benefits owed under this Agreement will not be subject to interest and penalties under Section 409A.

(e) Anything in this Agreement to the contrary notwithstanding, no reimbursement payable to the Executive pursuant to any provisions of this Agreement or pursuant to any plan or arrangement of the Company covered by this Agreement shall be paid later than the last day of the calendar year following the calendar year in which the related expense was incurred, except to the extent that the right to reimbursement does not provide for a "deferral of compensation" within the meaning of Section 409A. No amount reimbursed during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year. The Executive may not liquidate or exchange the right to reimbursement of such expenses for any other benefits.

17. Enforceability; Waiver. The invalidity and unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other term or provision of this Agreement. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right that the Executive or the Company may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Similarly, the waiver by any party hereto of a breach of any provision of this Agreement by the other party will not operate or be construed as a waiver of any other or subsequent breach by such other party.

18. Contract Modification. Any provision of this Agreement held to be invalid or unenforceable, shall be severed or rewritten, and the remaining terms and provisions shall remain in full force and effect. A court shall rewrite any such provision to make it valid, lawful and enforceable while still, to the maximum extent possible, achieving the spirit and intent of the original provision. A provision shall be invalidated and severed only if it is impossible to revise it.

19. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns. This Agreement may be assigned by the Company. The Executive may not assign or delegate his duties under this Agreement.

20. Survival. The entitlement of the Executive and the obligations of the Company pursuant to Section 4 and the entitlement of the Company and the covenants, duties and obligations of the Executive pursuant to Section 5 and the 2015 Proprietary Rights Agreement, shall each survive any termination or expiration of this Agreement, or any termination or resignation of the Executive's employment, as the case may be.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Employment Agreement as of the date first written above

EXECUTIVE

/s/ Gary J. Roberts
Gary J. Roberts

KLX INC.

By: /s/ Roger Franks

Name: Roger Franks

Its: General Counsel, Vice President –
Law and Human Resources

[Signature Page to Roberts Employment Agreement]

EXHIBIT A

KLX 2015 Proprietary Rights Agreement

KLX 2015 PROPRIETARY RIGHTS AGREEMENT

This Proprietary Rights Agreement ("**Agreement**") is intended to set forth in writing my responsibility to KLX Inc. and/or any of its subsidiaries or affiliated businesses (collectively the "**Company**") during my employment, consultancy, and/or tenure as an independent contractor with the Company and thereafter. I recognize that the Company is engaged in a continuous program of research, development and production respecting its business, present and future. As part of my employment, consultancy, and/or tenure as an independent contractor with the Company, I have certain obligations relating to business, confidential and/or proprietary information of the Company, as well as to inventions which I may develop during my employment, consultancy, and/or tenure as an independent contractor with the Company.

I acknowledge and agree that:

1. Agreement, Effective Date. This Agreement shall be effective on, the first day of my employment, consultancy, and/or tenure as an independent contractor with the Company and shall continue in effect throughout my employment, consultancy, and/or tenure as an independent contractor (the "**Agreement Period**"). As an inducement to and in consideration of my acceptance and/or continuation of employment, consultancy, and/or tenure as an independent contractor with the Company, and the Company's compensating me for services and extending to me certain other benefits of a compensatory nature, but without any obligation on the Company's part to continue such employment, compensation or benefits for any specified period whatsoever, I agree to protect, safeguard and maintain the integrity and confidentiality of the Company's valuable assets and legitimate business interests in accordance with the terms and conditions set forth in this Agreement

2. Confidentiality. I will maintain in confidence and will not disclose or use, either during or after the Agreement Period, any "**Proprietary Information**", whether or not in written form, except to the extent required to perform my duties on behalf of the Company. Proprietary Information means all of the following materials and information that I use, receive, have access to, conceive or develop or have used, received, conceived or developed, in whole or in part, in connection with my employment, consultancy, and/or tenure as an independent contractor with the Company:

   (i) Written materials of the Company;

   (ii) The names and information relating to customers and prospective customers of the Company and/or persons, firms, corporations or other entities with whom the Company has provided goods or services at any time, including contact persons, addresses and phone numbers, their characteristics and preferences and types of services provided to or received from those customers and prospective customers;

   (iii) (The terms of various agreements between the Company and any third parties, including without limitation, the terms of customer agreements, vendor or supplier agreements, lease agreements, advertising agreements, fee arrangements, terms of dealing and the like;

   (iv) Any data or database, trading algorithms or processes, or other information compiled by the Company, including, but not limited to,

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customer lists, customer information, information concerning the Company, or any business in which the Company is engaged or contemplates becoming engaged, any company with which the Company engages in business, any customer, prospective customer or other person, firm or corporation to whom or which the Company has provided goods or services or to whom or which any

employee of the Company has provided goods or services on behalf of the Company, or any compilation, analysis, evaluation or report concerning or deriving from any data or database, or any other information;

(v) All policies, procedures, strategies and techniques regarding the services performed by the Company or regarding the training, marketing and sales of the Company, either oral or written. The Company's internal corporate policies and practices related to its services, price lists, fee arrangements and terms of dealings with customers or potential customers or vendors. Information relating to formulas, records, research and development data, trade secrets, processes, other methods of doing business, forecasts and business and marketing plans;

(vi) Any other information, data, know-how or knowledge of a confidential or proprietary nature observed, used, received, conceived or developed by me in connection with my employment, consultancy, and/or tenure as an independent contractor by the Company, including and not limited to the Company's methodologies, price strategies, price lists, costs and quantities sold, financial and sales information, including, but not limited to, the Company's financial condition, business interests, initiatives, objectives, plans or strategies; internal information regarding personnel identity, skills, compensation, organizational charts, budgets or costs of individual departments, and the compensation paid to those working for or who provide services to the Company; and performance of investments, funds or portfolio companies, including any "track record" or other financial performance information or results;

(vii) All other non-public information regarding the amount and nature of the capital and assets owned or controlled by, or net worth of, the Company and/or any of the Company's shareholders, members, partners, employees or investors; the investments made, directly or indirectly, by the Company (including, but not limited to, any partnerships, corporations or other entities in which the Company may invest and the assets which any of those entities acquires); the expected or actual rates of return or holding periods of any investment by the Company; the respective interest in any investment of any of its shareholders, members, partners or investors or the manner in which those interests are held; the identities of the other persons or entities who participate in any investment made by the Company; and financial statements, projections, budgets and market information;

(viii) All discoveries, software (including, without limitation, both source code and object code), models, drawings, photographs, specifications, trademarks, formulas, patterns, devices, compilations and all other proprietary know-how and technology, whether or not patentable or

copyrightable, and all copies and tangible embodiments of any of the foregoing, and that have been or will be created for the Company by me, whether alone or with others;

(ix) The Company's inventions, products, research and development, production processes, manufacturing and engineering processes, machines and equipment, finances, customers, marketing, and production and future business plans, information belonging to customers or suppliers of the Company disclosed incidental to my employment, consultancy, and/or tenure as an independent contractor and any other information which is identified as confidential by the Company; and

(x) "**Trade Secrets**", which shall include, but not be limited to, information regarding formulas, processes or methods that: (a) derive independent economic value, actual or potential, from not being generally known to or readily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use; and (b) is the subject of reasonable efforts by the Company to maintain its secrecy. "Trade Secrets" shall also include all other information or data that qualifies as a trade secret under applicable law.

3. Inventions.

3.1 Definition of Inventions used in this Agreement the term "**Invention**" means any new or useful art, discovery, contribution, finding or improvement, whether or not patentable, and all relatable know-how. Inventions include, but are not limited to, all designs, discoveries, formulas, processes, manufacturing techniques, semiconductor designs, computer software, inventions, improvements and ideas.

3.2 Disclosure and Assignment of Inventions.

(i) I will promptly disclose and describe to the Company all Inventions which I may solely or jointly conceive, develop, or reduce to practice during the Agreement Period (i) which relate, at the time of conception, development or reduction to practice of the Invention, to the Company's business or actual or demonstrably anticipated research or development, (ii) which were developed, in whole or in part, on the Company's time or with the use of any of the Company's equipment, supplies, facilities or Trade Secrets, or (iii) which resulted from any work I performed for the Company (the "**Company Inventions**"). I assign all my right, title and interest worldwide in the Company Inventions and in all intellectual property rights based upon the Company Inventions. However, I do not assign or agree to assign any Inventions relating in any way to the Company business or demonstrably anticipated research and development which were made by me prior to my employment, consultancy, and/or tenure as an independent contractor with the Company, which Inventions, if any, are identified on Appendix "A" to this Agreement. Appendix "A" contains no confidential information. I have no rights in any Inventions other than the inventions specified in Appendix "A". If no such list is attached, I have no such Inventions or I

grant an irrevocable, nonexclusive, royalty-free, worldwide license to the Company to make, use and sell Inventions developed by me prior to my employment, consultancy, and/or tenure as an independent contractor with the Company.

(ii) I recognize that Inventions relating to my activities while working for the Company and conceived or made by me, along or with others, within one (1) year after termination of the Agreement Period may have been conceived in significant part while I was

retained by the Company. Accordingly, I agree that such Inventions shall be presumed to have been conceived during my employment, consultancy, and/or tenure as an independent contractor with the Company and assign such Inventions to the Company as a Company Invention unless and until I have established the contrary. I agree to disclose promptly in writing to the Company all Inventions made or conceived by me for one (1) year after the Agreement Period, whether or not I believe such Inventions are subject to this Agreement, to permit a determination by the Company as to whether or not the Inventions should be the property of the Company. Any such information will be received in confidence by the Company.

3.3 Nonassignable Inventions. This Agreement does not apply to an invention which qualifies fully as a nonassignable invention under the laws of the state of Florida.

4. Use and Return of Proprietary Information and Trade Secrets:

(i) I agree that under no circumstance and at no time shall any of the Proprietary Information and Trade Secrets be taken from the Company's premises and that under no circumstances and at no time shall any of the Proprietary Information and Trade Secrets be duplicated, in whole or in part, without the express written permission of the Company, which permission may be granted or denied in the Company's sole and absolute discretion;

(ii) I agree that, upon termination of my employment (if applicable) and/or tenure as an independent contractor with the Company for any reason (regardless of whether or not the Company retains me as a consultant) or at any other time upon the Company's request, I shall return to Company, without retaining any copies, all Proprietary Information and Trade Secrets, as well as all other Company's documents and other materials, which are in my possession regardless of the form in which any such materials are kept;

(iii) I covenant and agree that all right, title and interest in any Proprietary Information and Trade Secrets shall be and shall remain the exclusive property of the Company and shall be and hereby are vested and assigned by me to the Company. I agree to promptly disclose to the Company all Proprietary Information and Trade Secrets developed in whole or in part by me within the scope of this Agreement. In relation to my employment, consultancy, and/or tenure as an independent contractor or the performance of this Agreement, I have created or may create certain work product for the Company that may be copyrighted

or copyrightable under the laws of the United States. To the extent that any such work product is created, I will be considered to have created a Work Made for Hire as defined in 17 U.S.C. § 101, and the Company shall have the sole right to the copyright. In the event that any such work product created by me does not qualify as a Work Made for Hire, I hereby assign the copyright and all rights, throughout the world, in and to the work product to the Company, as provided for in paragraph (v) below. I agree to turn over to the Company all physical manifestations of the Proprietary Information and Trade Secrets in my possession or under my control at the request of the Company;

(iv) I acknowledge that all documents, in hard copy or electronic form, received, created or used by me in connection with my employment, consultancy, and/or tenure as an independent contractor with the Company are and will remain the property of the Company. I agree to return all such documents (including all copies) promptly upon the termination of my employment, consultancy, and/or tenure as an independent contractor, certify that no other documents remain, and agree that, during or after my employment, consultancy, and/or tenure as an independent contractor, I will not, under any circumstances, without the written consent of the Company, disclose those documents to anyone outside the Company or use those documents for any purpose other than the advancement of the Company's interests;

(v) I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the work product (including Proprietary Information and/or Trade Secrets) and any rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem proper or necessary in order to apply for, register, obtain, maintain, defend, and enforce such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such work product and any rights relating thereto, and testifying in a suit or other proceeding relating to such work product and any rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. In connection with my execution of this Agreement, I hereby irrevocably grant to the Company an irrevocable power of attorney designating and appointing the Company's duly authorized officer as my agent and attorney in fact, should I become unable because of my mental or physical incapacity or for any other reason, to sign any documents with respect to any work product including, without limitation, permitting the Company to apply for or pursue any application for any United States or foreign patents or copyright registrations covering such work product. In connection with such power of attorney, I permit the agent to act for and on my behalf and stead to execute and file any papers, oaths and to

do all other lawfully permitted acts with respect to such work product with the same legal force and effect as if executed or done by me.

5. Competitive Employment. During the Agreement Period, including any extensions thereof (as applicable), I agree that I will not directly or indirectly own, manage, work for, provide services to, obtain financial interest in, control or participate in the ownership, management or control of, or be employed or engaged by or otherwise affiliated or associated as a consultant, director, agent, independent contractor or otherwise with any other corporation, partnership, proprietorship, firm, association or other entity that is engaged in any manner in the business of the Company.

I further agree that during the same period I will not directly or indirectly own, manage, work for, provide services to, obtain financial interest in, control or participate in the ownership, management or control of, or be employed or engaged by or otherwise affiliated or associated as a consultant, director, agent, independent contractor or otherwise with any business entity that is not engaged in the business of the Company in any market in which the Company conducts business or provides services where such other business entity could utilize or gain a business or economic advantage through the use of Confidential Information, Trade Secrets, my training by the Company, my relationship with the Company's customers, suppliers, vendors, clients or investors or prospective customers, suppliers, vendors, clients or investors or the Company's goodwill.

I may make passive investments in publicly traded entities not to exceed 3% of the outstanding voting securities of such public entity, provided, however, that such investment do not prevent me from abiding by this Agreement, including this Paragraph 5.

6. Non-solicitation. During the Agreement Period and for a period of two (2) years thereafter, I will not solicit or encourage, or cause others to solicit or encourage, any employees, suppliers, vendors, or consultants of/to the Company to terminate their employment or other relationship, as applicable, with the Company.

7. Acts to Secure Proprietary Rights. I agree to perform, during and after the Agreement Period, all acts deemed necessary or desirable by the Company to permit and assist it, at the Company's expense, in perfecting and enforcing the full benefits, enjoyment, rights and title throughout the world in the Company Inventions. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in the registration and enforcement of applicable patents and copyrights or other legal proceedings.

8. No Conflicting Obligations. My performance of this Agreement does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by me prior to my employment, consultancy, and/or tenure as an independent contractor with the Company. I will not disclose, induce, or permit the Company to, either directly or indirectly, use, any confidential or proprietary information or material belonging to any previous employer or other person or entity. I am not a party to any other agreement that will interfere with my full compliance with this Agreement. I will

not enter into any agreement, whether written or oral, conflicting with the provisions of this Agreement.

9. Survival. Notwithstanding the termination of the Agreement Period, this Agreement shall survive such termination and continue in accordance with its terms and conditions. Unless provided otherwise in a written contract with the Company, this Agreement does not in any way restrict my right or the right of the Company to terminate my employment, consultancy, and/or tenure as an independent contractor at any time, for any reason or for no reason.

10. Specific Performance. A breach of any of the promises or agreements contained herein will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law, and the Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages, if appropriate).

11. Waiver. The waiver by the Company of a breach of any provision of this Agreement by me will not operate or be construed as a waiver of any other or subsequent breach by me.

12. Severability. If any part of this Agreement is found invalid or unenforceable, that part will be amended to achieve as nearly as possible the same economic effect as the original provision and the remainder of this Agreement will remain in full force.

13. Governing Law. This Agreement will be governed by and construed in accordance with the laws (other than the conflict of laws rules) of the state of Florida.

14. Entire Agreement. Except for the Employment Agreement between you and the Company, this Agreement and the Exhibits to this Agreement constitute the entire agreement between the parties relating to this subject matter and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral, except for prior proprietary rights agreements which shall for the period prior to the effective date of this agreement be deemed to be in addition to, and not in lieu of, this Agreement for such prior period. This Agreement may be amended or modified only with the written consent of both me and the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

15. Assignment. This Agreement may be assigned by the Company. I may not assign or delegate my duties under this Agreement without the Company's prior written approval. This Agreement shall be binding upon my heirs, successors and permitted assignees.

EMPLOYEE

/s/ Gary J. Roberts
(Name)

Date: Feb. 25, 2015

Gary J. Roberts
(Printed Name)

KLX INC.

By: Roger Franks

Date: 2/25/2015

Title: General Counsel, Vice President –
Law and Human Resources

Appendix A to the 2015 Proprietary Rights Agreement

Exhibit 10.5

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is entered into as of April 30 2018 (the "Effective Date"), by and among KLX Inc., a Delaware Corporation ("Assignor"), KLX Energy Services LLC, a Delaware limited liability company ("Assignee"), and Gary J. Roberts ("Employee"). Assignor, Assignee and Employee are each individually referred to herein as a "Party," and collectively referred to as the "Parties."

RECITALS

WHEREAS, Assignor currently owns all of the outstanding equity interests of Assignee;

WHEREAS, in connection with the proposed sale of all of the outstanding equity interests of Assignee held by Assignor (the "Transaction"), Assignor and Employee desire to assign to Assignee, and Assignee desires to assume, all of Assignor's rights and obligations under (i) that certain Employment Agreement, effective as of February 25, 2015, by and between Assignor and Employee (the "Employment Agreement"), (ii) that certain KLX 2015 Proprietary Rights Agreement, dated as of February 25, 2015, by and between Assignor and Employee (the "Proprietary Rights Agreement"), and (iii) that certain Standard Member Restrictive Covenant Agreement, dated as of April 7, 2014, by and between BEA Logistics Services LLC (a predecessor entity of Assignee) and Employee (the "Restrictive Covenant Agreement," and, together with the Employment Agreement and the Proprietary Rights Agreement, collectively, the "Assigned Agreements"); and

WHEREAS, pursuant to Section 19 of the Employment Agreement, Section 15 of the Proprietary Rights Agreement and Section 2.7 of the Restrictive Covenants Agreement, Assignor may assign its rights and obligations under the Assigned Agreements.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I

ASSIGNMENT AND ASSUMPTION

1.1 Assignor hereby assigns, transfers and sets over to Assignee, and Assignee hereby assumes, all of Assignor's right, title, interest, powers, privileges, remedies, duties, liabilities and obligations under the Assigned Agreements, effective as of the Effective Date. As of the Effective Date, (a) Assignee shall become entitled to all of such right, title, interest, powers, privileges and remedies of Assignor and subject to all of such duties, liabilities and obligations of Assignor, in each case, as if Assignee were the original party to the Assigned Agreements instead of Assignor, and (b) Assignor shall have no further obligation or liability under the Assigned Agreements whatsoever;

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provided that Assignor shall remain a third-party beneficiary of, and retain the right to enforce, all of the non-competition, non-solicitation, non-disclosure and other restrictive covenant provisions contained in the Assigned Agreements.

1.2 Employee hereby consents to the assignment and assumption of the Assigned Agreements in the manner contemplated in Section 1.1 hereof.

1.3 The Parties acknowledge and agree that, upon and following the consummation of the Transaction, (a) all of the references in the Employment Agreement to "President of the Company" or "President of KLX" shall be deemed to refer to the Board of Managers of Assignee (or such senior officer of Assignee as may be duly designated from time to time by the Board of Managers of Assignee), and (b) all references in the Employment Agreement to the "Compensation Committee" or "Board of Directors" of Assignor shall be deemed to refer to the equivalent body of Assignee, or if none, the Board of Managers of Assignee.

ARTICLE II

MISCELLANEOUS

2.1 This Agreement shall be governed by and construed and interpreted in accordance with the substantive laws of the State of Delaware, without regard to conflicts of law provisions.

2.2 This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be deemed an original and any or all of which shall constitute one and the same agreement.

2.3 This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof. This Agreement shall not be altered, amended, modified or otherwise changed by any oral communications of any kind or character, or by any written communication, unless signed by a duly authorized representative of each of the Parties.

IN WITNESS WHEREOF, the Parties have caused the Agreement to be duly executed as of the date first written above.

KLX INC

By: /s/ Thomas P. McCaffrey

Name: Thomas P. McCaffrey

Title: President and COO

KLX ENERGY SERVICES LLC

By: /s/ Thomas P. McCaffrey

Name: Thomas P. McCaffrey

Title: President

EMPLOYEE

/s/ Gary Roberts

Gary Roberts

Exhibit 10.7

FORM OF AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (this ***Agreement***) is entered as of **[·]**, 2018, by and between KLX Energy Services Holdings, Inc., a Delaware corporation (the ***Company***), and Gary J. Roberts (the ***Executive***).

RECITALS

WHEREAS, on April 30, 2018, KLX Inc., a Delaware corporation (***KLX***), The Boeing Company, a Delaware corporation (***Parent***), and Kelly Merger Sub, Inc., a wholly-owned subsidiary of Parent (***Merger Sub***) entered into that certain Agreement and Plan of Merger (the ***Merger Agreement***), pursuant to which Merger Sub will merge with and into KLX, with KLX surviving as a wholly-owned subsidiary of Parent (the ***Merger***);

WHEREAS, prior to the consummation of the Merger, KLX will transfer its Energy Services Group business to the Company, followed by a pro rata distribution of common stock representing 100% of the equity interests of KLX Energy Services to KLX stockholders as of the record date of such distribution (the ***Spin-Off***);

WHEREAS, after the Spin-Off is completed, the Company will be a separate, publicly held entity that will own and operate the Energy Services Group business;

WHEREAS, on February 25, 2015, KLX and the Executive entered into that certain Employment Agreement (the ***Prior Employment Agreement***), pursuant to which, KLX employed the Executive on a full-time basis;

WHEREAS, in connection with the Spin-Off, KLX, KLX Energy Services LLC, a wholly-owned subsidiary of the Company, and the Executive entered into that certain Assignment and Assumption Agreement, dated as of April 30, 2018, pursuant to which, KLX assigned and transferred, and KLX Energy Services LLC assumed, all rights and obligations under the Prior Employment Agreement;

WHEREAS, the Company, on behalf of itself and KLX Energy Services LLC, and the Executive wish to amend and restate the Prior Employment Agreement;

WHEREAS, the Company wishes to employ the Executive and the Executive wishes to accept such employment on the terms and conditions hereafter set forth;

WHEREAS, concurrently with the execution and delivery of this Agreement, the Executive and the Company are entering into the KLX Energy Services Holdings, Inc. 2018 Proprietary Rights Agreement, (the ***2018 Proprietary Rights Agreement***), attached hereto as Exhibit A, and hereby incorporated by reference; and

WHEREAS, by virtue of the Executive's position with the Company, the Executive will have regular access to and use of the Company's confidential information and trade secrets, and the Company has a legitimate interest in protecting its confidential information and trade secrets by prohibiting the Executive from assisting, whether directly or indirectly, a competitor or competing with the Company for a reasonable period after the termination of the Executive's employment.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto, each intending to be legally bound, do hereby agree as follows:

1. Employment. Unless otherwise terminated pursuant to the provisions of Section 4 hereof, the Company shall employ the Executive and the Executive shall perform services for and continue in the employment of the Company commencing on the Spin-Off (the ***Effective Date***) until February 25, 2019, and the Executive's employment hereunder shall automatically be extended on the first anniversary date of February 25, 2019 and on each subsequent anniversary of February 25, 2019 for additional one (1) year periods until either the Company or the Executive gives the other party at least thirty (30) days' written notice prior to the anniversary of February 25, 2019 of any such year of its or his desire to not renew the then current term of this Agreement, unless the Executive's employment is terminated earlier pursuant to this Agreement as hereinafter set forth. For purposes of this Agreement, the term ***"Employment Period"*** shall mean the initial period and all extensions thereof, if any, as aforesaid, provided that the Executive continues to be employed by the Company; provided, however that for the purposes of Section 4 of this Agreement, the Employment Period shall run through the last day of the then current Employment Period (assuming for this purpose the Executive's continued employment through such last day).

2. Position and Duties. The Executive shall serve the Company in the capacity of Vice President and General Manager and (i) be accountable to the Chief Executive Officer of the Company, or his designee, and (ii) have such other powers, duties and responsibilities, consistent with this capacity, as may from time to time be prescribed by the Chief Executive Officer of the Company, or his designee. The Executive shall perform and discharge, faithfully, diligently and to the best of his ability, such powers, duties and responsibilities. The Executive shall devote all of his working time and efforts to the business and affairs of the Company. The Executive may engage in other non-Company business or investment activities only with the prior approval of the Board of Directors of the Company (the ***Board***), which such approval may be provided or withheld in the Board's discretion.

3. Compensation.

(a) Salary. During the Employment Period, the Executive shall receive a salary (the ***Salary***) payable at the rate of Three Hundred Twenty-Three Thousand, One Hundred Thirty-Eight Dollars ($323,138) per annum. Such rate may be adjusted from time to time by the Compensation Committee of the Board (the ***Compensation Committee***); provided, however, that it shall at no time be adjusted below the Salary then in effect. The Salary shall be payable bi-weekly or in accordance with the Company's then current payroll practices, less all required deductions. The Salary shall be prorated for any period of service less than a full year.

(b) Incentive Bonus. During the Employment Period, the Executive may receive a performance bonus of up to seventy-five percent (75%) of the Salary (the ***Target Bonus***) as determined by the Compensation Committee in its sole discretion. The

incentive bonus shall be paid in accordance with Company policy, but in no event later than March 15th of the year following the year in which it is earned.

(c) Equity Awards.

(i) Promptly following completion of the Spin-Off, the Company will grant the Executive a restricted stock award on the common stock of the Company pursuant to the Company's Long-Term Incentive Plan (the ***LTIP***) (or any successor plan) and an award agreement to be entered into between the Company and the Executive: (i) representing one percent (1%) of the Company's common stock on a fully diluted basis as of the effective date of the Spin-Off, (ii) to become vested in four (4) equal annual installments on each of the first four (4) anniversaries of the effective date of the Spin-Off, subject to the Executive's continued employment or other service with the Company on each applicable vesting date (and subject to the following Section 3(c)(ii)), and (iii) to be subject to such other terms and conditions as are set forth in the Company's standard form of restricted stock award agreement under the LTIP. During the Employment Period, the Executive will also be considered to receive additional equity or other long-term incentive awards from the Company in the future. The timing of any grant, form and amount of the equity awards shall be determined by the Compensation Committee in its sole discretion. The equity awards shall be granted pursuant to and subject to the terms of the LTIP (or any successor plan) and an award agreement to be entered into between the Company and the Executive.

(ii) Notwithstanding any provision in the applicable award documents, and as additional consideration for the Executive's restrictive covenants for the benefit of the Company set forth in Section 5 of this Agreement, the Executive's time-vested equity awards shall, subject to applicable law, accelerate and become immediately vested and unrestricted and, as applicable, become immediately exercisable and remain exercisable through the remainder of their term following the occurrence of any of the following events (the ***Accelerated Restricted Stock***): (A) the termination of the Executive's employment without Cause pursuant to Section 4(e), (B) the Executive's termination due to Incapacity pursuant to Section 4(c) or ***"Disability"*** (as defined in the LTIP), (C) the Executive's death or (D) the Executive's termination upon a Change of Control (as defined in Section 4(f), below); provided, however, that if, pursuant to Section 4(h) below, the Company elects to exercise its option to retain the Executive as a consultant after the termination of the Executive's employment, the Accelerated Restricted Stock shall vest and or become accelerated as fully set forth in Section 4(h) below. Nothing in this Section 3(c)(ii) shall alter the terms of any equity awards subject to performance-based vesting.

(d) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by him on behalf of the Company in accordance with the Company's policies and procedures in effect from time to time. If the Executive's employment with the Company is terminated for any reason, the Company shall reimburse the Executive for all reasonable business

expenses incurred by him on behalf of the Company within two payroll periods of the Termination Date.

(e) Benefits. During the Employment Period, the Executive shall be entitled to participate in or receive benefits under any life or disability insurance, health, pension, retirement, accident, and other employee benefit plans, programs and arrangements made generally available by the Company to its executives, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements in effect from time to time. In accordance with the Company's policies in effect from time to time applicable to the Executive, the Executive shall also be entitled to paid vacation in any fiscal year during the Employment Period as well as all paid holidays given by the Company to its executives.

4. Termination and Compensation Thereon.

(a) Termination Date. Subject to the terms and conditions of this Agreement, the Executive's employment pursuant to this Agreement may be terminated either by the Executive or the Company at any time and for any reason. The term ***"Termination Date"*** shall mean the date upon which the Executive's employment is terminated (i) by his death, (ii) by his Incapacity (as defined in Section 4(c)), (iii) otherwise in accordance with this Agreement, (iv) upon a Change of Control in accordance with Section 4(f), or (v) for any other reason, the Executive incurs a Separation from Service (as defined in Section 16(c)).

(b) Death. The Executive's employment shall terminate upon his death. In such event, the Company shall, within thirty (30) days following the date of death, (i) pay to such person as the Executive shall have designated in a notice filed with the Company, or, if no such person shall have been designated, to the Executive's estate, a lump-sum amount equal to the sum of (A) a prorated portion of 75% of the Executive's then current Salary, with the prorated amount to be determined based on the number of days that the Executive was employed by the Company in the year during which the Termination Date occurs, (B) the Executive's Salary for the remainder of the Employment Period, (C) the maximum annual contribution under the Company's deferred compensation plan of seven and a half percent (7.5%) of the Executive's total base salary and annual cash bonus (with such maximum amount to be determined in accordance with the terms of the applicable deferred compensation plan) that would have been made during the remainder of the Employment Period and (D) two (2) times the Executive's Target Bonus, in the case of each of clauses (B), (C) and (D) at the rates in effect as of the Termination Date (the lump sum amount determined in accordance with this Section 4(b), the ***Termination Amount***).

(c) Incapacity. If, in the reasonable judgment of the Chief Executive Officer of the Company, or his designee, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his full-time duties as described hereunder for the entire period of six (6) consecutive months (***Incapacity***), the Executive's employment shall terminate at the end of the six (6)-month period. In such event, upon the Termination Date, the Company shall pay to the Executive a lump sum payment equal to the Termination Amount. The lump sum payment shall be made within sixty (60) days following the Termination Date, provided, however, that prior to the

payment date, the Executive or his designated appointee signs a waiver and release of claims agreement in the form provided by the Company in its discretion and such waiver and release becomes effective and irrevocable in its entirety prior to such date. If the waiver and release does not become effective and irrevocable on or prior to the payment date set forth in the preceding sentence, the Company shall have no further obligations pursuant to Sections 4(c) and 4(g). To the extent not already paid, the Company's obligation to pay the Executive his Salary and benefits shall be reduced if the Executive subsequently takes other employment to the extent of the Executive's salary and benefits from such subsequent employment. Any dispute between the Chief Executive Officer of the Company, or his designee, and the Executive with respect to the Executive's Incapacity shall be settled by reference to a competent medical authority mutually agreed to by the Chief Executive Officer of the Company, or his designee, and the Executive, whose decision shall be binding on all parties.

(d) Termination by the Company for Cause; Resignation by the Executive.

(i) If the Executive's employment is terminated by the Company for Cause or the Executive resigns his employment for any reason, the Company shall have no further obligations to the Executive hereunder after the Termination Date, except for unpaid Salary and benefits accrued through the Termination Date.

(ii) For purposes of this Agreement, ***"Cause"*** means the Executive's: (A) failure, refusal or neglect to perform and discharge his powers, duties (other than fiduciary duties, which shall be governed by the terms of subclause (D)), obligations or responsibilities as an employee of the Company, which refusal to perform such duties and responsibilities continues for more than thirty (30) days after written notice from the Company or one of its affiliates to perform such duties and responsibilities; (B) violation of Company policies; (C) breach of the terms of this Agreement, the 2018 Proprietary Rights Agreement or the Restrictive Covenant Agreement (as defined below); (D) breach of any fiduciary duties or duties of loyalty the Executive may have because of any position the Executive holds with the Company or any subsidiary or affiliate thereof; (E) conviction of, or plea of nolo contendere to, a felony or any other crime involving the Executive's personal dishonesty or moral turpitude or that could reflect negatively upon the Company or any of its subsidiaries or affiliates; (F) indictment by a grand jury for acts detrimental to the Company's best interests; or (G) engagement in willful misconduct (including any willful violation of federal securities laws), negligence, act of dishonesty, violence or threat of violence, in each case that would reasonably be expected to result in injury to the Company or any of its subsidiaries or affiliates.

(e) Termination Without Cause. The Company may terminate the Executive's employment hereunder at any time without Cause. In such event, the Company shall pay to the Executive a lump sum payment equal to the Termination Amount. The Termination Amount shall be made on the sixtieth (60^{th}) day following the Termination Date, provided, that prior to the payment date, the Executive signs a waiver and release agreement in the form provided by the Company and such waiver and release becomes effective and irrevocable in its entirety prior to such date. If the waiver and

release does not become effective and irrevocable on or prior to the payment date set forth in the preceding sentence, the Company shall have no further obligations pursuant to Sections 4(e) and 4(g).

(f) Change of Control.

(i) If a Change of Control occurs during the Employment Period the Executive's employment will terminate upon the effective date of the Change of Control and the Company, or its successor in interest, shall pay to the Executive a lump-sum amount equal to the Termination Amount. The lump sum payment shall be made within thirty (30) days following the Termination Date without any action by the Executive.

(ii) For purposes of this Agreement, a ***"Change of Control"*** shall mean a "change in control event" within the meaning of the default rules under Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (***Section 409A***). The obligations of the Company pursuant to this Section 4(f) shall survive any termination of this Agreement or the Executive's employment.

(g) Benefit Continuation. If the Executive's employment is terminated pursuant to Sections 4(c), 4(e) or 4(f), the Company shall provide the Executive and his eligible dependents with continued participation in medical, dental and health benefit plans available to the Company's similarly situated employees on similar terms and conditions as active employees, from the Termination Date until the earlier to occur of (i) the end of the Employment Period; or (ii) the date the Executive becomes eligible for comparable benefits provided by a third party; provided, however, that the continuation of such benefits shall be subject to (x) the respective terms of the applicable plan, in effect from time to time, (y) the Executive being solely responsible for the tax consequences to him of such benefit continuation, and (z) and the timely payment by the Executive of his applicable share of the applicable premiums in effect from time to time. To the extent that reimbursable medical and dental care expenses constitute deferred compensation for purposes of Section 409A, the Company shall reimburse the medical and dental care expenses as soon as practicable consistent with the Company's practice, but in no event later than the last day of the calendar year next following the calendar year in which such expenses were incurred.

(h) Consulting Services. Upon the Termination Date, and at the Company's sole and absolute discretion, the Executive may be retained to act as a consultant of the Company for two (2) full years after the Termination Date (the ***Consulting Period***). During the Consulting Period, the Executive shall make himself available to the Company as a consultant for up to forty (40) hours per month. The Executive may fulfill this obligation by making himself available telephonically, or through web-based conferencing, at the Company's discretion. In consideration for the Executive's availability and services during the Consulting Period and subject to the Executive's performance of the same, the Company shall: (i) pay the Executive one-twenty fourth ($^1/_{24}$) of the Salary each month during the Consulting Period, payable in accordance with the Company's ordinary payroll practices as established from time to time; and (ii)

notwithstanding any provision in the applicable award documents, and subject to applicable law, the Accelerated Restricted Stock shall continue to vest during the Consulting Period upon the same schedule as such Accelerated Restricted Stock would have vested if the Executive remained employed by the Company, and the remaining Accelerated Restricted Stock shall accelerate and become immediately vested and unrestricted and, as applicable, become immediately exercisable and remain exercisable through the remainder of their term following the conclusion of the Consulting Period; provided, however,

that the Executive shall have performed all of his obligations in this Section 4(h) and not breached any of his duties, obligations and covenants set forth in Section 5. Nothing in this Section 4(h) shall alter the terms of any equity awards subject to performance-based vesting.

5. Noncompete; Nonsolicitation. During the Executive's employment with the Company and for a period ending three (3) years following the Termination Date (the ***Restricted Period***), the Executive shall not:

(a) (i) directly or indirectly, whether for compensation or otherwise, alone or as a partner, associate, agent, principal, trustee, consultant, co-venturer, creditor, owner (excepting not more than 3% stockholdings for investment purposes in securities of publicly held and traded companies), representative, be employed by or contract with a Competitor in providing Competitive Services in any capacity where he would be directly or indirectly aiding or assisting that Competitor in providing Competitive Services, (ii) on behalf of any entity other than the Company, perform Competitive Services, whether or not for compensation, for any customer of the Company, (iii) contact or otherwise communicate with any Protected Customer (regardless of whether the Executive or the Protected Customer initiates such contact or communication), if the nature of the contact or communication or the method employed would have a natural consequence of being understood as a solicitation of Competitive Services, (iv) influence or attempt to influence any Protected Customer to divert its business to any individual, partnership, firm, corporation or other entity then in competition with the business of the Company or any subsidiary or affiliate of the Company or (v) influence or attempt to influence, directly or indirectly, suppliers of the Company not to do business with the Company or to reduce the extent of their business relationship with the Company. For purposes of this Agreement and notwithstanding any other agreement between the Executive and the Company: "***Competitive Services***" means technical and logistics services and related rental equipment to oil and gas exploration and production companies, and down hole completion and cementation rental and services; "***Competitor***" means any person or entity engaged in Competitive Services for products that are, or are intended to be, provided in the Protected Area. "***Protected Area***" means North Dakota, Montana, South Dakota, Wyoming, Colorado, Utah, Oklahoma, Texas, New Mexico, Louisiana, Arkansas, Pennsylvania, West Virginia, and Ohio; and "***Protected Customer***" means any Company customer with whom the Executive communicated and/or as to whom the Executive reviewed any confidential or proprietary information as a result of the Executive's employment with the Company within the preceding twelve (12) months prior to the Executive's Termination Date; or

(b) directly or indirectly contact for the purpose of soliciting employment, or solicit, employ or otherwise engage any Personnel of the Company to leave their employment with the Company to work for any other business, individual, company, firm, corporation, or other entity, except where such actions are taken within the course and scope of the Executive's employment with the Company; provided, however, that the foregoing restrictions and prohibitions will not apply to advertisements in newspapers or other widely distributed publications, media, or mail, including Internet websites. For purposes of this Agreement, "***Personnel of the Company***" include each individual who was retained by the Company as an employee, consultant or contractor to provide services for or on behalf of the Company.

The Company and the Executive have attempted to limit the Executive's right to compete with the Company and solicit employees and customers only to the extent necessary to protect the Company from unfair competition. However, should a court of competent jurisdiction determine that the scope of any covenant contained in this Agreement exceed the maximum restrictiveness deemed reasonable and enforceable, the parties intend a court of competent jurisdiction should reform and modify such covenant to the minimum extent necessary so that it is enforceable to the maximum extent permitted by applicable law and under the circumstances existing at that time.

6. Extension of the Restricted Period. If the Executive breaches any provision of Section 5, the Executive agrees and acknowledges that the Restricted Period shall be extended by the time period of such breach.

7. Remedies: Enforcement. The Executive agrees that the covenants set forth in Section 5 are necessary and reasonably limited in scope and duration to protect the Company's and its subsidiary's commercial interests, including, but not limited to, protection from unfair competition, disparagement, misappropriation, disclosure or use of its confidential information and/or trade secrets, and misuse or unauthorized use of the Company's or any of its subsidiaries' work product/inventions. The Executive agrees and acknowledges that if the Executive violates any provision of Section 5 of this Agreement, the Company will have an inadequate remedy at law and will suffer continuing and irreparable injury to its business. The Company shall be entitled to enjoin the Executive from any breach or threatened breach of this Agreement and other applicable injunctive or equitable relief (without obtaining a bond or posting other security) and without the necessity of proving any actual damage or that monetary damages would not afford it an adequate remedy. In addition, the Executive agrees and acknowledges that if the Executive violates any provision of Section 5 of this Agreement, the Company will have the right and remedy to require the Executive to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or received, directly or indirectly, by the Executive as a result of any transactions constituting breach of any provision of Section 5 of this Agreement.

8. Clawback. The Executive agrees and acknowledges that if he materially breaches any of his obligations, duties, or covenants set forth in Section 5 of this Agreement, the Company shall be entitled to clawback the initial Company restricted stock grant (the ***Restricted Stock Grant***) and any of the Accelerated Restricted Stock, as well as any

proceeds the Executive has received for the sale of the Restricted Stock Grant and/or the Accelerated Restricted Stock. The Company's remedies set forth in this Section 8 are in addition to, and not in lieu of, any other remedies to which the Company may be entitled.

9. Amendments. No amendment to this Agreement or any schedule hereto shall be effective unless it is in writing and signed by the Executive and the Company.

10. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally (or upon refusal to accept delivery) or sent by overnight mail or three days after being mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, to it at:

KLX Energy Services Holdings, Inc.

1300 Corporate Center Way
Wellington, FL 33414
Attention: General Counsel

If to the Executive, to him at:

The address (or to the facsimile number) shown
in the books and records of the Company.

11. Entire Agreement. This Agreement, the 2018 Proprietary Rights Agreement and the Restrictive Covenant Agreement constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties, including but not limited to the Prior Agreement. The non-solicitation and non-competition provisions in this Agreement, and those in (i) the 2018 Proprietary Rights Agreement and (ii) the Standard Member Restrictive Covenant Agreement, dated April 7, 2014 by and between the Executive and BEA Logistics Services LLC (the ***Restrictive Covenant Agreement***), in each case, shall be deemed separate and distinct provisions and each of their respective terms and applicable time periods shall run concurrently in accordance with their respective terms for the benefit of the Company. This Agreement, the 2018 Proprietary Rights Agreement and the Restrictive Covenant Agreement shall each be governed by the choice-of-law provisions set forth in each respective agreement. Except as provided in this Section 11, to the extent the 2018 Proprietary Right Agreement is determined to be inconsistent with this Agreement, the 2018 Proprietary Rights Agreement shall govern.

12. Headings. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof.

13. Counterparts. This Agreement may be executed in multiple counterparts (each of which is to be deemed original for all purposes). This Agreement may also be executed by delivery by facsimile or electronic mail of an executed counterpart of this Agreement. The parties hereto agree that the signature of any party transmitted by facsimile with

confirmation of transmission or by electronic mail shall have binding effect as though such signature were delivered as an original.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws (other than the conflict of laws rules) of the State of Delaware.

15. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

16. Section 409A.

(a) If any amounts that become due under Sections 3 or 4 of this Agreement constitute "nonqualified deferred compensation" within the meaning of Section 409A, payment of such amounts shall not commence until the Executive incurs a Separation from Service (as defined below) if and only if necessary to avoid accelerated taxation or tax penalties in respect of such amounts.

(b) Notwithstanding any provision of this Agreement to the contrary, if the Executive is a Specified Employee (as defined below), he shall not be entitled to any payments upon a Separation from Service until the earlier of (i) the date which is the first (1st) business day following the date that is six (6) months after the Executive's Separation from Service for any reason other than death; or (ii) the Executive's date of death. The provisions of this Section 16(b) shall only apply if required to comply with Section 409A.

(c) For purposes of this Agreement, ***"Separation from Service"*** shall have the meaning set forth in Section 409A(a)(2)(A)(i) and determined in accordance with the default rules under Section 409A. ***"Specified Employee"*** shall have the meaning set forth in Section 409A(a)(2)(B)(i), as determined in accordance with the uniform methodology and procedures adopted by the Company and then in effect.

(d) It is intended that the terms and conditions of this Agreement comply with Section 409A. If any provision of this Agreement contravenes any regulations or Treasury guidance promulgated under Section 409A, or could cause any amounts or benefits hereunder to be subject to taxes, interest and penalties under Section 409A, the Company may, in its sole discretion and without the Executive's consent, modify the Agreement to: (i) comply with, or avoid being subject to, Section 409A; (ii) avoid the imposition of taxes, interest and penalties under Section 409A; and/or (iii) maintain, to the maximum extent practicable, the original intent of the applicable provision without contravening the provisions of Section 409A. This Section 16(d) does not create an obligation on the part of the Company to modify this Agreement and does not guarantee that the amounts or benefits owed under this Agreement will not be subject to interest and penalties under Section 409A.

(e) Anything in this Agreement to the contrary notwithstanding, no reimbursement payable to the Executive pursuant to any provisions of this Agreement or pursuant to any plan or arrangement of the Company covered by this Agreement shall be paid later than the last day of the calendar year following the calendar year in which the

related expense was incurred, except to the extent that the right to reimbursement does not provide for a "deferral of compensation" within the meaning of Section 409A. No amount reimbursed during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year. The Executive may not liquidate or exchange the right to reimbursement of such expenses for any other benefits.

17. Enforceability; Waiver. The invalidity and unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other term or provision of this Agreement. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right that the Executive or the Company may have hereunder, shall not be deemed to be a waiver

of such provision or right or any other provision or right of this Agreement. Similarly, the waiver by any party hereto of a breach of any provision of this Agreement by the other party will not operate or be construed as a waiver of any other or subsequent breach by such other party.

18. Contract Modification. Any provision of this Agreement held to be invalid or unenforceable, shall be severed or rewritten, and the remaining terms and provisions shall remain in full force and effect. A court shall rewrite any such provision to make it valid, lawful and enforceable while still, to the maximum extent possible, achieving the spirit and intent of the original provision. A provision shall be invalidated and severed only if it is impossible to revise it.

19. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns. This Agreement may be assigned by the Company. The Executive may not assign or delegate his duties under this Agreement.

20. Survival. The entitlement of the Executive and the obligations of the Company pursuant to Section 4 and the entitlement of the Company and the covenants, duties and obligations of the Executive pursuant to Section 5, the 2018 Proprietary Rights Agreement and the Restrictive Covenant Agreement, shall each survive any termination or expiration of this Agreement, or any termination or resignation of the Executive's employment, as the case may be.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amended and Restated Employment Agreement as of the date first written above.

EXECUTIVE

_____

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____
Name:
Its:

[Signature Page to Roberts Amended and Restated Employment Agreement]

EXHIBIT A

2018 Proprietary Rights Agreement

Exhibit 10.8

FORM OF REGISTRATION RIGHTS AGREEMENT

by and among

KLX Energy Services Holdings, Inc.

and

Amin Khoury

Dated as of September [·], 2018

REGISTRATION RIGHTS AGREEMENT, dated as of September [·], 2018 (this "Agreement"), by and among (i) KLX Energy Services Holdings, Inc., a Delaware corporation (the "Company"), and (ii) Amin Khoury (together with his permitted transferees, collectively, the "Shareholder").

RECITALS

WHEREAS, KLX Inc. ("KLX"), directly and through its various subsidiaries, is engaged in the business of, among other things, the provision of completion, intervention and production services to the major onshore oil and gas producing regions of the United States (the "ESG Business");

WHEREAS, the Board of Directors of KLX (the "Board") has determined that (i) the separation of the ESG Business from KLX and (ii) operating the ESG Business as an independent, publicly-traded company as part of a taxable spin-off (the "Spin-Off") present the best available alternative for maximizing stockholder value with respect to the ESG Business;

WHEREAS, in connection with the Spin-Off, KLX has incorporated the Company, which from its formation and on the date hereof, is a direct wholly-owned subsidiary of the Company;

WHEREAS, in connection with and in order to effect the Spin-Off, KLX entered into the Distribution Agreement (the "Distribution Agreement"), dated July 13, 2018, by and among KLX, the Company and KLX Energy Services LLC, a Delaware limited liability company and wholly-owned subsidiary of KLX;

WHEREAS, KLX owns all of the issued and outstanding shares of common stock, par value $0.01 per share, of the Company (the "KLX Energy Services Common Stock");

WHEREAS, pursuant to the terms and subject to the conditions of the Distribution Agreement, KLX desires to contribute (the "Contribution") 100% of the membership interests in KLX Energy Services LLC to the Company in exchange for the assumption by the Company of the liabilities related to the ESG Business;

WHEREAS, following the Contribution and pursuant to the terms and subject to the conditions of the Distribution Agreement, KLX desires to distribute, by way of a dividend, to the holders of record of the issued and outstanding common stock of KLX (the "KLX Common Stock") as of the close of business of the Nasdaq Global Select Market on September 3, 2018 (the "Record Date", and each such stockholder, a "Record Holder"), on a pro rata basis (in each case without consideration being paid by such stockholders), all of the outstanding shares of KLX Energy Services Common Stock, par value $0.01 per share or, more specifically, 0.4 shares of KLX Energy Services Common Stock for every 1 share of KLX Common Stock, par value $0.01 per share, of the Corporation held by such Record Holder on the Record Date (the "Distribution");

WHEREAS, concurrently with the consummation of the transactions contemplated above, the Company and the Shareholder desire to provide for certain registration rights in respect of certain Shares (as defined below) that are held or will be held by the Shareholder.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement, intending to be legally bound, hereby agree as follows, effective as of the date hereof:

Section 1. Certain Definitions. As used herein, the following terms shall have the following meanings:

"Additional Piggyback Rights" has the meaning ascribed to such term in Section 2.2(b).

"Additional Piggyback Shares" has the meaning ascribed to such term in Section 2.3(a)(iii).

"Affiliate" as applied to any Person, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities (the ownership of more than 50% of the voting securities of an entity shall for purposes of this definition be deemed to be "control"), by contract or otherwise. For the avoidance of doubt, neither the Company nor any Person controlled by the Company shall be deemed to be an Affiliate of any Holder.

"Agreement" has the meaning ascribed to such term in the Preamble.

"Assumption Agreement" means an agreement in the form set forth in Exhibit A hereto whereby a permitted transferee of Registrable Securities who acquires such Registrable Securities becomes a party to, and agrees to be bound, to the same extent as its transferor, by the terms of this Agreement.

"automatic shelf registration statement" has the meaning ascribed to such term in Section 2.4.

"Board" means the board of directors of the Company.

"Block Trade Notice" has the meaning ascribed to such term in Section 2.1(e).

"Business Day" means a day, other than Saturday, Sunday, federal or New York State holiday or other day on which commercial banks in the City of New York are authorized or required by law or other governmental action to close.

"Claims" has the meaning ascribed to such term in Section 2.9(a).

"Certificate of Incorporation" means the certificate of incorporation or similar constitutive document of the Company filed with the Secretary of State of the State of Delaware, as it may be amended from time to time.

"Company" has the meaning ascribed to such term in the Preamble and, for purposes of this Agreement, such term shall include any Subsidiary or parent company of the Company and any successor to the Company or any Subsidiary or parent company of the Company who becomes the issuer of Shares.

"Company Block Trade Notice" has the meaning ascribed to such term in Section 2.1(e).

"Company Shelf Underwriting" has the meaning ascribed to such term in Section 2.2(a).

"Company Shelf Notice" has the meaning ascribed to such term in Section 2.2(a).

"Confidential Information" has the meaning ascribed to such term in Section 4.14.

"Demand Exercise Notice" has the meaning ascribed to such term in Section 2.1(a)(i).

"Demand Party" has the meaning ascribed to such term in Section 2.1(a)(i).

"Demand Registration" has the meaning ascribed to such term in Section 2.1(a)(i).

"Demand Registration Request" has the meaning ascribed to such term in Section 2.1(a)(i).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC issued under such Act, as they may from time to time be in effect.

"Expenses" means any and all fees and expenses incident to the Company's performance of or compliance with Section 2 of this Agreement, including, without limitation: (i) SEC, stock exchange or FINRA registration and filing fees and all listing fees and fees with respect to the inclusion of securities on the New York Stock Exchange, Nasdaq or on any other U.S. or non-U.S. securities market on which the Shares are or may be listed or quoted, (ii) fees and expenses of compliance with state securities or "blue sky" laws of any state or jurisdiction of the United States or compliance with the securities laws of foreign jurisdictions and in connection with the preparation of a "blue sky" survey, including, without limitation, reasonable fees and expenses of outside "blue sky" counsel and securities counsel in foreign jurisdictions (but no more than one such counsel in any one jurisdiction), (iii) word processing, printing and copying expenses (including, without limitation, expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing any prospectus or free writing prospectus), (iv) messenger and delivery expenses, (v) expenses incurred in connection with any road show, (vi) fees and disbursements of counsel for the Company, (vii) with respect to each registration or underwritten offering, the reasonable and documented fees and disbursements of counsel for the Shareholder (the "Selling Shareholder Counsel"), together in each case with any local counsel, (viii) fees and disbursements of all independent public

accountants (including the expenses of any audit/review and/or "cold comfort" letter and updates thereof) and fees and expenses of other Persons, (ix) fees and expenses payable to a Qualified Independent Underwriter, (x) fees and expenses of any transfer agent or custodian, (xi) any other fees and disbursements of underwriters, if any, customarily paid by issuers of securities, and reasonable and documented fees and expenses of counsel for the underwriters in connection with any filing with or review by FINRA and (xii) expenses for securities law liability insurance and, if any, rating agency fees.

"FINRA" means the Financial Industry Regulatory Authority, Inc.

"Holder" or "Holders" means (1) any Person who is a party to this Agreement or (2) any transferee of Registrable Securities to whom any Person who is a party to this Agreement shall assign or transfer any rights hereunder in accordance with this Agreement, provided that such transferee has agreed in writing to be bound by the terms of this Agreement in respect of such Registrable Securities pursuant to an Assumption Agreement.

"Initiating Holders" has the meaning ascribed to such term in Section 2.1(a)(i).

"Majority Participating Holders" means Participating Holders holding more than 50% of the Registrable Securities proposed to be included in any offering of Registrable Securities by such Participating Holders pursuant to Section 2.1 or Section 2.2.

"Manager" has the meaning ascribed to such term in Section 2.1(c).

"Merger Agreement" has the meaning ascribed to such term in the Recitals.

"Minimum Threshold" means $10 million.

"Opt-Out Request" has the meaning ascribed to such term in Section 4.16.

"Participating Holders" means all Holders of Registrable Securities which are proposed to be included in any offering of Registrable Securities pursuant to Section 2.1 or Section 2.2.

"Partner Distribution" has the meaning ascribed to such term in Section 2.1(a)(iii).

"Person" means any individual, corporation, company, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture, governmental authority or other legal entity of any kind or nature whatsoever.

"Piggyback Notice" has the meaning ascribed to such term in Section 2.2(a).

"Postponement Period" has the meaning ascribed to such term in Section 2.1(b).

"Qualified Independent Underwriter" means a "qualified independent underwriter" within the meaning of FINRA Rule 5121.

"Registrable Securities" means (a) any Shares held by the Holders at any time (including those held as a result of, or issuable upon, the conversion or exercise of Share Equivalents), whether now owned or acquired by the Holders at a later time, (b) any Shares issued or issuable, directly or indirectly, in exchange for or with respect to the Shares referenced in clause (a) above by way of stock dividend, stock split or combination of shares or in connection with a reclassification, recapitalization, merger, share exchange, consolidation or other reorganization and (c) any securities issued in replacement of or exchange for any securities described in clause (a) or (b) above. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (A) a registration statement covering the sale of such Registrable Securities has been declared effective under the Securities Act and such Registrable Securities have been disposed of in accordance with such effective registration statement, or (B) such securities shall have been sold under Rule 144 (or any successor provision thereto).

"Rule 144" and "Rule 144A" each have the meaning ascribed to such term in Section 4.2.

"SEC" means the U.S. Securities and Exchange Commission or such other federal agency which at such time administers the Securities Act.

"Section 2.3(a) Sale Number" has the meaning ascribed to such term in Section 2.3(a).

"Section 2.3(a)(x) Sale Number" has the meaning ascribed to such term in Section 2.3(a).

"Section 2.3 Block Trade Sale Number" has the meaning ascribed to such term in Section 2.3(a).

"Section 2.3(b)(x) Sale Number" has the meaning ascribed to such term in Section 2.3(b).

"Section 2.3(b) Block Trade Sale Number" has the meaning ascribed to such term in Section 2.3(b).

"Section 2.3(c) Sale Number" has the meaning ascribed to such term in Section 2.3(c).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC issued under such Act, as they may from time to time be in effect.

"Shares" means the shares of common stock, par value $0.01 per share, of the Company, and any and all securities of any kind whatsoever which may be issued after the date hereof in respect of, or in exchange for, such shares of common stock pursuant to a merger, consolidation, stock split, stock dividend or recapitalization of the Company or otherwise.

"Share Equivalents" means, with respect to the Company, all options, warrants and other securities convertible into, or exchangeable or exercisable for (at any time or upon the occurrence of any event or contingency and without regard to any vesting or other conditions to which such securities may be subject), or depositary receipts or depositary shares representing or evidencing, Shares or other equity securities of the Company (including, without limitation, any note or debt security convertible into or exchangeable for Shares or other equity securities of the Company).

"Shelf Registrable Securities" has the meaning ascribed to such term in Section 2.1(e).

"Shelf Registration Statement" has the meaning ascribed to such term in Section 2.1(e).

"Shelf Underwriting" has the meaning ascribed to such term in Section 2.1(e).

"Shelf Underwriting Notice" has the meaning ascribed to such term in Section 2.1(e).

"Shelf Underwriting Request" has the meaning ascribed to such term in Section 2.1(e).

"Subsidiary" means any direct or indirect subsidiary of the Company on the date hereof and any direct or indirect subsidiary of the Company organized or acquired after the date hereof.

"Valid Business Reason" has the meaning ascribed to such term in Section 2.1(b).

"WKSI" has the meaning ascribed to such term in Section 2.1(a)(i).

Section 2. Registration Rights.

2.1. Demand Registrations.

(a) (i) Subject to Sections 2.1(b) and 2.3, at any time and from time to time following the date hereof, the Shareholder (a "Demand Party") shall have the right to require the Company to file one or more registration statements under the Securities Act covering all or any part of its and its Affiliates' Registrable Securities by delivering a written request therefor to the Company specifying the number of Registrable Securities to be included in such registration and the intended method of distribution thereof. Any such request by any Demand Party pursuant to this Section 2.1(a)(i) is referred to herein as a "Demand Registration Request" and the registration so requested is referred to herein as a "Demand Registration" (with respect to any Demand Registration, the Holder(s) making such demand for registration being referred to as the "Initiating Holders"). Any Demand Registration Request may request that the Company register Registrable Securities on an appropriate form, including a shelf registration statement, and, if the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act, a "WKSI"), an automatic shelf registration statement. The Company shall give written notice (the "Demand Exercise Notice") of such Demand Registration Request to each of the Holders of record of Registrable Securities, if any other than the Initiating Holding, at least five (5) Business Days prior to the filing of any registration statement under the Securities Act.

(ii) The Company, subject to Sections 2.3 and 2.6, shall include in a Demand Registration (x) the Registrable Securities of the Initiating Holders and (y) the Registrable Securities of any other Holder of Registrable Securities which shall have made a written request to the Company for inclusion in such registration pursuant to Section 2.2 (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Participating Holder) within five (5) days following the receipt of any such Demand Exercise Notice.

(iii) The Company shall, as expeditiously as reasonably possible, but subject to Section 2.1(b), use its commercially reasonable efforts to (x) file with the SEC (no later than forty-five (45) days from the Company's receipt of the applicable Demand Registration Request) and cause to be declared effective such registration under the Securities Act as soon as reasonably practicable thereafter (including, without limitation, by means of a shelf registration pursuant to Rule 415 under the Securities Act if so requested and if the Company is then eligible to use such a registration) with respect to the Registrable Securities which the Company has been so requested to register, for distribution in accordance with the intended method of distribution and (y) if requested by the Initiating Holders, obtain acceleration of the effective date of the registration statement relating to such registration.

(b) Notwithstanding anything to the contrary in Section 2.1(a), the Demand Registration rights granted in Section 2.1(a) are subject to the following limitations: (i) the Company shall not be required to effect more than (x) five (5) Demand Registrations on Form S-1 or any similar long-form registration at the request of the Shareholder; provided, however, that the Shareholder shall be entitled to request an unlimited number of Demand Registrations on Form S-3 or any similar short-form registration (including pursuant to Rule 415 under the Securities Act) or take-downs or other offerings off an existing Form S-3; (ii) each registration or offering in respect of a Demand Registration Request made by any Holder must include, in the aggregate, Shares having an aggregate market value of at least the lesser of (a) the Minimum Threshold (based on the Shares included in such registration by all Holders participating in such registration) and (b) the Initiating Holder's remaining Shares; and (iii) if the Board, in its good faith judgment, determines that any registration of Registrable Securities should not be made or continued because it would materially and adversely interfere with any existing or potential material financing, acquisition, corporate reorganization, merger, share exchange or other transaction or event involving the Company or any of its subsidiaries or because the Company does not yet have appropriate financial statements of any acquired or to be acquired entities available for filing (in each case, a "Valid Business Reason"), then (x) the Company may postpone filing a registration statement relating to a Demand Registration Request until five (5) Business Days after such Valid Business Reason no longer exists, but in no event for more than forty-five (45) days after the date the Board determines a Valid Business Reason exists and (y) in case a registration statement has been filed relating to a Demand Registration Request, if the Valid Business Reason has not resulted in whole or part from actions taken or omitted to be taken by the Company, the Company may, to the extent determined in the good faith judgment of the Board to be reasonably necessary to avoid interference with any of the transactions described above, suspend use of or, if required by the SEC, cause such registration statement to be withdrawn and its effectiveness terminated or may postpone amending or supplementing such registration statement until five (5) Business Days after such Valid Business Reason no longer exists, but in no event for more than forty-five (45) days after the date the Board determines a Valid Business Reason exists (such period of postponement or withdrawal under this clause (v), the "Postponement Period"). The Company shall give written notice to the Initiating Holders and any other Holders that have requested registration pursuant to Section 2.1 or Section 2.2 of its determination to postpone or suspend use of or withdraw a registration statement and of the fact that the Valid Business Reason for such postponement or suspension or withdrawal no longer exists, in each case, promptly after the occurrence thereof; provided, however, the

Company shall not be permitted to postpone or suspend use of or withdraw a registration statement after the expiration of any Postponement Period until twelve (12) months after the expiration of such Postponement Period.

If the Company shall give any notice of postponement or suspension or withdrawal of any registration statement pursuant to clause (iii) above, the Company shall not, during the Postponement Period, register any Shares, other than pursuant to a registration statement on Form S-4 or S-8 (or an equivalent registration form then in effect). Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company that the Company has determined to suspend use of, withdraw, terminate or postpone amending or supplementing any registration statement pursuant to clause (iii) above, such Holder will discontinue its disposition of Registrable Securities pursuant to such registration statement. If the Company shall have suspended use of, withdrawn or terminated a registration statement filed under Section 2.1(a)(i) (whether pursuant to clause (iii) above or as a result of any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court), the Company shall not be considered to have effected a Demand Registration for the purposes of this Agreement until the Company shall have permitted use of such suspended registration statement or filed a new

registration statement covering the Registrable Securities covered by the withdrawn or terminated registration statement and such registration statement shall have been declared effective and shall not have been withdrawn. If the Company shall give any notice of suspension, withdrawal or postponement of a registration statement, the Company shall, not later than five (5) Business Days after the Valid Business Reason that caused such suspension, withdrawal or postponement no longer exists (but in no event later than forty-five (45) days after the date of the suspension, postponement or withdrawal), as applicable, permit use of such suspended registration statement or use its reasonable best efforts to effect the registration under the Securities Act of the Registrable Securities covered by the withdrawn or postponed registration statement in accordance with this Section 2.1 (unless the Initiating Holders shall have withdrawn such request, in which case the Company shall not be considered to have effected a Demand Registration for the purposes of this Agreement and such request shall not count as a Demand Registration Request under this Agreement), and following such permission or such effectiveness such registration shall no longer be deemed to be suspended, withdrawn or postponed pursuant to clause (v) of Section 2.1(iii) above.

(c) In connection with any Demand Registration (including any Shelf Underwriting or Underwritten Block Trade (as defined below)), the Holders of a majority of the Registrable Securities included in such Demand Registration shall have the right to designate the lead managing underwriter (any lead managing underwriter for the purposes of this Agreement, the "Manager") in connection with any underwritten offering pursuant to such registration and each other managing underwriter for any such underwritten offering and counsel for the Participating Shareholders; provided that in each case, each such underwriter is reasonably satisfactory to the Company, which approval shall not be unreasonably withheld or delayed.

(d) No Demand Registration shall be deemed to have occurred for purposes of Section 2.1(a) (i) if the registration statement relating thereto (x) does not become effective, (y) is not maintained effective for a period of at least one hundred eighty (180) days after the

effective date thereof or such shorter period during which all Registrable Securities included in such registration statement have actually been sold (provided, however, that such period shall be extended for a period of time equal to the period the Holder of Registrable Securities refrains from selling any securities included in such registration statement at the request of the Company or an underwriter of the Company), or (z) is subject to a stop order, injunction, or similar order or requirement of the SEC during such period, (ii) if any of the Registrable Securities requested by such Initiating Holder to be included in such Demand Registration are not so included pursuant to Section 2.3 (even where some or most of such Holder's Registrable Securities are included in such Demand Registration), (iii) if the method of disposition is a firm commitment underwritten public offering and any of the applicable Registrable Securities identified in the preliminary prospectus or preliminary prospectus supplement, as applicable, for such offering as being sold by the Participating Holders have not been sold pursuant thereto or (iv) if the conditions to closing specified in any underwriting agreement, purchase agreement or similar agreement entered into in connection with the registration relating to such request are not satisfied (other than as a result of a default or breach thereunder by such Initiating Holder(s) or its Affiliates) or are otherwise not waived by such Initiating Holder(s).

(e) In the event that the Company files a shelf registration statement under Rule 415 of the Securities Act pursuant to a Demand Registration Request and such registration becomes effective (such registration statement, a "Shelf Registration Statement"), the Initiating Holders with respect to such Demand Registration Request and the other Demand Parties with Registrable Securities registered on such Shelf Registration Statement (or, in the case of an automatic shelf registration statement, the Demand Parties) shall have the right at any time or from time to time to elect to sell pursuant to an underwritten offering Registrable Securities available for sale pursuant to such registration statement. For purposes hereof, any Registrable Securities issued to the Shareholder on Form S-8 and registered with the SEC for reoffer or resale pursuant to a reoffer/resale prospectus filed by the Company in connection with the Form S-8 shall be deemed registered on a Shelf Registrable Statement and to benefit from the provisions of this Section 2.1(e) and all other provisions of this agreement including, without limitation, Sections 2.4, 2.5. and 2.9 hereof. Any such Initiating Holder or Demand Party shall make such election by delivering to the Company a written request (a "Shelf Underwriting Request") for such underwritten offering specifying the number of Registrable Securities that such Initiating Holder or Demand Party, as applicable, desires to sell pursuant to such underwritten offering (the "Shelf Underwriting"). As promptly as practicable, but no later than two (2) Business Days after receipt of a Shelf Underwriting Request, the Company shall give written notice (the "Shelf Underwriting Notice") of such Shelf Underwriting Request to the Holders of record (if any) of other Registrable Securities registered on such Shelf Registration Statement (or, in the case of an automatic shelf registration statement, the Holders of record (if any) of Registrable Securities) ("Shelf Registrable Securities"). The Company, subject to Sections 2.3 and 2.6, shall include in such Shelf Underwriting (x) the Registrable Securities of the Initiating Holders and (y) the Shelf Registrable Securities of any other Holder of Shelf Registrable Securities (if any) which shall have made a written request to the Company for inclusion in such Shelf Underwriting (which request shall specify the maximum number of Shelf Registrable Securities intended to be disposed of by such Holder) within five (5) days after the receipt of the Shelf Underwriting Notice. The Company shall, as expeditiously as possible (and

in any event within twenty (20) days after the receipt of a Shelf Underwriting Request), but subject to Section 2.1(b), use its commercially reasonable efforts to facilitate such Shelf Underwriting. Notwithstanding the foregoing, if a Demand Party wishes to engage in an underwritten block trade or similar transaction or other transaction with a 2-day or less marketing period (collectively, "Underwritten Block Trade") pursuant to a Shelf Registration Statement (either through filing an automatic shelf registration statement or through a take-down from an already effective Shelf Registration Statement), then notwithstanding the foregoing time periods, such Demand Party only needs to notify the Company of the Underwritten Block Trade two (2) Business Days prior to the day such Underwritten Block Trade is to commence, and the Company shall notify the other Holders (the "Company Block Trade Notice") on the same day, and such other Holders (if any) must elect whether or not to participate by the next Business Day (i.e., one (1) Business Day prior to the date such offering is to commence). The Company shall as expeditiously as possible, but subject to Section 2.1(b), use its commercially reasonable efforts to facilitate such Underwritten Block Trade (which may close as early as two (2) Business Days after the date it commences); provided, however, that the Demand Party requesting such Underwritten Block Trade shall use commercially reasonable efforts to work with the Company and the underwriters prior to making such request in order to facilitate preparation of the registration statement (including filing an automatic shelf registration statement), prospectus and other offering documentation related to the Underwritten Block Trade. In the event a Demand Party requests such an Underwritten Block Trade, notwithstanding anything to the contrary in this Section 2.1 or in Section 2.2, any holder of Shares who is not a Holder shall have no right to notice of or to participate in such Underwritten Block Trade at any time. The Company shall, at the request of any Initiating Holder, file any prospectus supplement or, if the applicable Shelf Registration Statement is an automatic shelf registration statement, any post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by the Initiating Holders or any other Holder of Shelf Registrable Securities to effect such Shelf Underwriting. Once a Shelf Registration Statement has been declared effective, the Demand Parties may request, and the Company shall be required to facilitate, subject to Section 2.1(b), an unlimited number of Shelf Underwritings with respect to such Shelf Registration Statement. Notwithstanding anything to the contrary in this Section 2.1(e), each Shelf Underwriting must include, in the aggregate, Shares having an aggregate market value of at least the lesser of

(a) the Minimum Threshold (based on the Shares included in such Shelf Underwriting by all Holders participating in such Shelf Underwriting) and (b) the Initiating Holder's remaining Shares.

(f) Any Initiating Holder may revoke a Demand Registration Request delivered by such Initiating Holder at any time prior to the effectiveness of such Demand Registration and such Demand Registration shall have no further force or effect and such request shall not count as a Demand Registration Request under this Agreement.

(g) In the event that any Holder fails to take all steps necessary to commence an Underwritten Block Trade within two (2) Business Days of the date on which a Company Block Trade Notice is sent to such Holder, then, notwithstanding anything to the contrary in Sections 2.1 and 2.2, the Demand Party requesting the Underwritten Block Trade shall have the right to exclude such Holder from participating in such Underwritten Block Trade.

2.2. Piggyback Registrations.

(a) If the Company proposes or is required (pursuant to Section 2.1 or otherwise) to register any of its equity securities for its own account or for the account of any other shareholder under the Securities Act (other than pursuant to registrations on Form S-4 or Form S-8 or any similar successor forms thereto), the Company shall give written notice (the "Piggyback Notice") of its intention to do so to each of the Holders of record of Registrable Securities at least five (5) Business Days prior to the filing of any registration statement under the Securities Act. Piggyback rights included in this Section 2.2(a) include the right to piggyback on underwritten offerings or underwritten Block Trades by other shareholders of the Company whose shares may be registered on a reoffer/resale prospectus filed pursuant to a Form S-8. Upon the written request of any such Holder, made within five (5) days following the receipt of any such Piggyback Notice (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and the intended method of distribution thereof), the Company shall, subject to Sections 2.2(c), 2.2(f), 2.3 and 2.6 hereof, use its reasonable best efforts to cause all such Registrable Securities, the Holders of which have so requested the registration thereof, to be registered under the Securities Act with the securities which the Company at the time proposes to register to permit the sale or other disposition by the Holders (in accordance with the intended method of distribution thereof) of the Registrable Securities to be so registered, including, if necessary, by filing with the SEC a post-effective amendment or a supplement to the registration statement filed by the Company or the prospectus related thereto. There is no limitation on the number of such piggyback registrations pursuant to the preceding sentence which the Company is obligated to effect. No registration of Registrable Securities effected under this Section 2.2(a) shall relieve the Company of its obligations to effect Demand Registrations under Section 2.1 hereof. If the Company proposes or is required (pursuant to Section 2.1 or otherwise) to sell pursuant to an underwritten offering Registrable Securities available for sale pursuant to a Shelf Registration Statement (a "Company Shelf Underwriting"), the Company shall, as promptly as practicable, give written notice of such Company Shelf Underwriting (a "Company Shelf Notice") to each Holder of Shelf Registrable Securities. In addition to any equity securities that the Company proposes to sell for its own account in such Company Shelf Underwriting, the Company shall, subject to Sections 2.3 and 2.6, include in such Company Shelf Underwriting the Registrable Securities of any Holder which shall have made a written request to the Company for inclusion in such Company Shelf Underwriting (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder) within five (5) Business Days after the receipt of the Company Shelf Notice. Notwithstanding the foregoing, (x) if the Company wishes to engage in an Underwritten Block Trade pursuant to a Shelf Registration Statement (a "Company Underwritten Block Trade"), then notwithstanding the foregoing time periods, the Company only needs to notify the Shareholder of the Company Underwritten Block Trade two (2) Business Days prior to the day such Company Underwritten Block Trade is to commence and the Company shall notify the Shareholder and such Shareholder must elect whether or not to participate by the next Business Day (i.e., one (1) Business Day prior to the date such Underwritten Block Trade is to commence), and the Company shall as expeditiously as possible use its commercially reasonable efforts to facilitate such Company Underwritten Block Trade (which may close as early as two (2) Business Days after the date it commences), and (y) if a

Demand Party wishes to engage in an Underwritten Block Trade pursuant to a Shelf Registration Statement, then the provisions set forth in Section 2.1(e) shall apply to such Underwritten Block Trade. In the event the Company or a Demand Party requests a Company Underwritten Block Trade or an Underwritten Block Trade, as applicable, notwithstanding anything to the contrary in Section 2.1 or in this Section 2.2, any holder of Shares who does not constitute a Holder shall have no right to notice of or to participate in such Company Underwritten Block Trade or Underwritten Block Trade, as applicable.

(b) The Company, subject to Sections 2.3 and 2.6 and the final sentence of Section 2.2(a), may elect to include in any registration statement and offering pursuant to demand registration rights by any Person or otherwise, (i) authorized but unissued Shares or Shares held by the Company as treasury shares and (ii) any other Shares which are requested to be included in such registration pursuant to the exercise of piggyback registration rights granted by the Company on or after the date hereof and which are not inconsistent with the rights granted in, or otherwise conflict with the terms of, this Agreement ("Additional Piggyback Rights"); provided, however, that, with respect to any underwritten offering, including a block trade, such inclusion shall be permitted only to the extent that it is pursuant to, and subject to, the terms of the underwriting agreement or arrangements, if any, entered into by the Initiating Holders or the Majority Participating Holders in such underwritten offering.

(c) If, at any time after giving a Piggyback Notice and prior to the effective date of the registration statement filed in connection with such registration, (i) any Initiating Holder determines for any reason not to proceed with the proposed registration, the Company may at its election give written notice of such determination to each Holder of record of Registrable Securities and thereupon will be relieved of its obligation to register any Registrable Securities in connection with such registration and (ii) other than in connection with a Demand Registration, the Company shall determine for any reason not to register or to delay registration of such equity securities, the Company may, at its election, give written notice of such determination to all Holders of record of Registrable Securities and (x) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such abandoned registration, without prejudice, however, to the rights of Holders under Section 2.1, and (y) in the case of a determination to delay such registration of its equity securities, shall be permitted to delay the registration of such Registrable Securities for the same period as the delay in registering such other equity securities.

(d) Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any registration statement pursuant to this Section 2.2 by giving written notice to the Company of its request to withdraw; provided, however, that such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration or as otherwise required by the underwriters.

(e) Notwithstanding anything contained herein to the contrary, the Company shall, at the request of any Holder; file any prospectus supplement or post-effective amendments, or include in the initial registration statement any disclosure or language, or include in any

prospectus supplement or post-effective amendment any disclosure or language, and otherwise take any action, deemed necessary or advisable by such Holder.

2.3. Allocation of Securities Included in Registration Statement.

(a) If any requested registration made pursuant to Section 2.1 (including a Shelf Underwriting) involves (x) an underwritten offering and the Manager of such offering shall advise the Company and any Holder of Registrable Securities included in such underwritten offering that, in its view, the number of securities requested to be included in such underwritten offering by the Holders of Registrable Securities, the Company or any other Persons exercising Additional Piggyback Rights exceeds the largest number (the "Section 2.3(a)(x) Sale Number") that can be sold in an orderly manner in such underwritten offering within a price range acceptable to the Initiating Holders and the Majority Participating Holders, or (y) an Underwritten Block Trade and the number of securities requested to be included in such Underwritten Block Trade by the Holders of Registrable Securities or any other Persons exceeds the number that are sold in any such Underwritten Block Trade (the "Section 2.3(a) Block Trade Sale Number" and, together with the Section 2.3(a)(x) Sale Number, the "Section 2.3(a) Sale Number"), the Company shall use its reasonable best efforts to include in such underwritten offering:

(i) first, all Registrable Securities requested to be included in such underwritten offering by the Holders thereof (including pursuant to the exercise of piggyback rights pursuant to Section 2.2(a)); provided, however, that if the number of such Registrable Securities exceeds the Section 2.3(a) Sale Number, the number of such Registrable Securities (not to exceed the Section 2.3(a) Sale Number) to be included in such underwritten offering shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such underwritten offering (including pursuant to the exercise of piggyback rights pursuant to Section 2.2(a)), based on the number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the aggregate number of Registrable Securities owned by all Holders requesting inclusion;

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, any securities that the Company proposes to register or sell, up to the Section 2.3(a) Sale Number; and

(iii) third, to the extent that the number of Registrable Securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Persons requesting that securities be included in such underwritten offering pursuant to the exercise of Additional Piggyback Rights ("Additional Piggyback Shares"), based on the number of Additional Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Additional Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(a) Sale Number.

(b) If any registration or offering made pursuant to Section 2.2 involves (x) an underwritten primary offering on behalf of the Company after the date hereof and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such underwritten offering by the Holders of Registrable Securities, the Company or any other Persons exercising Additional Piggyback Rights exceeds the largest number (the "Section 2.3(b)(x) Sale Number") that can be sold in an orderly manner in such underwritten offering within a price range acceptable to the Company or (y) a Company Underwritten Block Trade and the number of securities requested to be included in such Company Underwritten Block Trade by the Company, the Holders of Registrable Securities or any other Persons exceeds the number that are sold in any such Company Underwritten Block Trade (the "Section 2.3(b) Block Trade Sale Number" and, together with the Section 2.3(b)(x) Sale Number, the "Section 2.3(b) Sale Number"), the Company shall use its reasonable best efforts to include in such underwritten offering:

(i) first, all equity securities that the Company proposes to register or sell for its own account;

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining Registrable Securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such underwritten offering pursuant to the exercise of piggyback rights pursuant to Section 2.2(a), based on the number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the aggregate number of Registrable Securities owned by all Holders requesting inclusion, up to the Section 2.3(b) Sale Number; and

(iii) third, to the extent that the number of Registrable Securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Persons requesting that securities be included in such underwritten offering pursuant to the exercise of Additional Piggyback Rights, based on the number of Additional Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Additional Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(b) Sale Number.

(c) If any registration pursuant to Section 2.2 involves an underwritten offering that was initially requested by any Person(s) (other than a Holder) to whom the Company has granted registration rights which are not inconsistent with the rights granted in, and do not otherwise conflict with the terms of, this Agreement and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such underwritten offering exceeds the number (the "Section 2.3(c) Sale Number") that can be sold in an orderly manner in such underwritten offering within a price range acceptable to the Company, the Company shall include in such underwritten offering:

(i) first, the shares requested to be included in such underwritten offering shall be allocated on a pro rata basis among such Person(s) requesting the registration and all Holders requesting that Registrable Securities be included in such underwritten offering pursuant to the exercise of piggyback rights pursuant to Section 2.2(a), based on the aggregate number of securities or Registrable Securities, as applicable, then owned by each of the foregoing requesting inclusion in relation to the aggregate number of securities or Registrable Securities, as applicable, owned by all such Holders and Persons requesting inclusion, up to the Section 2.3(c) Sale Number;

(ii) second, to the extent that the number of Registrable Securities and securities to be included pursuant to clause (i) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Persons requesting that securities be included in such underwritten offering pursuant to the exercise of Additional Piggyback Rights, based on the number of Additional Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Additional Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(c) Sale Number; and

(iii) third, to the extent that the number of Registrable Securities and securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated to shares the Company proposes to register or sell for its own account, up to the Section 2.3(c) Sale Number.

(d) If, as a result of the proration provisions set forth in clauses (a), (b) or (c) of this Section 2.3, any Holder shall not be entitled to include all Registrable Securities in an underwritten offering that such Holder has requested be included, such Holder may elect to withdraw such Holder's request to include Registrable Securities in the registration to which such underwritten offering relates or may reduce the number requested to be included; provided, however, that (x) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and (y) such withdrawal or reduction shall be irrevocable and, after making such withdrawal or reduction, such Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal or reduction was made to the extent of the Registrable Securities so withdrawn or reduced.

2.4. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to effect or cause the registration of and/or participate in any offering or sale of any Registrable Securities under the Securities Act as provided in this Agreement (or use reasonable best efforts to accomplish the same), the Company shall, as expeditiously as reasonably possible:

(a) prepare and file all filings with the SEC and FINRA required for the consummation of the offering, including preparing and filing with the SEC a registration statement on an appropriate registration form of the SEC for the disposition of such Registrable

Securities in accordance with the intended method of disposition thereof, which registration form (i) shall be selected by the Company (except as provided for in a Demand Registration Request) and (ii) shall, in the case of a shelf registration, be available for the sale of the Registrable Securities by the selling Holders thereof and such registration statement shall comply as to form in all material respects with the requirements of the applicable registration form and include all financial statements required by the SEC to be filed therewith, and the Company shall use its reasonable best efforts to cause such registration statement to become effective and remain continuously effective for such period as any Participating Holder pursuant to such registration statement shall request (provided, however, that as far in advance as reasonably practicable before filing a registration statement or prospectus or any amendments or supplements thereto, or comparable statements under securities or state "blue sky" laws of any jurisdiction, or any free writing prospectus related thereto, the Company will furnish to the Demand Parties, counsel for each of the Participating Holders and counsel for the Manager, if any, copies of reasonably complete drafts of all such documents proposed to be filed (including all exhibits thereto and each document incorporated by reference therein to the extent then required by the rules and regulations of the SEC), which documents will be subject to the reasonable review and reasonable comment of such counsel (including any objections to any information pertaining to any Participating Holder and its plan of distribution and otherwise to the extent necessary, if at all, to complete the filing or maintain the effectiveness thereof), and the Company shall make the changes reasonably requested by such counsel and shall not file any registration statement or amendment thereto, any prospectus or supplement thereto or any free writing prospectus related thereto to which counsel for the Participating Holders, the Majority Participating Holders or the underwriters, if any, shall reasonably object); provided, however, that, notwithstanding the foregoing, in no event shall the Company be required to file any document with the SEC which in the view of the Company or its counsel contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make any statement therein not misleading; provided, further, that any Participating Holder shall be entitled to review and provide reasonable comment on disclosure regarding itself included or proposed to be included in any such filing;

(b) (i) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith and such free writing prospectuses and Exchange Act reports as may be necessary to keep such registration statement continuously effective for such period as any Participating Holder pursuant to such registration statement shall request and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all Registrable Securities covered by such registration statement, and any prospectus so supplemented to be filed pursuant to Rule 424 under the Securities Act, in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement and (ii) provide notice to such sellers of Registrable Securities and the Manager, if any, of the Company's reasonable determination that a post-effective amendment to a registration statement would be appropriate;

(c) furnish, without charge, to each Participating Holder and each underwriter, if any, of the securities covered by such registration statement such number of copies of such registration statement, each amendment and supplement thereto (in each case including all

exhibits), the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, each free writing prospectus utilized in connection therewith, in each case, in all material respects in conformity with the requirements of the Securities Act, and other documents, as such seller and underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such seller (the Company hereby consenting to the use in accordance with all applicable laws of each such registration statement (or amendment or post-effective amendment thereto) and each such prospectus (or preliminary prospectus or supplement thereto) or free writing prospectus by each such Participating Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);

(d) use its reasonable best efforts to register or qualify the Registrable Securities covered by such registration statement under such other securities or state "blue sky" laws of such jurisdictions as any sellers of Registrable Securities or any managing underwriter, if any, shall reasonably request in writing, and do any and all other acts and things which may be reasonably necessary or advisable to enable such sellers or underwriter, if any, to consummate the disposition of the Registrable Securities in such jurisdictions in accordance with the intended methods of disposition (including keeping such registration or qualification in effect for so long as such registration statement remains in effect), except that in no event shall the Company be required to qualify to do business as a foreign corporation in any jurisdiction where it would not, but for the requirements of this paragraph (d), be required to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(e) promptly notify each Participating Holder and each managing underwriter, if any: (i) when the registration statement, any pre-effective amendment, the prospectus or any prospectus supplement related thereto, any post-effective amendment to the registration statement or any free writing prospectus has been filed with the SEC and, with respect to the registration statement or any post-effective amendment, when the same has become effective; (ii) of any request by the SEC or state securities authority for amendments or supplements to the registration statement or the prospectus related thereto or for additional information; (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or state "blue sky" laws of any jurisdiction or the initiation of any proceeding for such purpose; (v) of the existence of any fact of which the Company becomes aware which results in the registration statement or any amendment thereto, the prospectus related thereto or any supplement thereto, any document incorporated therein by reference, any free writing prospectus or the information conveyed to any purchaser at the time of sale to such purchaser containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not misleading (which notice shall notify the Participating Holders only of the occurrence of such an event and shall provide no additional information regarding such event to the extent such information would constitute material non-public information); and (vi) if at any time the representations and

warranties contemplated by any underwriting agreement, securities sale agreement, or other similar agreement, relating to the offering shall cease to be true and correct; and, if the notification relates to an event described in clause (v), unless the Company has declared that a Postponement Period exists, the Company shall promptly prepare and furnish to each such seller and each underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading;

(f) comply (and continue to comply) with all applicable rules and regulations of the SEC (including, without limitation, maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) in accordance with the Exchange Act), and make generally available to its security holders, as soon as reasonably practicable after the effective date of the registration statement (and in any event within forty-five (45) days, or ninety (90) days if it is a fiscal year, after the end of such twelve month period described hereafter), an earnings statement (which need not be audited) covering the period of at least twelve (12) consecutive months beginning with the first day of the Company's first calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(g) (i) cause all such Registrable Securities covered by such registration statement to be listed on the principal securities exchange on which similar securities issued by the Company are then listed (if any), if the listing of such Registrable Securities is then permitted under the rules of such exchange, and (ii) comply (and continue to comply) with the requirements of any self-regulatory organization applicable to the Company, including without limitation all corporate governance requirements;

(h) cause its senior management, officers, employees and independent public accountants (in the case of the independent public accountants, subject to any applicable accounting guidance regarding their participation in the offering or the due diligence process) and other experts to participate in, make themselves available, supply such information as may reasonably be requested and to otherwise facilitate and cooperate with the preparation of the registration statement and prospectus and any amendments or supplements thereto (including participating in meetings, drafting sessions, due diligence sessions and rating agency presentations) taking into account the Company's reasonable business needs;

(i) provide and cause to be maintained a transfer agent and registrar for all such Registrable Securities covered by such registration statement not later than the effective date of such registration statement and, in the case of any secondary equity offering, provide and enter into any reasonable agreements with a custodian for the Registrable Securities;

(j) enter into such customary agreements (including, if applicable, an underwriting agreement) and take such other actions as the Initiating Holder or the Majority Participating

Holders or the underwriters shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(k) use its reasonable best efforts (i) to obtain opinions from the Company's counsel, including local counsel, and a "cold comfort" letter, updates thereof and consents from the independent public accountants who have certified the financial statements of the Company (and/or any other financial statements) included or incorporated by reference in such registration statement, in each case, in customary form and covering such matters as are customarily covered by such opinions and "cold comfort" letters (including, in the case of such "cold comfort" letter, events subsequent to the date of such financial statements) delivered to underwriters in underwritten public offerings, which opinions and letters shall be dated the dates such opinions and "cold comfort" letters are customarily dated and otherwise reasonably satisfactory to the underwriters, if any, and to the Majority Participating Holders and to furnish to each Participating Holder upon its request and to each underwriter, if any, a copy of such opinions and letters addressed to such underwriter and each Participating Holder to the extent permitted by the Company's independent public accountants;

(l) deliver promptly to each Demand Party, to counsel for each of the Participating Holders and to each managing underwriter, if any, copies of all correspondence between the SEC and the Company, its counsel or auditors and all memoranda relating to discussions with the SEC or its staff with respect to the registration statement, and, upon receipt of such confidentiality agreements as the Company may reasonably request, make reasonably available for inspection by counsel for the Participating Holders, by counsel for any underwriter participating in any disposition to be effected pursuant to such registration statement and by any attorney, accountant or other agent retained by the Participating Holders or any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees to supply all information reasonably requested by any such counsel for the Participating Holders, counsel for an underwriter, attorney, accountant or agent in connection with such registration statement;

(m) use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of the registration statement, or the lifting of any suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction, in each case, as promptly as reasonably practicable;

(n) provide a CUSIP number for all Registrable Securities, not later than the effective date of the registration statement and, if applicable, provide the applicable transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with The Depository Trust Company;

(o) use its commercially reasonable efforts to make available its senior management and employees for participation in "road shows" and other marketing efforts and otherwise provide reasonable assistance to the underwriters (taking into account the Company's reasonable business needs and the requirements of the marketing process) in the marketing of Registrable Securities in any underwritten offering;

(p) promptly prior to the filing of any document which is to be incorporated by reference into the registration statement or the prospectus (after the initial filing of such registration statement), and prior to the filing or use of any free writing prospectus, provide copies of such document to counsel for the Participating Holders and to each managing underwriter, if any, and make the Company's representatives reasonably available for discussion of such document and make such changes in such document concerning the Participating Holders prior to the filing thereof as counsel for the Participating Holders or underwriters may reasonably request (provided, however, that, notwithstanding the foregoing, in no event shall the Company be (i) required to file any document with the SEC which in the view of the Company or its counsel contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make any statement therein not misleading or (ii) prohibited from filing any document with the SEC which the Company or its counsel reasonably believes to be required by law to be so filed);

(q) furnish to counsel for the Participating Holders upon its request, to each Demand Party upon its request and to each managing underwriter, without charge, upon request, at least one conformed copy of the registration statement and any post-effective amendments or supplements thereto, including financial statements and schedules, all documents incorporated therein by reference, the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus), any other prospectus and prospectus supplement filed under Rule 424 under the Securities Act and all exhibits (including those incorporated by reference) and any free writing prospectus utilized in connection therewith;

(r) cooperate with the Participating Holders and the managing underwriter, if any, to facilitate the timely preparation and delivery of certificates not bearing any restrictive legends representing the Registrable Securities to be sold, and cause such Registrable Securities to be issued in such denominations and registered in such names in accordance with the underwriting agreement at least one (1) Business Day prior to any sale of Registrable Securities to the underwriters or, if not an underwritten offering, in accordance with the instructions of the Participating Holders at least one (1) Business Day prior to any sale of Registrable Securities and instruct any transfer agent and registrar of Registrable Securities to release any stop transfer orders in respect thereof (and, in the case of Registrable Securities registered on a Shelf Registration Statement, at the request of any Holder, prepare and deliver certificates representing such Registrable Securities not bearing any restrictive legends and deliver or cause to be delivered an opinion or instructions to the transfer agent in order to allow such Registrable Securities to be sold from time to time);

(s) use its commercially reasonable efforts to prepare for inclusion and include in any prospectus or prospectus supplement if requested by any managing underwriter updated financial or business information for the Company's most recent period or current quarterly period (including estimated results or ranges of results) if required for purposes of marketing the offering in the view of the managing underwriter;

(t) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided, however, that to the extent that any prohibition is applicable to the Company, the Company will use its reasonable best efforts to make any such prohibition inapplicable;

(u) use its commercially reasonable efforts to cause the Registrable Securities covered by the applicable registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Participating Holders or the underwriters, if any, to consummate the disposition of such Registrable Securities in accordance with the intended methods thereof;

(v) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities;

(w) take all reasonable action to ensure that any free writing prospectus utilized in connection with any registration covered by Section 2.1 or 2.2 complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby, will not conflict with a related prospectus, prospectus supplement and related documents and, when taken together with the related prospectus, prospectus supplement and related documents, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(x) in connection with any underwritten offering, if at any time the information conveyed to a purchaser at the time of sale includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, promptly file with the SEC such amendments or supplements to such information as may be necessary so that the statements as so amended or supplemented will not, in the light of the circumstances, be misleading;

(y) to the extent required by the rules and regulations of FINRA, retain a Qualified Independent Underwriter acceptable to the managing underwriter; and

(z) use its commercially reasonable efforts to cooperate with the managing underwriters, their counsel, the Participating Holders and counsel for the Participating Holders in connection with the preparation and filing of any applications, notices, registrations and responses to requests for additional information with FINRA, the New York Stock Exchange, Nasdaq, or any other national securities exchange on which the Ordinary Shares are or are to be listed.

To the extent the Company is a WKSI at the time any Demand Registration Request is submitted to the Company, and such Demand Registration Request requests that the Company file an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an "automatic shelf registration statement") on Form S-3, the Company shall file an automatic shelf registration statement which covers those Registrable Securities which are requested to be

registered. To the extent the Company has filed an automatic shelf registration statement, the Company shall use its commercially reasonable efforts to remain a WKSI (and not become an ineligible issuer (as defined in Rule 405 under the Securities Act)) during the period during which such automatic shelf registration statement is required to remain effective. If the Company is requested to register Registrable Securities on an automatic shelf registration statement, the Company shall pay the applicable filing fee related to such Registrable Securities at the time of filing of the automatic shelf registration statement. If the automatic shelf registration statement has been outstanding for at least three (3) years, at or prior to the end of the third year the Company shall, upon request, refile a new automatic shelf registration statement covering the Registrable Securities which remain outstanding. If at any time when the Company is required to re-evaluate its WKSI status the Company determines that it is not a WKSI, the Company shall use its commercially reasonable efforts to refile the shelf registration statement on Form S-3 and, if such form is not available, Form S-1 and keep such registration statement effective during the period during which such registration statement is required to be kept effective.

If the Company files any shelf registration statement for the benefit of the holders of any of its securities other than the Holders, and the Holders do not request that their Registrable Securities be included in such Shelf Registration Statement, the Company agrees that it shall include in such registration statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Holders) in order to ensure that the Holders may be added to such shelf registration statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment.

The Company may require as a condition to the Company's obligations under this Section 2.4 that each Participating Holder as to which any registration is being effected (i) furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request, provided that such information is necessary for the Company to consummate such registration and shall be used only in connection with such registration and (ii) provide any underwriters participating in the distribution of such securities such information as the underwriters may request and execute and deliver any agreements, certificates or other documents as the underwriters may request.

Each Holder of Registrable Securities agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clause (v) of paragraph (e) of this Section 2.4, such Holder will discontinue such Holder's disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4 and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus covering such Registrable Securities that was in effect at the time of receipt of such notice. In the event the Company shall give any such notice, the applicable period mentioned in paragraph (b) of this Section 2.4 shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the

date when each Participating Holder covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4. The period(s) during which the Holders are required to discontinue disposition of securities pursuant to this paragraph shall not exceed forty-five (45) days with respect to any one such period within any 365 day period (either alone or in combination with a Postponement Period pursuant to Section 2.1(b) hereof).

The Company agrees not to include in any registration statement or any amendment to any registration statement with respect to any Registrable Securities, or in any prospectus, or any amendment of or supplement to the prospectus, or any free writing prospectus, any disclosure that refers to any Holder covered thereby by name, or otherwise identifies such Holder, without the consent of such Holder, such consent not to be unreasonably withheld or delayed, unless such disclosure is required by law, in which case the Company shall provide written notice to such Holder no less than five (5) Business Days prior to the filing. If any such registration statement or comparable statement under state "blue sky" laws refers to any Holder by name or otherwise as the Holder of any securities of the Company, then such Holder shall have the right to require the insertion therein of language, in form and substance reasonably satisfactory to such Holder and the Company, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company.

To the extent that any Holder is or may be deemed to be an "underwriter" of Registrable Securities pursuant to any SEC comments or policies, the Company agrees that (1) the indemnification and contribution provisions contained in Section 2.9 shall be applicable to the benefit of such Holder in its role as an underwriter or deemed underwriter in addition to its capacity as a Holder and (2) such Holder shall be entitled to conduct the due diligence which an underwriter would normally conduct in connection with an offering of securities registered under the Securities Act, including without limitation receipt of customary opinions and comfort letters addressed to such Holder.

2.5. Registration Expenses.

(a) The Company shall pay all Expenses with respect to any registration or offering of Registrable Securities pursuant to Section 2, whether or not a registration statement becomes effective or the offering is consummated.

(b) Notwithstanding the foregoing, (x) the provisions of this Section 2.5 shall be deemed amended to the extent necessary to cause these expense provisions to comply with state "blue sky" laws of each state in which the offering is made, and (y) in connection with any underwritten offering hereunder, each Participating Holder shall pay all underwriting discounts and commissions and any transfer taxes, if any, attributable to the sale of such Registrable Securities, pro rata with respect to payments of discounts and commissions in accordance with the number of shares sold in the offering by such Holder. In addition, each Participating Holder

shall pay the expenses of its own counsel and advisors, except to the extent provided in the definition of "Expenses."

2.6. Certain Limitations on Registration Rights. In the case of any registration under Section 2.1 involving an underwritten offering, or, in the case of a registration under Section 2.2, if the Company has determined to enter into an underwriting agreement in connection therewith, all securities to be included in such underwritten offering shall be subject to such underwriting agreement and no Person may participate in such underwritten offering unless such Person (i) agrees to sell such Person's securities on the basis provided therein and completes and executes all reasonable questionnaires, and other documents (including custody agreements and powers of attorney, if any) which must be executed in connection therewith; provided, however, that all such documents shall be consistent with the provisions hereof and (ii) provides such other information to the Company or the underwriter as may be necessary to register such Person's securities.

2.7. Limitations on Sale or Distribution of Other Securities.

(a) Each Holder agrees, (i) to the extent requested by a managing underwriter, if any, of any underwritten public offering in which one or more Holders is selling Shares pursuant to a registration or offering effected pursuant to Section 2.1 (including any Shelf Underwriting pursuant to Section 2.1(e)), not to sell, transfer or otherwise dispose of, including any sale pursuant to Rule 144, any Shares or Share Equivalents (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, not to exceed ninety (90) days from the pricing date of such offering or such shorter period as the managing underwriter, the Company or any executive officer or director of the Company shall agree to (and the Company hereby also so agrees (except that the Company may effect any sale or distribution of any such securities pursuant to a registration on Form S-4 or Form S-8, or any successor or similar form which (x) is then in effect or (y) shall become effective upon the conversion, exchange or exercise of any then outstanding Share Equivalents), to use its reasonable best efforts to cause each holder of any equity security or any security convertible into or exchangeable or exercisable for any equity security of the Company purchased from the Company at any time other than in a public offering, and all directors and executive officers of the Company, to so agree), and (ii) to the extent requested by a managing underwriter of any underwritten public offering in which one or more Holders is selling Shares pursuant to the exercise of piggyback rights under Section 2.2 hereof, not to sell, transfer or otherwise dispose of, including any sale pursuant to Rule 144, any Shares or Share Equivalents (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, which period shall not exceed ninety (90) days from the pricing date of such offering or such shorter period as the managing underwriter, the Company or any executive officer or director of the Company shall agree to. In the circumstances specified in this Section 2.7(a), each Holder agrees to execute and deliver customary lock-up agreements for the benefit of the underwriters with such form and substance as the managing underwriter shall reasonably determine.

(b) The Company hereby agrees that, in connection with an offering pursuant to Section 2.1 (including any Shelf Underwriting pursuant to Section 2.1(e)) or Section 2.2, the Company shall not sell, transfer, or otherwise dispose of, any Shares or Share Equivalents (other than as part of such underwritten public offering, a registration on Form S-4 or Form S-8 or any successor or similar form which is (x) then in effect or (y) shall become effective upon the conversion, exchange or exercise of any then outstanding Share Equivalents), until a period of ninety (90) days (or such shorter period to which the Majority Participating Holders shall agree) shall have elapsed from the pricing date of such offering, except to the extent otherwise agreed to by the underwriters as provided in any lock-up agreement required in connection with such offering; and the Company shall (i) so provide in any registration rights agreements hereafter entered into with respect to any of its securities and (ii) use its reasonable best efforts to cause each holder of any equity security or any security convertible into or exchangeable or exercisable for any equity security of the Company purchased from the Company at any time other than in a public offering and all directors and executive officers of the Company to so agree.

2.8. No Required Sale. Nothing in this Agreement shall be deemed to create an independent obligation on the part of any Holder to sell any Registrable Securities pursuant to any effective registration statement. A Holder is not required to include any of its Registrable Securities in any registration statement, is not required to sell any of its Registrable Securities which are included in any effective registration statement, may sell any of its Registrable Securities in any manner in compliance with applicable law (including pursuant to Rule 144) even if such shares are already included on an effective registration statement, and may request that Registrable Securities be registered or sold pursuant to a registration statement even if such Shares are eligible to be sold pursuant to Rule 144.

2.9. Indemnification.

(a) In the event of any registration or offer and sale of any securities of the Company under the Securities Act pursuant to this Section 2, including without limitation any sale of securities of the Company registered on a reoffer/resale prospectus filed in connection with a Form S-8, the Company will (without limitation as to time), and hereby agrees to, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Participating Holder, its directors, officers, fiduciaries, employees, stockholders, members, general and limited partners, affiliates, successors and assigns (and the directors, officers, fiduciaries, employees, stockholders, members, general and limited partners, affiliates, successors and assigns thereof), each other Person who participates as a seller (and its directors, officers, fiduciaries, employees, stockholders, members, general and limited partners, affiliates, successors and assigns), underwriter or Qualified Independent Underwriter, if any, in the offering or sale of such securities, each officer, director, employee, stockholder, fiduciary, managing director, agent, affiliate, consultant, representative, successor, assign or partner of such underwriter or Qualified Independent Underwriter, and each other Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) any such Participating Holder, seller or any such underwriter or Qualified Independent Underwriter and each director, officer, employee, stockholder, fiduciary, managing director, affiliate, successor, assign or partner of such controlling Person (and all controlling Persons of any such Persons or other

controlling Persons), from and against any and all losses, claims, damages or liabilities, joint or several, actions or proceedings (whether commenced or threatened) and expenses (including reasonable fees of counsel and any amounts paid in any settlement effected with the Company's consent, which consent shall not be unreasonably withheld or delayed) to which each such indemnified party may become subject under the Securities Act or otherwise in respect thereof (collectively, "Claims"), insofar as such Claims arise out of, are based upon, relate to or are in connection with (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such securities were registered under the Securities Act or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary, final or summary prospectus or any amendment or supplement thereto, together with the documents incorporated by reference therein, or any free writing prospectus utilized in connection therewith, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iii) any untrue statement or alleged untrue statement of a material fact in the information conveyed by the Company or any underwriter to any purchaser at the time of the sale to such purchaser, or the omission or alleged omission to state therein a material fact required to be stated therein, or (iv) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to any action required of or inaction by the Company in connection with any such offering of Registrable Securities, and the Company will reimburse any such indemnified party for any documented legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the Company shall not be liable to any such indemnified party in any such case to the extent such Claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact made in such registration statement or amendment thereof or supplement thereto or in any such prospectus or any preliminary, final or summary prospectus or free writing prospectus in reliance upon and in strict conformity with written information furnished to the Company by or on behalf of such indemnified party specifically for use therein. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such seller.

(b) Each Participating Holder (and, if the Company requires as a condition to including any Registrable Securities in any registration statement filed in accordance with Section 2.1 or 2.2, any underwriter and Qualified Independent Underwriter, if any) shall, severally and not jointly, indemnify and hold harmless (in the same manner and to the same extent as set forth in paragraph (a) of this Section 2.9) to the extent permitted by law the Company, its officers who signed the applicable registration statement and its directors, each Person controlling the Company within the meaning of the Securities Act and all other prospective sellers and their directors, officers, stockholders, fiduciaries, managing directors, affiliates, successors, assigns or general and limited partners and respective controlling Persons with respect to any untrue statement or alleged untrue statement of any material fact in, or omission or alleged omission of any material fact from, such registration statement, any

preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, or any free writing prospectus utilized in connection therewith, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in strict conformity with written information furnished to the Company or its representatives by or on behalf of such Participating Holder or underwriter or Qualified Independent Underwriter, if any, specifically for use therein, and each such Participating Holder, underwriter or Qualified Independent Underwriter, if any, shall reimburse such indemnified party for any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the aggregate amount which any such Participating Holder shall be required to pay pursuant to this Section 2.9 (including pursuant to indemnity, contribution or otherwise) shall in no case be greater than the amount of the net proceeds actually received by such Participating Holder upon the sale of the Registrable Securities pursuant to the registration statement giving rise to such Claim; provided, further, that such Participating Holder shall not be liable in any such case to the extent that prior to the filing of any such registration statement or prospectus or amendment thereof or supplement thereto, or any free writing prospectus utilized in connection therewith, such Participating Holder has furnished in writing to the Company information expressly for use in such registration statement or prospectus or any amendment thereof or supplement thereto or free writing prospectus which corrected or made not misleading information previously furnished to the Company. The Company and each Participating Holder hereby acknowledge and agree that, unless otherwise expressly agreed to in writing by such Participating Holders to the contrary, for all purposes of this Agreement, the only information furnished or to be furnished to the Company for use in any such registration statement, preliminary, final or summary prospectus or amendment or supplement thereto, or any free writing prospectus, are statements specifically relating to (i) the beneficial ownership of Shares by such Participating Holder and its Affiliates as disclosed in the section of such document entitled "Selling Shareholders" or "Principal and Selling Shareholders" or other variations thereof and (ii) the name and address of such Participating Holder. If any additional information about such Holder or the plan of distribution (other than for an underwritten offering) is required by law to be disclosed in any such document, then such Holder shall not unreasonably withhold its agreement referred to in the immediately preceding sentence. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such Holder.

(c) Indemnification similar to that specified in the preceding paragraphs (a) and (b) of this Section 2.9 (with appropriate modifications) shall be given by the Company and each Participating Holder with respect to any required registration or other qualification of securities under any applicable securities and state "blue sky" laws.

(d) Any Person entitled to indemnification under this Agreement shall notify promptly the indemnifying party in writing of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 2.9, but the failure of any indemnified party to provide such notice shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 2.9, except to the extent the indemnifying party is materially and actually prejudiced thereby and shall not relieve the

indemnifying party from any liability which it may have to any indemnified party otherwise than under this Section 2. In case any action or proceeding is brought against an indemnified party and such indemnified party shall have notified the indemnifying party of the commencement thereof (as required above), the indemnifying party shall be entitled to participate therein and, unless in the reasonable opinion of outside counsel to the indemnified party a

conflict of interest between such indemnified and indemnifying parties may exist in respect of such Claim, to assume the defense thereof jointly with any other indemnifying party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party that it so chooses, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that (i) if the indemnifying party fails to take reasonable steps necessary to defend diligently the action or proceeding within twenty (20) days after receiving notice from such indemnified party that the indemnified party believes it has failed to do so; or (ii) if such indemnified party who is a defendant in any action or proceeding which is also brought against the indemnifying party reasonably shall have concluded that there may be one or more legal or equitable defenses available to such indemnified party which are not available to the indemnifying party or which may conflict with or are different from those available to another indemnified party with respect to such Claim; or (iii) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct, then, in any such case, the indemnified party shall have the right to assume or continue its own defense and the indemnifying party shall be liable for any expenses therefor. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (A) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (B) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(e) If for any reason the foregoing indemnity is unavailable, unenforceable or is insufficient to hold harmless an indemnified party under Sections 2.9(a), (b) or (c), then each applicable indemnifying party shall contribute to the amount paid or payable to such indemnified party as a result of any Claim in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and the indemnified party, on the other hand, with respect to such Claim. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. If, however, the allocation provided in the second preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative faults but also the relative benefits of the indemnifying party and the indemnified party as well as any other relevant

equitable considerations. The parties hereto agree that it would not be just and equitable if any contribution pursuant to this Section 2.9(e) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the preceding sentences of this Section 2.9(e). The amount paid or payable in respect of any Claim shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Notwithstanding anything in this Section 2.9(e) to the contrary, no indemnifying party (other than the Company) shall be required pursuant to this Section 2.9(e) to contribute any amount greater than the amount of the net proceeds received by such indemnifying party from the sale of Registrable Securities pursuant to the registration statement giving rise to such Claim, less the amount of any indemnification payment made by such indemnifying party pursuant to Sections 2.9(b) and (c). In addition, no Holder of Registrable Securities or any Affiliate thereof shall be required to pay any amount under this Section 2.9(e) unless such Person or entity would have been required to pay an amount pursuant to Section 2.9(b) if it had been applicable in accordance with its terms.

(f) The indemnity and contribution agreements contained herein shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract and shall remain operative and in full force and effect regardless of any investigation made or omitted by or on behalf of any indemnified party and shall survive the transfer of the Registrable Securities by any such party.

(g) The indemnification and contribution required by this Section 2.9 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred; provided, however, that the recipient thereof hereby undertakes to repay such payments if and to the extent it shall be determined by a court of competent jurisdiction that such recipient is not entitled to such payment hereunder.

2.10. Limitations on Registration of Other Securities; Representation. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Shareholder, enter into any agreement with any holder or prospective holder of any securities of the Company giving such holder or prospective holder any registration rights the terms of which are (i) more favorable taken as a whole than the registration rights granted to the Holders hereunder unless the Company shall also give such rights to such Holders or (ii) on parity with the registration rights granted to the Holders hereunder.

2.11. No Inconsistent Agreements. The Company shall not hereafter enter into any agreement with respect to its securities that is inconsistent in any material respects with the rights granted to the Holders in this Agreement.

Section 3. Underwritten Offerings.

3.1. Requested Underwritten Offerings. If requested by the underwriters for any underwritten offering pursuant to a registration requested under Section 2.1, the Company shall enter into a customary underwriting agreement with the underwriters. Such underwriting agreement shall (i) be satisfactory in form and substance to the Majority Participating Holders, (ii) contain terms not inconsistent with the provisions of this Agreement to the extent the underwriters of such offering agree to such terms and (iii) contain such representations and warranties by, and such other agreements on the part of, the Company and such other terms as are generally prevailing in agreements of that type, including, without limitation, indemnities and contribution agreements on substantially the same terms as those contained herein or as otherwise customary for the lead underwriter for such offering and agreed to by the Majority Participating Holders. Any Participating Holder shall be a party to such underwriting agreement and may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Participating Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Participating Holder; provided, however, that the Company shall not be required to make any

representations or warranties with respect to written information specifically provided by a Participating Holder for inclusion in the registration statement. Unless otherwise agreed by the Majority Participating Holders and the underwriters, each such Participating Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Participating Holder, its ownership of and title to the Registrable Securities, any written information specifically provided by such Participating Holder for inclusion in the registration statement and its intended method of distribution; and any liability of such Participating Holder to any underwriter or other Person under such underwriting agreement for indemnity, contribution or otherwise shall in no case be greater than the amount of the net proceeds received by such Participating Holder upon the sale of Registrable Securities pursuant to such underwriting agreement and in no event shall relate to anything other than information about such Holder specifically provided by such Holder for use in the registration statement and prospectus (in each case unless otherwise agreed by the underwriters and the Majority Participating Holders).

3.2. Piggyback Underwritten Offerings. In the case of a registration pursuant to Section 2.2, if the Company shall have determined to enter into an underwriting agreement in connection therewith, all of the Participating Holders' Registrable Securities to be included in such registration shall be subject to such underwriting agreement. Any Participating Holder shall be a party to such underwriting agreement and may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Participating Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Participating Holder; provided, however, that the Company shall not be required to make any representations or warranties with respect to written information specifically provided by a Participating Holder for inclusion in the registration statement. Unless otherwise agreed by the Majority Participating Holders and the underwriters, each such Participating Holder shall not be

required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Participating Holder, its ownership of and title to the Registrable Securities, any written information specifically provided by such Participating Holder for inclusion in the registration statement and its intended method of distribution; and any liability of such Participating Holder to any underwriter or other Person under such underwriting agreement shall in no case be greater than the amount of the net proceeds received by such Participating Holder upon the sale of Registrable Securities pursuant to such underwriting agreement and in no event shall relate to anything other than information about such Holder specifically provided by such Holder for use in the registration statement and prospectus (in each case unless otherwise agreed by the underwriters and Majority Participating Holders).

Section 4. General.

4.1. Adjustments Affecting Registrable Securities. The Company agrees that it shall not effect or permit to occur any combination or subdivision of Shares which would adversely affect the ability of any Holder of any Registrable Securities to include such Registrable Securities in any registration contemplated by this Agreement or the marketability of such Registrable Securities in any such registration. Subject to the foregoing, the Company agrees that it will take all reasonable steps necessary to effect a subdivision of Shares if in the reasonable judgment of (a) the Majority Participating Holders or (b) the managing underwriter for the offering in respect of a Demand Registration Request, such subdivision would enhance the marketability of the Registrable Securities. Each Holder agrees to vote all of its shares of capital stock in a manner, and to take all other actions reasonably necessary, to permit the Company to carry out the intent of the preceding sentence including, without limitation, voting in favor of an amendment to the Company's organizational documents in order to increase the number of authorized shares of capital stock of the Company. In any event, the provisions of this Agreement shall apply, to the full extent set forth herein with respect to the Registrable Securities, to any and all shares of capital stock of the Company, any successor or assign of the Company (whether by merger, share exchange, consolidation, sale of assets or otherwise) or any Subsidiary or parent company of the Company which may be issued in respect of, in exchange for or in substitution of, Registrable Securities and shall be appropriately adjusted for any stock dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after the date hereof.

4.2. Rule 144 and Rule 144A. The Company covenants that (i) so long as it remains subject to the reporting provisions of the Exchange Act, it will timely file the reports required to be filed by it under the Securities Act or the Exchange Act (including, but not limited to, the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1)(i) of Rule 144 under the Securities Act, as such Rule may be amended ("Rule 144")) or, if the Company is not required to file such reports, it will, upon the request of any Holder, make publicly available other information so long as necessary to permit sales by such Holder under Rule 144, Rule 144A under the Securities Act, as such Rule may be amended ("Rule 144A"), or any similar rules or regulations hereafter adopted by the SEC, and (ii) it will take such further action as any Holder may reasonably request, all to the extent required from time to time to

enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (A) Rule 144, (B) Rule 144A or (C) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements. To the extent any Holder desires to sell Registrable Securities pursuant to Rule 144, the Company agrees to provide customary instructions to the transfer agent to remove any restrictive legends from such Shares and to provide or cause any customary opinions of counsel to be delivered to the transfer agent in connection with any such sale. In addition, the Company agrees to remove any restrictive legend from the Registrable Securities upon the reasonable request of any Holder as soon as reasonably permitted by applicable law and customary practice (including customary transfer agent practices).

4.3. Nominees for Beneficial Owners. If Registrable Securities are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its option, be treated as the Holder of such Registrable Securities for purposes of any request or other action by any Holder or Holders of Registrable Securities pursuant to this Agreement (or any determination of any number or percentage of shares constituting Registrable Securities held by any Holder or Holders of Registrable Securities contemplated by this Agreement); provided, however, that the Company shall have received assurances reasonably satisfactory to it of such beneficial ownership.

4.4. Amendments and Waivers. Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement shall be effective against the Company or any Holder unless such modification, amendment or waiver is approved in writing by the Company and the Demand Parties. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof or of any other or future exercise of any such right, power or privilege.

4.5. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 4.5):

if to the Company:

KLX Energy Services Holdings, Inc.

1300 Corporate Center Way
Wellington, Florida 33414
Attention: Jonathan Mann
Email: jonathan.mann@klxe.com

with a copy (which shall not constitute notice) to:

Freshfields Bruckhaus Deringer US LLP
601 Lexington Avenue
New York, NY 10022
Attention: Valerie Ford Jacob
E-mail: valerie.jacob@freshfields.com

if to the Shareholder:

Amin Khoury
c/o KLX Inc.
1300 Corporate Center Way
Wellington, Florida 33414
Attention: Amin Khoury
Email: amin.khoury@klx.com

with a copy (which shall not constitute notice) to:

Freshfields Bruckhaus Deringer US LLP
601 Lexington Avenue
New York, NY 10022
Attention: Valerie Ford Jacob
E-mail: valerie.jacob@freshfields.com

If to any other Holder, at such Holder's address as set forth on such Holder's signature page hereto or to an Assumption Agreement.

4.6. Successors and Assigns. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and the respective successors, permitted assigns, heirs and personal representatives of the parties hereto, whether so expressed or not. This Agreement may not be assigned by the Company without the prior written consent of the Shareholder. No Holder shall have the right to assign all or part of its rights and obligations under this Agreement without the prior written consent of the other parties hereto; provided, that any Holder may assign this Agreement to one or more of its Affiliates without the prior written consent of the other parties hereto, and any Holder may assign this Agreement to one or more third parties who acquire Shares from such Holder other than in a public underwritten offering or sales generally into the open market pursuant to Rule 144; provided, further, that such Holder's Affiliate (or Affiliates) or other permitted transferee executes and delivers to the Company an Assumption Agreement. Upon any such assignment,

such assignee shall have and be able to exercise and enforce all rights of the assigning Holder which are assigned to it and, to the extent such rights are assigned, any reference to the assigning Holder shall be treated as a reference to the assignee. If any Holder shall acquire additional Registrable Securities, such Registrable Securities shall be subject to all of the terms, and entitled to all the benefits, of this Agreement.

4.7. Entire Agreement. This Agreement and the other documents referred to herein or delivered pursuant hereto which form part hereof constitute the entire agreement and understanding between the parties hereto, and supersedes all prior agreements and understandings, relating to the subject matter hereof.

4.8. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of the State of New York.

Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby or thereby shall be brought in the federal or state courts located in the State of New York, and each party irrevocably submits to the exclusive jurisdiction of such courts (and the

appropriate appellate courts therefrom) in any such suit, action or proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in any such court and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court.

EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OR AGENT OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 4.8.

4.9. Interpretation; Construction.

(a) The table of contents and headings in this Agreement are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

(b) The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

4.10. Counterparts. This Agreement may be executed and delivered in any number of separate counterparts (including by facsimile or electronic mail), each of which shall be an original, but all of which together shall constitute one and the same agreement.

4.11. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

4.12. Remedies. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each party hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, without the posting of any bond, and, if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law. All remedies, either under this Agreement, by law, or otherwise afforded to any party, shall be cumulative and not alternative.

4.13. Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

4.14. Restructuring. To the extent that the Board of the Company elects to effect a restructuring or recapitalization of the Company or substantially all of the business of the Company through a subsidiary or parent company of the Company or otherwise, the provisions of this Agreement shall be appropriately adjusted, and the Holders and the Company shall enter into such further agreements and arrangements as shall be reasonably necessary or appropriate to provide the Holders with substantially the same registration rights as they would have under this Agreement, giving due consideration to the nature of the new public entity, the nature of the securities to be offered and tax and other relevant considerations.

4.15. Opt-Out Rights. Each Holder shall have the right, at any time and from time to time (including after receiving information regarding any potential public offering), to elect to not receive any notice that the Company or any other Holders otherwise are required to deliver pursuant to this Agreement by delivering to the Company a written statement signed by such Holder that it does not want to receive any notices hereunder (an "Opt-Out Request"); in which case and notwithstanding anything to the contrary in this Agreement the Company and other Holders shall not be required to, and shall not, deliver any notice or other information required to be provided to Holders hereunder to the extent that the Company or such other Holders reasonably expect would result in a Holder acquiring material non-public information within the meaning of Regulation FD promulgated under the Exchange Act. An Opt-Out Request may state a date on which it expires or, if no such date is specified, shall remain in effect indefinitely. A Holder who previously has given the Company an Opt-Out Request may revoke such request at any time, and there shall be no limit on the ability of a Holder to issue and revoke subsequent Opt-Out Requests; provided that each Holder shall use commercially reasonable efforts to minimize the administrative burden on the Company arising in connection with any such Opt-Out Requests.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____
Name:
Title:

AMIN KHOURY

_____

Exhibit A

ASSUMPTION AGREEMENT

This Assumption Agreement (this "Assumption Agreement") is made as of [ ], by and among [ ] (the "Transferring Holder") and [ ] (the "New Holder"), in accordance with that certain Registration Rights Agreement, dated as of September , 2018 (as amended from time to time, the "Agreement"), by and among KLX Energy Services Holdings, Inc. (the "Company") and Amin Khoury.

WHEREAS, the Agreement requires the New Holder, as a condition to the assignment of Transferring Holder's rights under the Agreement, to become a party to the Agreement by executing this Assumption Agreement, and upon the New Holder signing this Assumption Agreement, the Agreement will be deemed to be amended to include the New Holder thereunder;

NOW, THEREFORE, in consideration of the foregoing, and of the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1 Party to the Agreement. By execution of this Assumption Agreement, as of the date hereof the New Holder is hereby made a party to the Agreement with all rights and obligations of the Shareholder. The New Holder hereby agrees to become a party to the Agreement and to be bound by, and subject to, all of the representations, covenants, terms and conditions of the Agreement that are applicable to, and assignable under the Agreement by, the Transferring Holder, in the same manner as if the New Holder were an original signatory to the Agreement. Execution and delivery of this Assumption Agreement by the New Holder shall also constitute execution and delivery by the New Holder of the Agreement, without further action of any party.

Section 2 Defined Terms. Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement unless otherwise noted.

Section 3 Representations and Warranties of the New Holder.

3.1 Authorization. The New Holder has all requisite [corporate] power and authority and has taken all action necessary in order to duly and validly approve the New Holder's execution and delivery of, and performance of its obligations under, this Assumption Agreement. This Assumption Agreement has been duly executed and delivered by the New Holder and constitutes a legal, valid and binding agreement of the New Holder, enforceable against the New Holder in accordance with its terms.

3.2 No Conflict. The New Holder is not under any obligation or restriction, whether or otherwise, nor shall it assume any such obligation or restriction, that does or would materially interfere or conflict with the performance of its obligations under this Assumption Agreement.

Section 4 Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may

request in order to carry out the intent and accomplish the purposes of this Assumption Agreement and the consummation of the transactions contemplated hereby.

Section 5 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of the State of New York.

Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby or thereby shall be brought in the federal or state courts located in the State of New York, and each party irrevocably submits to the exclusive jurisdiction of such courts (and the appropriate appellate courts therefrom) in any such suit, action or proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in any such court and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court.

EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OR AGENT OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 5.

Section 6 Counterparts. This Assumption Agreement may be executed and delivered in any number of separate counterparts (including by facsimile or electronic mail), each of which shall be an original, but all of which together shall constitute one and the same agreement.

Section 7 Entire Agreement. This Assumption Agreement, the Registration Rights Agreement and the other documents referred to herein or delivered pursuant hereto which form part hereof constitute the entire agreement and understanding between the parties hereto, and supersedes all prior agreements and understandings, relating to the subject matter hereof.

IN WITNESS WHEREOF, intending to be legally bound hereby, the undersigned parties have executed this Assumption Agreement as of the date first above written.

TRANSFERRING HOLDER

[ ]

By: _____
Name:
Title:

NEW HOLDER

[ ]

By: _____
Name:
Title:

Notice Address: [ ]
[ ]
[ ]
Attention: [ ]
Facsimile: [ ]
Email: [ ]

Accepted and Agreed to as of
the date first written above:

CORPORATION

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____
Name:
Title:

Exhibit 10.9

FORM OF REGISTRATION RIGHTS AGREEMENT

by and among

KLX Energy Services Holdings, Inc.

and

Thomas P. McCaffrey

Dated as of September [·], 2018

REGISTRATION RIGHTS AGREEMENT, dated as of September [·], 2018 (this "Agreement"), by and among (i) KLX Energy Services Holdings, Inc., a Delaware corporation (the "Company"), and (ii) Thomas P. McCaffrey (together with his permitted transferees, collectively, the "Shareholder").

RECITALS

WHEREAS, KLX Inc. ("KLX"), directly and through its various subsidiaries, is engaged in the business of, among other things, the provision of completion, intervention and production services to the major onshore oil and gas producing regions of the United States (the "ESG Business");

WHEREAS, the Board of Directors of KLX (the "Board") has determined that (i) the separation of the ESG Business from KLX and (ii) operating the ESG Business as an independent, publicly-traded company as part of a taxable spin-off (the "Spin-Off") present the best available alternative for maximizing stockholder value with respect to the ESG Business;

WHEREAS, in connection with the Spin-Off, KLX has incorporated the Company, which from its formation and on the date hereof, is a direct wholly-owned subsidiary of the Company;

WHEREAS, in connection with and in order to effect the Spin-Off, KLX entered into the Distribution Agreement (the "Distribution Agreement"), dated July 13, 2018, by and among KLX, the Company and KLX Energy Services LLC, a Delaware limited liability company and wholly-owned subsidiary of KLX;

WHEREAS, KLX owns all of the issued and outstanding shares of common stock, par value $0.01 per share, of the Company (the "KLX Energy Services Common Stock");

WHEREAS, pursuant to the terms and subject to the conditions of the Distribution Agreement, KLX desires to contribute (the "Contribution") 100% of the membership interests in KLX Energy Services LLC to the Company in exchange for the assumption by the Company of the liabilities related to the ESG Business;

WHEREAS, following the Contribution and pursuant to the terms and subject to the conditions of the Distribution Agreement, KLX desires to distribute, by way of a dividend, to the holders of record of the issued and outstanding common stock of KLX (the "KLX Common Stock") as of the close of business of the Nasdaq Global Select Market on September 3, 2018 (the "Record Date", and each such stockholder, a "Record Holder"), on a pro rata basis (in each case without consideration being paid by such stockholders), all of the outstanding shares of KLX Energy Services Common Stock, par value $0.01 per share or, more specifically, 0.4 shares of KLX Energy Services Common Stock for every 1 share of KLX Common Stock, par value $0.01 per share, of the Corporation held by such Record Holder on the Record Date (the "Distribution");

WHEREAS, concurrently with the consummation of the transactions contemplated above, the Company and the Shareholder desire to provide for certain registration rights in respect of certain Shares (as defined below) that are held or will be held by the Shareholder.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement, intending to be legally bound, hereby agree as follows, effective as of the date hereof:

Section 1. Certain Definitions. As used herein, the following terms shall have the following meanings:

"Additional Piggyback Rights" has the meaning ascribed to such term in Section 2.2(b).

"Additional Piggyback Shares" has the meaning ascribed to such term in Section 2.3(a)(iii).

"Affiliate" as applied to any Person, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities (the ownership of more than 50% of the voting securities of an entity shall for purposes of this definition be deemed to be "control"), by contract or otherwise. For the avoidance of doubt, neither the Company nor any Person controlled by the Company shall be deemed to be an Affiliate of any Holder.

"Agreement" has the meaning ascribed to such term in the Preamble.

"Assumption Agreement" means an agreement in the form set forth in Exhibit A hereto whereby a permitted transferee of Registrable Securities who acquires such Registrable Securities becomes a party to, and agrees to be bound, to the same extent as its transferor, by the terms of this Agreement.

"automatic shelf registration statement" has the meaning ascribed to such term in Section 2.4.

"Board" means the board of directors of the Company.

"Block Trade Notice" has the meaning ascribed to such term in Section 2.1(e).

"Business Day" means a day, other than Saturday, Sunday, federal or New York State holiday or other day on which commercial banks in the City of New York are authorized or required by law or other governmental action to close.

"Claims" has the meaning ascribed to such term in Section 2.9(a).

"Certificate of Incorporation" means the certificate of incorporation or similar constitutive document of the Company filed with the Secretary of State of the State of Delaware, as it may be amended from time to time.

"Company" has the meaning ascribed to such term in the Preamble and, for purposes of this Agreement, such term shall include any Subsidiary or parent company of the Company and any successor to the Company or any Subsidiary or parent company of the Company who becomes the issuer of Shares.

"Company Block Trade Notice" has the meaning ascribed to such term in Section 2.1(e).

"Company Shelf Underwriting" has the meaning ascribed to such term in Section 2.2(a).

"Company Shelf Notice" has the meaning ascribed to such term in Section 2.2(a).

"Confidential Information" has the meaning ascribed to such term in Section 4.14.

"Demand Exercise Notice" has the meaning ascribed to such term in Section 2.1(a)(i).

"Demand Party" has the meaning ascribed to such term in Section 2.1(a)(i).

"Demand Registration" has the meaning ascribed to such term in Section 2.1(a)(i).

"Demand Registration Request" has the meaning ascribed to such term in Section 2.1(a)(i).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC issued under such Act, as they may from time to time be in effect.

"Expenses" means any and all fees and expenses incident to the Company's performance of or compliance with Section 2 of this Agreement, including, without limitation: (i) SEC, stock exchange or FINRA registration and filing fees and all listing fees and fees with respect to the inclusion of securities on the New York Stock Exchange, Nasdaq or on any other U.S. or non-U.S. securities market on which the Shares are or may be listed or quoted, (ii) fees and expenses of compliance with state securities or "blue sky" laws of any state or jurisdiction of the United States or compliance with the securities laws of foreign jurisdictions and in connection with the preparation of a "blue sky" survey, including, without limitation, reasonable fees and expenses of outside "blue sky" counsel and securities counsel in foreign jurisdictions (but no more than one such counsel in any one jurisdiction), (iii) word processing, printing and copying expenses (including, without limitation, expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing any prospectus or free writing prospectus), (iv) messenger and delivery expenses, (v) expenses incurred in connection with any road show, (vi) fees and disbursements of counsel for the Company, (vii) with respect to each registration or underwritten offering, the reasonable and documented fees and disbursements of counsel for the Shareholder (the "Selling Shareholder Counsel"), together in each case with any local counsel, (viii) fees and disbursements of all independent public

accountants (including the expenses of any audit/review and/or "cold comfort" letter and updates thereof) and fees and expenses of other Persons, (ix) fees and expenses payable to a Qualified Independent Underwriter, (x) fees and expenses of any transfer agent or custodian, (xi) any other fees and disbursements of underwriters, if any, customarily paid by issuers of securities, and reasonable and documented fees and expenses of counsel for the underwriters in connection with any filing with or review by FINRA and (xii) expenses for securities law liability insurance and, if any, rating agency fees.

"FINRA" means the Financial Industry Regulatory Authority, Inc.

"Holder" or "Holders" means (1) any Person who is a party to this Agreement or (2) any transferee of Registrable Securities to whom any Person who is a party to this Agreement shall assign or transfer any rights hereunder in accordance with this Agreement, provided that such transferee has agreed in writing to be bound by the terms of this Agreement in respect of such Registrable Securities pursuant to an Assumption Agreement.

"Initiating Holders" has the meaning ascribed to such term in Section 2.1(a)(i).

"Majority Participating Holders" means Participating Holders holding more than 50% of the Registrable Securities proposed to be included in any offering of Registrable Securities by such Participating Holders pursuant to Section 2.1 or Section 2.2.

"Manager" has the meaning ascribed to such term in Section 2.1(c).

"Merger Agreement" has the meaning ascribed to such term in the Recitals.

"Minimum Threshold" means $10 million.

"Opt-Out Request" has the meaning ascribed to such term in Section 4.16.

"Participating Holders" means all Holders of Registrable Securities which are proposed to be included in any offering of Registrable Securities pursuant to Section 2.1 or Section 2.2.

"Partner Distribution" has the meaning ascribed to such term in Section 2.1(a)(iii).

"Person" means any individual, corporation, company, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture, governmental authority or other legal entity of any kind or nature whatsoever.

"Piggyback Notice" has the meaning ascribed to such term in Section 2.2(a).

"Postponement Period" has the meaning ascribed to such term in Section 2.1(b).

"Qualified Independent Underwriter" means a "qualified independent underwriter" within the meaning of FINRA Rule 5121.

"Registrable Securities" means (a) any Shares held by the Holders at any time (including those held as a result of, or issuable upon, the conversion or exercise of Share Equivalents), whether now owned or acquired by the Holders at a later time, (b) any Shares issued or issuable, directly or indirectly, in exchange for or with respect to the Shares referenced in clause (a) above by way of stock dividend, stock split or combination of shares or in connection with a reclassification, recapitalization, merger, share exchange, consolidation or other reorganization and (c) any securities issued in replacement of or exchange for any securities described in clause (a) or (b) above. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (A) a registration statement covering the sale of such Registrable Securities has been declared effective under the Securities Act and such Registrable Securities have been disposed of in accordance with such effective registration statement, or (B) such securities shall have been sold under Rule 144 (or any successor provision thereto).

"Rule 144" and "Rule 144A" each have the meaning ascribed to such term in Section 4.2.

"SEC" means the U.S. Securities and Exchange Commission or such other federal agency which at such time administers the Securities Act.

"Section 2.3(a) Sale Number" has the meaning ascribed to such term in Section 2.3(a).

"Section 2.3(a)(x) Sale Number" has the meaning ascribed to such term in Section 2.3(a).

"Section 2.3 Block Trade Sale Number" has the meaning ascribed to such term in Section 2.3(a).

"Section 2.3(b)(x) Sale Number" has the meaning ascribed to such term in Section 2.3(b).

"Section 2.3(b) Block Trade Sale Number" has the meaning ascribed to such term in Section 2.3(b).

"Section 2.3(c) Sale Number" has the meaning ascribed to such term in Section 2.3(c).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC issued under such Act, as they may from time to time be in effect.

"Shares" means the shares of common stock, par value $0.01 per share, of the Company, and any and all securities of any kind whatsoever which may be issued after the date hereof in respect of, or in exchange for, such shares of common stock pursuant to a merger, consolidation, stock split, stock dividend or recapitalization of the Company or otherwise.

"Share Equivalents" means, with respect to the Company, all options, warrants and other securities convertible into, or exchangeable or exercisable for (at any time or upon the occurrence of any event or contingency and without regard to any vesting or other conditions to which such securities may be subject), or depositary receipts or depositary shares representing or evidencing, Shares or other equity securities of the Company (including, without limitation, any note or debt security convertible into or exchangeable for Shares or other equity securities of the Company).

"Shelf Registrable Securities" has the meaning ascribed to such term in Section 2.1(e).

"Shelf Registration Statement" has the meaning ascribed to such term in Section 2.1(e).

"Shelf Underwriting" has the meaning ascribed to such term in Section 2.1(e).

"Shelf Underwriting Notice" has the meaning ascribed to such term in Section 2.1(e).

"Shelf Underwriting Request" has the meaning ascribed to such term in Section 2.1(e).

"Subsidiary" means any direct or indirect subsidiary of the Company on the date hereof and any direct or indirect subsidiary of the Company organized or acquired after the date hereof.

"Valid Business Reason" has the meaning ascribed to such term in Section 2.1(b).

"WKSI" has the meaning ascribed to such term in Section 2.1(a)(i).

Section 2. Registration Rights.

2.1. Demand Registrations.

(a) (i) Subject to Sections 2.1(b) and 2.3, at any time and from time to time following the date hereof, the Shareholder (a "Demand Party") shall have the right to require the Company to file one or more registration statements under the Securities Act covering all or any part of its and its Affiliates' Registrable Securities by delivering a written request therefor to the Company specifying the number of Registrable Securities to be included in such registration and the intended method of distribution thereof. Any such request by any Demand Party pursuant to this Section 2.1(a)(i) is referred to herein as a "Demand Registration Request" and the registration so requested is referred to herein as a "Demand Registration" (with respect to any Demand Registration, the Holder(s) making such demand for registration being referred to as the "Initiating Holders"). Any Demand Registration Request may request that the Company register Registrable Securities on an appropriate form, including a shelf registration statement, and, if the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act, a "WKSI"), an automatic shelf registration statement. The Company shall give written notice (the "Demand Exercise Notice") of such Demand Registration Request to each of the Holders of record of Registrable Securities, if any other than the Initiating Holding, at least five (5) Business Days prior to the filing of any registration statement under the Securities Act.

(ii) The Company, subject to Sections 2.3 and 2.6, shall include in a Demand Registration (x) the Registrable Securities of the Initiating Holders and (y) the Registrable Securities of any other Holder of Registrable Securities which shall have made a written request to the Company for inclusion in such registration pursuant to Section 2.2 (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Participating Holder) within five (5) days following the receipt of any such Demand Exercise Notice.

(iii) The Company shall, as expeditiously as reasonably possible, but subject to Section 2.1(b), use its commercially reasonable efforts to (x) file with the SEC (no later than forty-five (45) days from the Company's receipt of the applicable Demand Registration Request) and cause to be declared effective such registration under the Securities Act as soon as reasonably practicable thereafter (including, without limitation, by means of a shelf registration pursuant to Rule 415 under the Securities Act if so requested and if the Company is then eligible to use such a registration) with respect to the Registrable Securities which the Company has been so requested to register, for distribution in accordance with the intended method of distribution and (y) if requested by the Initiating Holders, obtain acceleration of the effective date of the registration statement relating to such registration.

(b) Notwithstanding anything to the contrary in Section 2.1(a), the Demand Registration rights granted in Section 2.1(a) are subject to the following limitations: (i) the Company shall not be required to effect more than (x) five (5) Demand Registrations on Form S-1 or any similar long-form registration at the request of the Shareholder; provided, however, that the Shareholder shall be entitled to request an unlimited number of Demand Registrations on Form S-3 or any similar short-form registration (including pursuant to Rule 415 under the Securities Act) or take-downs or other offerings off an existing Form S-3; (ii) each registration or offering in respect of a Demand Registration Request made by any Holder must include, in the aggregate, Shares having an aggregate market value of at least the lesser of (a) the Minimum Threshold (based on the Shares included in such registration by all Holders participating in such registration) and (b) the Initiating Holder's remaining Shares; and (iii) if the Board, in its good faith judgment, determines that any registration of Registrable Securities should not be made or continued because it would materially and adversely interfere with any existing or potential material financing, acquisition, corporate reorganization, merger, share exchange or other transaction or event involving the Company or any of its subsidiaries or because the Company does not yet have appropriate financial statements of any acquired or to be acquired entities available for filing (in each case, a "Valid Business Reason"), then (x) the Company may postpone filing a registration statement relating to a Demand Registration Request until five (5) Business Days after such Valid Business Reason no longer exists, but in no event for more than forty-five (45) days after the date the Board determines a Valid Business Reason exists and (y) in case a registration statement has been filed relating to a Demand Registration Request, if the Valid Business Reason has not resulted in whole or part from actions taken or omitted to be taken by the Company, the Company may, to the extent determined in the good faith judgment of the Board to be reasonably necessary to avoid interference with any of the transactions described above, suspend use of or, if required by the SEC, cause such registration statement to be withdrawn and its effectiveness terminated or may postpone amending or supplementing such registration statement until five (5) Business Days after such Valid Business Reason no longer exists, but in no event for more than forty-five (45) days after the date the Board determines a Valid Business Reason exists (such period of postponement or withdrawal under this clause (v), the "Postponement Period"). The Company shall give written notice to the Initiating Holders and any other Holders that have requested registration pursuant to Section 2.1 or Section 2.2 of its determination to postpone or suspend use of or withdraw a registration statement and of the fact that the Valid Business Reason for such postponement or suspension or withdrawal no longer exists, in each case, promptly after the occurrence thereof; provided, however, the

Company shall not be permitted to postpone or suspend use of or withdraw a registration statement after the expiration of any Postponement Period until twelve (12) months after the expiration of such Postponement Period.

If the Company shall give any notice of postponement or suspension or withdrawal of any registration statement pursuant to clause (iii) above, the Company shall not, during the Postponement Period, register any Shares, other than pursuant to a registration statement on Form S-4 or S-8 (or an equivalent registration form then in effect). Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company that the Company has determined to suspend use of, withdraw, terminate or postpone amending or supplementing any registration statement pursuant to clause (iii) above, such Holder will discontinue its disposition of Registrable Securities pursuant to such registration statement. If the Company shall have suspended use of, withdrawn or terminated a registration statement filed under Section 2.1(a)(i) (whether pursuant to clause (iii) above or as a result of any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court), the Company shall not be considered to have effected a

Demand Registration for the purposes of this Agreement until the Company shall have permitted use of such suspended registration statement or filed a new registration statement covering the Registrable Securities covered by the withdrawn or terminated registration statement and such registration statement shall have been declared effective and shall not have been withdrawn. If the Company shall give any notice of suspension, withdrawal or postponement of a registration statement, the Company shall, not later than five (5) Business Days after the Valid Business Reason that caused such suspension, withdrawal or postponement no longer exists (but in no event later than forty-five (45) days after the date of the suspension, postponement or withdrawal), as applicable, permit use of such suspended registration statement or use its reasonable best efforts to effect the registration under the Securities Act of the Registrable Securities covered by the withdrawn or postponed registration statement in accordance with this Section 2.1 (unless the Initiating Holders shall have withdrawn such request, in which case the Company shall not be considered to have effected a Demand Registration for the purposes of this Agreement and such request shall not count as a Demand Registration Request under this Agreement), and following such permission or such effectiveness such registration shall no longer be deemed to be suspended, withdrawn or postponed pursuant to clause (v) of Section 2.1(iii) above.

(c) In connection with any Demand Registration (including any Shelf Underwriting or Underwritten Block Trade (as defined below)), the Holders of a majority of the Registrable Securities included in such Demand Registration shall have the right to designate the lead managing underwriter (any lead managing underwriter for the purposes of this Agreement, the "Manager") in connection with any underwritten offering pursuant to such registration and each other managing underwriter for any such underwritten offering and counsel for the Participating Shareholders; provided that in each case, each such underwriter is reasonably satisfactory to the Company, which approval shall not be unreasonably withheld or delayed.

(d) No Demand Registration shall be deemed to have occurred for purposes of Section 2.1(a) (i) if the registration statement relating thereto (x) does not become effective, (y) is not maintained effective for a period of at least one hundred eighty (180) days after the

effective date thereof or such shorter period during which all Registrable Securities included in such registration statement have actually been sold (provided, however, that such period shall be extended for a period of time equal to the period the Holder of Registrable Securities refrains from selling any securities included in such registration statement at the request of the Company or an underwriter of the Company), or (z) is subject to a stop order, injunction, or similar order or requirement of the SEC during such period, (ii) if any of the Registrable Securities requested by such Initiating Holder to be included in such Demand Registration are not so included pursuant to Section 2.3 (even where some or most of such Holder's Registrable Securities are included in such Demand Registration), (iii) if the method of disposition is a firm commitment underwritten public offering and any of the applicable Registrable Securities identified in the preliminary prospectus or preliminary prospectus supplement, as applicable, for such offering as being sold by the Participating Holders have not been sold pursuant thereto or (iv) if the conditions to closing specified in any underwriting agreement, purchase agreement or similar agreement entered into in connection with the registration relating to such request are not satisfied (other than as a result of a default or breach thereunder by such Initiating Holder(s) or its Affiliates) or are otherwise not waived by such Initiating Holder(s).

(e) In the event that the Company files a shelf registration statement under Rule 415 of the Securities Act pursuant to a Demand Registration Request and such registration becomes effective (such registration statement, a "Shelf Registration Statement"), the Initiating Holders with respect to such Demand Registration Request and the other Demand Parties with Registrable Securities registered on such Shelf Registration Statement (or, in the case of an automatic shelf registration statement, the Demand Parties) shall have the right at any time or from time to time to elect to sell pursuant to an underwritten offering Registrable Securities available for sale pursuant to such registration statement. For purposes hereof, any Registrable Securities issued to the Shareholder on Form S-8 and registered with the SEC for reoffer or resale pursuant to a reoffer/resale prospectus filed by the Company in connection with the Form S-8 shall be deemed registered on a Shelf Registrable Statement and to benefit from the provisions of this Section 2.1(e) and all other provisions of this agreement including, without limitation, Sections 2.4, 2.5. and 2.9 hereof. Any such Initiating Holder or Demand Party shall make such election by delivering to the Company a written request (a "Shelf Underwriting Request") for such underwritten offering specifying the number of Registrable Securities that such Initiating Holder or Demand Party, as applicable, desires to sell pursuant to such underwritten offering (the "Shelf Underwriting"). As promptly as practicable, but no later than two (2) Business Days after receipt of a Shelf Underwriting Request, the Company shall give written notice (the "Shelf Underwriting Notice") of such Shelf Underwriting Request to the Holders of record (if any) of other Registrable Securities registered on such Shelf Registration Statement (or, in the case of an automatic shelf registration statement, the Holders of record (if any) of Registrable Securities) ("Shelf Registrable Securities"). The Company, subject to Sections 2.3 and 2.6, shall include in such Shelf Underwriting (x) the Registrable Securities of the Initiating Holders and (y) the Shelf Registrable Securities of any other Holder of Shelf Registrable Securities (if any) which shall have made a written request to the Company for inclusion in such Shelf Underwriting (which request shall specify the maximum number of Shelf Registrable Securities intended to be disposed of by such Holder) within five (5) days after the receipt of the Shelf Underwriting Notice. The Company shall, as expeditiously as possible (and

in any event within twenty (20) days after the receipt of a Shelf Underwriting Request), but subject to Section 2.1(b), use its commercially reasonable efforts to facilitate such Shelf Underwriting. Notwithstanding the foregoing, if a Demand Party wishes to engage in an underwritten block trade or similar transaction or other transaction with a 2-day or less marketing period (collectively, "Underwritten Block Trade") pursuant to a Shelf Registration Statement (either through filing an automatic shelf registration statement or through a take-down from an already effective Shelf Registration Statement), then notwithstanding the foregoing time periods, such Demand Party only needs to notify the Company of the Underwritten Block Trade two (2) Business Days prior to the day such Underwritten Block Trade is to commence, and the Company shall notify the other Holders (the "Company Block Trade Notice") on the same day, and such other Holders (if any) must elect whether or not to participate by the next Business Day (i.e., one (1) Business Day prior to the date such offering is to commence). The Company shall as expeditiously as possible, but subject to Section 2.1(b), use its commercially reasonable efforts to facilitate such Underwritten Block Trade (which may close as early as two (2) Business Days after the date it commences); provided, however, that the Demand Party requesting such Underwritten Block Trade shall use commercially reasonable efforts to work with the Company and the underwriters prior to making such request in order to facilitate preparation of the registration statement (including filing an automatic shelf registration statement), prospectus and other offering documentation related to the Underwritten Block Trade. In the event a Demand Party requests such an Underwritten Block Trade, notwithstanding anything to the contrary in this Section 2.1 or in Section 2.2, any holder of Shares who is not a Holder shall have no right to notice of or to participate in such Underwritten Block Trade at any time. The Company shall, at the request of any Initiating Holder, file any prospectus supplement or, if the applicable Shelf Registration Statement is an automatic shelf registration statement, any post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by the Initiating Holders or any other Holder of Shelf Registrable Securities to effect such Shelf Underwriting. Once a Shelf Registration Statement has been declared effective, the Demand Parties may request, and the Company shall be required to facilitate, subject to Section 2.1(b), an unlimited number of Shelf Underwritings with respect to such Shelf Registration Statement. Notwithstanding anything to the contrary in this Section 2.1(e), each Shelf Underwriting must include, in the aggregate, Shares having an aggregate market value of at least the lesser of

(a) the Minimum Threshold (based on the Shares included in such Shelf Underwriting by all Holders participating in such Shelf Underwriting) and (b) the Initiating Holder's remaining Shares.

(f) Any Initiating Holder may revoke a Demand Registration Request delivered by such Initiating Holder at any time prior to the effectiveness of such Demand Registration and such Demand Registration shall have no further force or effect and such request shall not count as a Demand Registration Request under this Agreement.

(g) In the event that any Holder fails to take all steps necessary to commence an Underwritten Block Trade within two (2) Business Days of the date on which a Company Block Trade Notice is sent to such Holder, then, notwithstanding anything to the contrary in Sections 2.1 and 2.2, the Demand Party requesting the Underwritten Block Trade shall have the right to exclude such Holder from participating in such Underwritten Block Trade.

2.2. Piggyback Registrations.

(a) If the Company proposes or is required (pursuant to Section 2.1 or otherwise) to register any of its equity securities for its own account or for the account of any other shareholder under the Securities Act (other than pursuant to registrations on Form S-4 or Form S-8 or any similar successor forms thereto), the Company shall give written notice (the "Piggyback Notice") of its intention to do so to each of the Holders of record of Registrable Securities at least five (5) Business Days prior to the filing of any registration statement under the Securities Act. Piggyback rights included in this Section 2.2(a) include the right to piggyback on underwritten offerings or underwritten Block Trades by other shareholders of the Company whose shares may be registered on a reoffer/resale prospectus filed pursuant to a Form S-8. Upon the written request of any such Holder, made within five (5) days following the receipt of any such Piggyback Notice (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and the intended method of distribution thereof), the Company shall, subject to Sections 2.2(c), 2.2(f), 2.3 and 2.6 hereof, use its reasonable best efforts to cause all such Registrable Securities, the Holders of which have so requested the registration thereof, to be registered under the Securities Act with the securities which the Company at the time proposes to register to permit the sale or other disposition by the Holders (in accordance with the intended method of distribution thereof) of the Registrable Securities to be so registered, including, if necessary, by filing with the SEC a post-effective amendment or a supplement to the registration statement filed by the Company or the prospectus related thereto. There is no limitation on the number of such piggyback registrations pursuant to the preceding sentence which the Company is obligated to effect. No registration of Registrable Securities effected under this Section 2.2(a) shall relieve the Company of its obligations to effect Demand Registrations under Section 2.1 hereof. If the Company proposes or is required (pursuant to Section 2.1 or otherwise) to sell pursuant to an underwritten offering Registrable Securities available for sale pursuant to a Shelf Registration Statement (a "Company Shelf Underwriting"), the Company shall, as promptly as practicable, give written notice of such Company Shelf Underwriting (a "Company Shelf Notice") to each Holder of Shelf Registrable Securities. In addition to any equity securities that the Company proposes to sell for its own account in such Company Shelf Underwriting, the Company shall, subject to Sections 2.3 and 2.6, include in such Company Shelf Underwriting the Registrable Securities of any Holder which shall have made a written request to the Company for inclusion in such Company Shelf Underwriting (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder) within five (5) Business Days after the receipt of the Company Shelf Notice. Notwithstanding the foregoing, (x) if the Company wishes to engage in an Underwritten Block Trade pursuant to a Shelf Registration Statement (a "Company Underwritten Block Trade"), then notwithstanding the foregoing time periods, the Company only needs to notify the Shareholder of the Company Underwritten Block Trade two (2) Business Days prior to the day such Company Underwritten Block Trade is to commence and the Company shall notify the Shareholder and such Shareholder must elect whether or not to participate by the next Business Day (i.e., one (1) Business Day prior to the date such Underwritten Block Trade is to commence), and the Company shall as expeditiously as possible use its commercially reasonable efforts to facilitate such Company Underwritten Block Trade (which may close as early as two (2) Business Days after the date it commences), and (y) if a

Demand Party wishes to engage in an Underwritten Block Trade pursuant to a Shelf Registration Statement, then the provisions set forth in Section 2.1(e) shall apply to such Underwritten Block Trade. In the event the Company or a Demand Party requests a Company Underwritten Block Trade or an Underwritten Block Trade, as applicable, notwithstanding anything to the contrary in Section 2.1 or in this Section 2.2, any holder of Shares who does not constitute a Holder shall have no right to notice of or to participate in such Company Underwritten Block Trade or Underwritten Block Trade, as applicable.

(b) The Company, subject to Sections 2.3 and 2.6 and the final sentence of Section 2.2(a), may elect to include in any registration statement and offering pursuant to demand registration rights by any Person or otherwise, (i) authorized but unissued Shares or Shares held by the Company as treasury shares and (ii) any other Shares which are requested to be included in such registration pursuant to the exercise of piggyback registration rights granted by the Company on or after the date hereof and which are not inconsistent with the rights granted in, or otherwise conflict with the terms of, this Agreement ("Additional Piggyback Rights"); provided, however, that, with respect to any underwritten offering, including a block trade, such inclusion shall be permitted only to the extent that it is pursuant to, and subject to, the terms of the underwriting agreement or arrangements, if any, entered into by the Initiating Holders or the Majority Participating Holders in such underwritten offering.

(c) If, at any time after giving a Piggyback Notice and prior to the effective date of the registration statement filed in connection with such registration, (i) any Initiating Holder determines for any reason not to proceed with the proposed registration, the Company may at its election give written notice of such determination to each Holder of record of Registrable Securities and thereupon will be relieved of its obligation to register any Registrable Securities in connection with such registration and (ii) other than in connection with a Demand Registration, the Company shall determine for any reason not to register or to delay registration of such equity securities, the Company may, at its election, give written notice of such determination to all Holders of record of Registrable Securities and (x) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such abandoned registration, without prejudice, however, to the rights of Holders under Section 2.1, and (y) in the case of a determination to delay such registration of its equity securities, shall be permitted to delay the registration of such Registrable Securities for the same period as the delay in registering such other equity securities.

(d) Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any registration statement pursuant to this Section 2.2 by giving written notice to the Company of its request to withdraw; provided, however, that such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration or as otherwise required by the underwriters.

(e) Notwithstanding anything contained herein to the contrary, the Company shall, at the request of any Holder; file any prospectus supplement or post-effective amendments, or include in the initial registration statement any disclosure or language, or include in any

prospectus supplement or post-effective amendment any disclosure or language, and otherwise take any action, deemed necessary or advisable by such Holder.

2.3. Allocation of Securities Included in Registration Statement.

(a) If any requested registration made pursuant to Section 2.1 (including a Shelf Underwriting) involves (x) an underwritten offering and the Manager of such offering shall advise the Company and any Holder of Registrable Securities included in such underwritten offering that, in its view, the number of securities requested to be included in such underwritten offering by the Holders of Registrable Securities, the Company or any other Persons exercising Additional Piggyback Rights exceeds the largest number (the "Section 2.3(a)(x) Sale Number") that can be sold in an orderly manner in such underwritten offering within a price range acceptable to the Initiating Holders and the Majority Participating Holders, or (y) an Underwritten Block Trade and the number of securities requested to be included in such Underwritten Block Trade by the Holders of Registrable Securities or any other Persons exceeds the number that are sold in any such Underwritten Block Trade (the "Section 2.3(a) Block Trade Sale Number" and, together with the Section 2.3(a)(x) Sale Number, the "Section 2.3(a) Sale Number"), the Company shall use its reasonable best efforts to include in such underwritten offering:

(i) first, all Registrable Securities requested to be included in such underwritten offering by the Holders thereof (including pursuant to the exercise of piggyback rights pursuant to Section 2.2(a)); provided, however, that if the number of such Registrable Securities exceeds the Section 2.3(a) Sale Number, the number of such Registrable Securities (not to exceed the Section 2.3(a) Sale Number) to be included in such underwritten offering shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such underwritten offering (including pursuant to the exercise of piggyback rights pursuant to Section 2.2(a)), based on the number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the aggregate number of Registrable Securities owned by all Holders requesting inclusion;

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, any securities that the Company proposes to register or sell, up to the Section 2.3(a) Sale Number; and

(iii) third, to the extent that the number of Registrable Securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Persons requesting that securities be included in such underwritten offering pursuant to the exercise of Additional Piggyback Rights ("Additional Piggyback Shares"), based on the number of Additional Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Additional Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(a) Sale Number.

(b) If any registration or offering made pursuant to Section 2.2 involves (x) an underwritten primary offering on behalf of the Company after the date hereof and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such underwritten offering by the Holders of Registrable Securities, the Company or any other Persons exercising Additional Piggyback Rights exceeds the largest number (the "Section 2.3(b)(x) Sale Number") that can be sold in an orderly manner in such underwritten offering within a price range acceptable to the Company or (y) a Company Underwritten Block Trade and the number of securities requested to be included in such Company Underwritten Block Trade by the Company, the Holders of Registrable Securities or any other Persons exceeds the number that are sold in any such Company Underwritten Block Trade (the "Section 2.3(b) Block Trade Sale Number" and, together with the Section 2.3(b)(x) Sale Number, the "Section 2.3(b) Sale Number"), the Company shall use its reasonable best efforts to include in such underwritten offering:

(i) first, all equity securities that the Company proposes to register or sell for its own account;

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining Registrable Securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such underwritten offering pursuant to the exercise of piggyback rights pursuant to Section 2.2(a), based on the number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the aggregate number of Registrable Securities owned by all Holders requesting inclusion, up to the Section 2.3(b) Sale Number; and

(iii) third, to the extent that the number of Registrable Securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Persons requesting that securities be included in such underwritten offering pursuant to the exercise of Additional Piggyback Rights, based on the number of Additional Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Additional Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(b) Sale Number.

(c) If any registration pursuant to Section 2.2 involves an underwritten offering that was initially requested by any Person(s) (other than a Holder) to whom the Company has granted registration rights which are not inconsistent with the rights granted in, and do not otherwise conflict with the terms of, this Agreement and the Manager shall advise the Company that, in its view, the number of securities requested to be included in such underwritten offering exceeds the number (the "Section 2.3(c) Sale Number") that can be sold in an orderly manner in such underwritten offering within a price range acceptable to the Company, the Company shall include in such underwritten offering:

(i) first, the shares requested to be included in such underwritten offering shall be allocated on a pro rata basis among such Person(s) requesting the registration and all Holders requesting that Registrable Securities be included in such underwritten offering pursuant to the exercise of piggyback rights pursuant to Section 2.2(a), based on the aggregate number of securities or Registrable Securities, as applicable, then owned by each of the foregoing requesting inclusion in relation to the aggregate number of securities or Registrable Securities, as applicable, owned by all such Holders and Persons requesting inclusion, up to the Section 2.3(c) Sale Number;

(ii) second, to the extent that the number of Registrable Securities and securities to be included pursuant to clause (i) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated on a pro rata basis among all Persons requesting that securities be included in such underwritten offering pursuant to the exercise of Additional Piggyback Rights, based on the number of Additional Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Additional Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(c) Sale Number; and

(iii) third, to the extent that the number of Registrable Securities and securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining securities to be included in such underwritten offering shall be allocated to shares the Company proposes to register or sell for its own account, up to the Section 2.3(c) Sale Number.

(d) If, as a result of the proration provisions set forth in clauses (a), (b) or (c) of this Section 2.3, any Holder shall not be entitled to include all Registrable Securities in an underwritten offering that such Holder has requested be included, such Holder may elect to withdraw such Holder's request to include Registrable Securities in the registration to which such underwritten offering relates or may reduce the number requested to be included; provided, however, that (x) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and (y) such withdrawal or reduction shall be irrevocable and, after making such withdrawal or reduction, such Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal or reduction was made to the extent of the Registrable Securities so withdrawn or reduced.

2.4. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to effect or cause the registration of and/or participate in any offering or sale of any Registrable Securities under the Securities Act as provided in this Agreement (or use reasonable best efforts to accomplish the same), the Company shall, as expeditiously as reasonably possible:

(a) prepare and file all filings with the SEC and FINRA required for the consummation of the offering, including preparing and filing with the SEC a registration statement on an appropriate registration form of the SEC for the disposition of such Registrable

Securities in accordance with the intended method of disposition thereof, which registration form (i) shall be selected by the Company (except as provided for in a Demand Registration Request) and (ii) shall, in the case of a shelf registration, be available for the sale of the Registrable Securities by the selling Holders thereof and such registration statement shall comply as to form in all material respects with the requirements of the applicable registration form and include all financial statements required by the SEC to be filed therewith, and the Company shall use its reasonable best efforts to cause such registration statement to become effective and remain continuously effective for such period as any Participating Holder pursuant to such registration statement shall request (provided, however, that as far in advance as reasonably practicable before filing a registration statement or prospectus or any amendments or supplements thereto, or comparable statements under securities or state "blue sky" laws of any jurisdiction, or any free writing prospectus related thereto, the Company will furnish to the Demand Parties, counsel for each of the Participating Holders and counsel for the Manager, if any, copies of reasonably complete drafts of all such documents proposed to be filed (including all exhibits thereto and each document incorporated by reference therein to the extent then required by the rules and regulations of the SEC), which documents will be subject to the reasonable review and reasonable comment of such counsel (including any objections to any information pertaining to any Participating Holder and its plan of distribution and otherwise to the extent necessary, if at all, to complete the filing or maintain the effectiveness thereof), and the Company shall make the changes reasonably requested by such counsel and shall not file any registration statement or amendment thereto, any prospectus or supplement thereto or any free writing prospectus related thereto to which counsel for the Participating Holders, the Majority Participating Holders or the underwriters, if any, shall reasonably object); provided, however, that, notwithstanding the foregoing, in no event shall the Company be required to file any document with the SEC which in the view of the Company or its counsel contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make any statement therein not misleading; provided, further, that any Participating Holder shall be entitled to review and provide reasonable comment on disclosure regarding itself included or proposed to be included in any such filing;

(b) (i) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith and such free writing prospectuses and Exchange Act reports as may be necessary to keep such registration statement continuously effective for such period as any Participating Holder pursuant to such registration statement shall request and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all Registrable Securities covered by such registration statement, and any prospectus so supplemented to be filed pursuant to Rule 424 under the Securities Act, in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement and (ii) provide notice to such sellers of Registrable Securities and the Manager, if any, of the Company's reasonable determination that a post-effective amendment to a registration statement would be appropriate;

(c) furnish, without charge, to each Participating Holder and each underwriter, if any, of the securities covered by such registration statement such number of copies of such registration statement, each amendment and supplement thereto (in each case including all

exhibits), the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, each free writing prospectus utilized in connection therewith, in each case, in all material respects in conformity with the requirements of the Securities Act, and other documents, as such seller and underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such seller (the Company hereby consenting to the use in accordance with all applicable laws of each such registration statement (or amendment or post-effective amendment thereto) and each such prospectus (or preliminary prospectus or supplement thereto) or free writing prospectus by each such Participating Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);

(d) use its reasonable best efforts to register or qualify the Registrable Securities covered by such registration statement under such other securities or state "blue sky" laws of such jurisdictions as any sellers of Registrable Securities or any managing underwriter, if any, shall reasonably request in writing, and do any and all other acts and things which may be reasonably necessary or advisable to enable such sellers or underwriter, if any, to consummate the disposition of the Registrable Securities in such jurisdictions in accordance with the intended methods of disposition (including keeping such registration or qualification in effect for so long as such registration statement remains in effect), except that in no event shall the Company be required to qualify to do business as a foreign corporation in any jurisdiction where it would not, but for the requirements of this paragraph (d), be required to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(e) promptly notify each Participating Holder and each managing underwriter, if any: (i) when the registration statement, any pre-effective amendment, the prospectus or any prospectus supplement related thereto, any post-effective amendment to the registration statement or any free writing prospectus has been filed with the SEC and, with respect to the registration statement or any post-effective amendment, when the same has become effective; (ii) of any request by the SEC or state securities authority for amendments or supplements to the registration statement or the prospectus related thereto or for additional information; (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or state "blue sky" laws of any jurisdiction or the initiation of any proceeding for such purpose; (v) of the existence of any fact of which the Company becomes aware which results in the registration statement or any amendment thereto, the prospectus related thereto or any supplement thereto, any document incorporated therein by reference, any free writing prospectus or the information conveyed to any purchaser at the time of sale to such purchaser containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not misleading (which notice shall notify the Participating Holders only of the occurrence of such an event and shall provide no additional information regarding such event to the extent such information would constitute material non-public information); and (vi) if at any time the representations and

warranties contemplated by any underwriting agreement, securities sale agreement, or other similar agreement, relating to the offering shall cease to be true and correct; and, if the notification relates to an event described in clause (v), unless the Company has declared that a Postponement Period exists, the Company shall promptly prepare and furnish to each such seller and each underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading;

(f) comply (and continue to comply) with all applicable rules and regulations of the SEC (including, without limitation, maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) in accordance with the Exchange Act), and make generally available to its security holders, as soon as reasonably practicable after the effective date of the registration statement (and in any event within forty-five (45) days, or ninety (90) days if it is a fiscal year, after the end of such twelve month period described hereafter), an earnings statement (which need not be audited) covering the period of at least twelve (12) consecutive months beginning with the first day of the Company's first calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(g) (i) cause all such Registrable Securities covered by such registration statement to be listed on the principal securities exchange on which similar securities issued by the Company are then listed (if any), if the listing of such Registrable Securities is then permitted under the rules of such exchange, and (ii) comply (and continue to comply) with the requirements of any self-regulatory organization applicable to the Company, including without limitation all corporate governance requirements;

(h) cause its senior management, officers, employees and independent public accountants (in the case of the independent public accountants, subject to any applicable accounting guidance regarding their participation in the offering or the due diligence process) and other experts to participate in, make themselves available, supply such information as may reasonably be requested and to otherwise facilitate and cooperate with the preparation of the registration statement and prospectus and any amendments or supplements thereto (including participating in meetings, drafting sessions, due diligence sessions and rating agency presentations) taking into account the Company's reasonable business needs;

(i) provide and cause to be maintained a transfer agent and registrar for all such Registrable Securities covered by such registration statement not later than the effective date of such registration statement and, in the case of any secondary equity offering, provide and enter into any reasonable agreements with a custodian for the Registrable Securities;

(j) enter into such customary agreements (including, if applicable, an underwriting agreement) and take such other actions as the Initiating Holder or the Majority Participating

Holders or the underwriters shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(k) use its reasonable best efforts (i) to obtain opinions from the Company's counsel, including local counsel, and a "cold comfort" letter, updates thereof and consents from the independent public accountants who have certified the financial statements of the Company (and/or any other financial statements) included or incorporated by reference in such registration statement, in each case, in customary form and covering such matters as are customarily covered by such opinions and "cold comfort" letters (including, in the case of such "cold comfort" letter, events subsequent to the date of such financial statements) delivered to underwriters in underwritten public offerings, which opinions and letters shall be dated the dates such opinions and "cold comfort" letters are customarily dated and otherwise reasonably satisfactory to the underwriters, if any, and to the Majority Participating Holders and to furnish to each Participating Holder upon its request and to each underwriter, if any, a copy of such opinions and letters addressed to such underwriter and each Participating Holder to the extent permitted by the Company's independent public accountants;

(l) deliver promptly to each Demand Party, to counsel for each of the Participating Holders and to each managing underwriter, if any, copies of all correspondence between the SEC and the Company, its counsel or auditors and all memoranda relating to discussions with the SEC or its staff with respect to the registration statement, and, upon receipt of such confidentiality agreements as the Company may reasonably request, make reasonably available for inspection by counsel for the Participating Holders, by counsel for any underwriter participating in any disposition to be effected pursuant to such registration statement and by any attorney, accountant or other agent retained by the Participating Holders or any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees to supply all information reasonably requested by any such counsel for the Participating Holders, counsel for an underwriter, attorney, accountant or agent in connection with such registration statement;

(m) use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of the registration statement, or the lifting of any suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction, in each case, as promptly as reasonably practicable;

(n) provide a CUSIP number for all Registrable Securities, not later than the effective date of the registration statement and, if applicable, provide the applicable transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with The Depository Trust Company;

(o) use its commercially reasonable efforts to make available its senior management and employees for participation in "road shows" and other marketing efforts and otherwise provide reasonable assistance to the underwriters (taking into account the Company's reasonable business needs and the requirements of the marketing process) in the marketing of Registrable Securities in any underwritten offering;

(p) promptly prior to the filing of any document which is to be incorporated by reference into the registration statement or the prospectus (after the initial filing of such registration statement), and prior to the filing or use of any free writing prospectus, provide copies of such document to counsel for the Participating Holders and to each managing underwriter, if any, and make the Company's representatives reasonably available for discussion of such document and make such changes in such document concerning the Participating Holders prior to the filing thereof as counsel for the Participating Holders or underwriters may reasonably request (provided, however, that, notwithstanding the foregoing, in no event shall the Company be (i) required to file any document with the SEC which in the view of the Company or its counsel contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make any statement therein not misleading or (ii) prohibited from filing any document with the SEC which the Company or its counsel reasonably believes to be required by law to be so filed);

(q) furnish to counsel for the Participating Holders upon its request, to each Demand Party upon its request and to each managing underwriter, without charge, upon request, at least one conformed copy of the registration statement and any post-effective amendments or supplements thereto, including financial statements and schedules, all documents incorporated therein by reference, the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus), any other prospectus and prospectus supplement filed under Rule 424 under the Securities Act and all exhibits (including those incorporated by reference) and any free writing prospectus utilized in connection therewith;

(r) cooperate with the Participating Holders and the managing underwriter, if any, to facilitate the timely preparation and delivery of certificates not bearing any restrictive legends representing the Registrable Securities to be sold, and cause such Registrable Securities to be issued in such denominations and registered in such names in accordance with the underwriting agreement at least one (1) Business Day prior to any sale of Registrable Securities to the underwriters or, if not an underwritten offering, in accordance with the instructions of the Participating Holders at least one (1) Business Day prior to any sale of Registrable Securities and instruct any transfer agent and registrar of Registrable Securities to release any stop transfer orders in respect thereof (and, in the case of Registrable Securities registered on a Shelf Registration Statement, at the request of any Holder, prepare and deliver certificates representing such Registrable Securities not bearing any restrictive legends and deliver or cause to be delivered an opinion or instructions to the transfer agent in order to allow such Registrable Securities to be sold from time to time);

(s) use its commercially reasonable efforts to prepare for inclusion and include in any prospectus or prospectus supplement if requested by any managing underwriter updated financial or business information for the Company's most recent period or current quarterly period (including estimated results or ranges of results) if required for purposes of marketing the offering in the view of the managing underwriter;

(t) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided, however, that to the extent that any prohibition is applicable to the Company, the Company will use its reasonable best efforts to make any such prohibition inapplicable;

(u) use its commercially reasonable efforts to cause the Registrable Securities covered by the applicable registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Participating Holders or the underwriters, if any, to consummate the disposition of such Registrable Securities in accordance with the intended methods thereof;

(v) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities;

(w) take all reasonable action to ensure that any free writing prospectus utilized in connection with any registration covered by Section 2.1 or 2.2 complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby, will not conflict with a related prospectus, prospectus supplement and related documents and, when taken together with the related prospectus, prospectus supplement and related documents, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(x) in connection with any underwritten offering, if at any time the information conveyed to a purchaser at the time of sale includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, promptly file with the SEC such amendments or supplements to such information as may be necessary so that the statements as so amended or supplemented will not, in the light of the circumstances, be misleading;

(y) to the extent required by the rules and regulations of FINRA, retain a Qualified Independent Underwriter acceptable to the managing underwriter; and

(z) use its commercially reasonable efforts to cooperate with the managing underwriters, their counsel, the Participating Holders and counsel for the Participating Holders in connection with the preparation and filing of any applications, notices, registrations and responses to requests for additional information with FINRA, the New York Stock Exchange, Nasdaq, or any other national securities exchange on which the Ordinary Shares are or are to be listed.

To the extent the Company is a WKSI at the time any Demand Registration Request is submitted to the Company, and such Demand Registration Request requests that the Company file an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an "automatic shelf registration statement") on Form S-3, the Company shall file an automatic shelf registration statement which covers those Registrable Securities which are requested to be

registered. To the extent the Company has filed an automatic shelf registration statement, the Company shall use its commercially reasonable efforts to remain a WKSI (and not become an ineligible issuer (as defined in Rule 405 under the Securities Act)) during the period during which such automatic shelf registration statement is required to remain effective. If the Company is requested to register Registrable Securities on an automatic shelf registration statement, the Company shall pay the applicable filing fee related to such Registrable Securities at the time of filing of the automatic shelf registration statement. If the automatic shelf registration statement has been outstanding for at least three (3) years, at or prior to the end of the third year the Company shall, upon request, refile a new automatic shelf registration statement covering the Registrable Securities which remain outstanding. If at any time when the Company is required to re-evaluate its WKSI status the Company determines that it is not a WKSI, the Company shall use its commercially reasonable efforts to refile the shelf registration statement on Form S-3 and, if such form is not available, Form S-1 and keep such registration statement effective during the period during which such registration statement is required to be kept effective.

If the Company files any shelf registration statement for the benefit of the holders of any of its securities other than the Holders, and the Holders do not request that their Registrable Securities be included in such Shelf Registration Statement, the Company agrees that it shall include in such registration statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Holders) in order to ensure that the Holders may be added to such shelf registration statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment.

The Company may require as a condition to the Company's obligations under this Section 2.4 that each Participating Holder as to which any registration is being effected (i) furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request, provided that such information is necessary for the Company to consummate such registration and shall be used only in connection with such registration and (ii) provide any underwriters participating in the distribution of such securities such information as the underwriters may request and execute and deliver any agreements, certificates or other documents as the underwriters may request.

Each Holder of Registrable Securities agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clause (v) of paragraph (e) of this Section 2.4, such Holder will discontinue such Holder's disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4 and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus covering such Registrable Securities that was in effect at the time of receipt of such notice. In the event the Company shall give any such notice, the applicable period mentioned in paragraph (b) of this Section 2.4 shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the

date when each Participating Holder covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4. The period(s) during which the Holders are required to discontinue disposition of securities pursuant to this paragraph shall not exceed forty-five (45) days with respect to any one such period within any 365 day period (either alone or in combination with a Postponement Period pursuant to Section 2.1(b) hereof).

The Company agrees not to include in any registration statement or any amendment to any registration statement with respect to any Registrable Securities, or in any prospectus, or any amendment of or supplement to the prospectus, or any free writing prospectus, any disclosure that refers to any Holder covered thereby by name, or otherwise identifies such Holder, without the consent of such Holder, such consent not to be unreasonably withheld or delayed, unless such disclosure is required by law, in which case the Company shall provide written notice to such Holder no less than five (5) Business Days prior to the filing. If any such registration statement or comparable statement under state "blue sky" laws refers to any Holder by name or otherwise as the Holder of any securities of the Company, then such Holder shall have the right to require the insertion therein of language, in form and substance reasonably satisfactory to such Holder and the Company, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company.

To the extent that any Holder is or may be deemed to be an "underwriter" of Registrable Securities pursuant to any SEC comments or policies, the Company agrees that (1) the indemnification and contribution provisions contained in Section 2.9 shall be applicable to the benefit of such Holder in its role as an underwriter or deemed underwriter in addition to its capacity as a Holder and (2) such Holder shall be entitled to conduct the due diligence which an underwriter would normally conduct in connection with an offering of securities registered under the Securities Act, including without limitation receipt of customary opinions and comfort letters addressed to such Holder.

2.5. Registration Expenses.

(a) The Company shall pay all Expenses with respect to any registration or offering of Registrable Securities pursuant to Section 2, whether or not a registration statement becomes effective or the offering is consummated.

(b) Notwithstanding the foregoing, (x) the provisions of this Section 2.5 shall be deemed amended to the extent necessary to cause these expense provisions to comply with state "blue sky" laws of each state in which the offering is made, and (y) in connection with any underwritten offering hereunder, each Participating Holder shall pay all underwriting discounts and commissions and any transfer taxes, if any, attributable to the sale of such Registrable Securities, pro rata with respect to payments of discounts and commissions in accordance with the number of shares sold in the offering by such Holder. In addition, each Participating Holder

shall pay the expenses of its own counsel and advisors, except to the extent provided in the definition of "Expenses."

2.6. Certain Limitations on Registration Rights. In the case of any registration under Section 2.1 involving an underwritten offering, or, in the case of a registration under Section 2.2, if the Company has determined to enter into an underwriting agreement in connection therewith, all securities to be included in such underwritten offering shall be subject to such underwriting agreement and no Person may participate in such underwritten offering unless such Person (i) agrees to sell such Person's securities on the basis provided therein and completes and executes all reasonable questionnaires, and other documents (including custody agreements and powers of attorney, if any) which must be executed in connection therewith; provided, however, that all such documents shall be consistent with the provisions hereof and (ii) provides such other information to the Company or the underwriter as may be necessary to register such Person's securities.

2.7. Limitations on Sale or Distribution of Other Securities.

(a) Each Holder agrees, (i) to the extent requested by a managing underwriter, if any, of any underwritten public offering in which one or more Holders is selling Shares pursuant to a registration or offering effected pursuant to Section 2.1 (including any Shelf Underwriting pursuant to Section 2.1(e)), not to sell, transfer or otherwise dispose of, including any sale pursuant to Rule 144, any Shares or Share Equivalents (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, not to exceed ninety (90) days from the pricing date of such offering or such shorter period as the managing underwriter, the Company or any executive officer or director of the Company shall agree to (and the Company hereby also so agrees (except that the Company may effect any sale or distribution of any such securities pursuant to a registration on Form S-4 or Form S-8, or any successor or similar form which (x) is then in effect or (y) shall become effective upon the conversion, exchange or exercise of any then outstanding Share Equivalents), to use its reasonable best efforts to cause each holder of any equity security or any security convertible into or exchangeable or exercisable for any equity security of the Company purchased from the Company at any time other than in a public offering, and all directors and executive officers of the Company, to so agree), and (ii) to the extent requested by a managing underwriter of any underwritten public offering in which one or more Holders is selling Shares pursuant to the exercise of piggyback rights under Section 2.2 hereof, not to sell, transfer or otherwise dispose of, including any sale pursuant to Rule 144, any Shares or Share Equivalents (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, which period shall not exceed ninety (90) days from the pricing date of such offering or such shorter period as the managing underwriter, the Company or any executive officer or director of the Company shall agree to. In the circumstances specified in this Section 2.7(a), each Holder agrees to execute and deliver customary lock-up agreements for the benefit of the underwriters with such form and substance as the managing underwriter shall reasonably determine.

(b) The Company hereby agrees that, in connection with an offering pursuant to Section 2.1 (including any Shelf Underwriting pursuant to Section 2.1(e)) or Section 2.2, the Company shall not sell, transfer, or otherwise dispose of, any Shares or Share Equivalents (other than as part of such underwritten public offering, a registration on Form S-4 or Form S-8 or any successor or similar form which is (x) then in effect or (y) shall become effective upon the conversion, exchange or exercise of any then outstanding Share Equivalents), until a period of ninety (90) days (or such shorter period to which the Majority Participating Holders shall agree) shall have elapsed from the pricing date of such offering, except to the extent otherwise agreed to by the underwriters as provided in any lock-up agreement required in connection with such offering; and the Company shall (i) so provide in any registration rights agreements hereafter entered into with respect to any of its securities and (ii) use its reasonable best efforts to cause each holder of any equity security or any security convertible into or exchangeable or exercisable for any equity security of the Company purchased from the Company at any time other than in a public offering and all directors and executive officers of the Company to so agree.

2.8. No Required Sale. Nothing in this Agreement shall be deemed to create an independent obligation on the part of any Holder to sell any Registrable Securities pursuant to any effective registration statement. A Holder is not required to include any of its Registrable Securities in any registration statement, is not required to sell any of its Registrable Securities which are included in any effective registration statement, may sell any of its Registrable Securities in any manner in compliance with applicable law (including pursuant to Rule 144) even if such shares are already included on an effective registration statement, and may request that Registrable Securities be registered or sold pursuant to a registration statement even if such Shares are eligible to be sold pursuant to Rule 144.

2.9. Indemnification.

(a) In the event of any registration or offer and sale of any securities of the Company under the Securities Act pursuant to this Section 2, including without limitation any sale of securities of the Company registered on a reoffer/resale prospectus filed in connection with a Form S-8, the Company will (without limitation as to time), and hereby agrees to, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Participating Holder, its directors, officers, fiduciaries, employees, stockholders, members, general and limited partners, affiliates, successors and assigns (and the directors, officers, fiduciaries, employees, stockholders, members, general and limited partners, affiliates, successors and assigns thereof), each other Person who participates as a seller (and its directors, officers, fiduciaries, employees, stockholders, members, general and limited partners, affiliates, successors and assigns), underwriter or Qualified Independent Underwriter, if any, in the offering or sale of such securities, each officer, director, employee, stockholder, fiduciary, managing director, agent, affiliate, consultant, representative, successor, assign or partner of such underwriter or Qualified Independent Underwriter, and each other Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) any such Participating Holder, seller or any such underwriter or Qualified Independent Underwriter and each director, officer, employee, stockholder, fiduciary, managing director, affiliate, successor, assign or partner of such controlling Person (and all controlling Persons of any such Persons or other

controlling Persons), from and against any and all losses, claims, damages or liabilities, joint or several, actions or proceedings (whether commenced or threatened) and expenses (including reasonable fees of counsel and any amounts paid in any settlement effected with the Company's consent, which consent shall not be unreasonably withheld or delayed) to which each such indemnified party may become subject under the Securities Act or otherwise in respect thereof (collectively, "Claims"), insofar as such Claims arise out of, are based upon, relate to or are in connection with (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such securities were registered under the Securities Act or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary, final or summary prospectus or any amendment or supplement thereto, together with the documents incorporated by reference therein, or any free writing prospectus utilized in connection therewith, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iii) any untrue statement or alleged untrue statement of a material fact in the information conveyed by the Company or any underwriter to any purchaser at the time of the sale to such purchaser, or the omission or alleged omission to state therein a material fact required to be stated therein, or (iv) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to any action required of or inaction by the Company in connection with any such offering of Registrable Securities, and the Company will reimburse any such indemnified party for any documented legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the Company shall not be liable to any such indemnified party in any such case to the extent such Claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact made in such registration statement or amendment thereof or supplement thereto or in any such prospectus or any preliminary, final or summary prospectus or free writing prospectus in reliance upon and in strict conformity with written information furnished to the Company by or on behalf of such indemnified party specifically for use therein. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such seller.

(b) Each Participating Holder (and, if the Company requires as a condition to including any Registrable Securities in any registration statement filed in accordance with Section 2.1 or 2.2, any underwriter and Qualified Independent Underwriter, if any) shall, severally and not jointly, indemnify and hold harmless (in the same manner and to the same extent as set forth in paragraph (a) of this Section 2.9) to the extent permitted by law the Company, its officers who signed the applicable registration statement and its directors, each Person controlling the Company within the meaning of the Securities Act and all other prospective sellers and their directors, officers, stockholders, fiduciaries, managing directors, affiliates, successors, assigns or general and limited partners and respective controlling Persons with respect to any untrue statement or alleged untrue statement of any material fact in, or omission or alleged omission of any material fact from, such registration statement, any

preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, or any free writing prospectus utilized in connection therewith, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in strict conformity with written information furnished to the Company or its representatives by or on behalf of such Participating Holder or underwriter or Qualified Independent Underwriter, if any, specifically for use therein, and each such Participating Holder, underwriter or Qualified Independent Underwriter, if any, shall reimburse such indemnified party for any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the aggregate amount which any such Participating Holder shall be required to pay pursuant to this Section 2.9 (including pursuant to indemnity, contribution or otherwise) shall in no case be greater than the amount of the net proceeds actually received by such Participating Holder upon the sale of the Registrable Securities pursuant to the registration statement giving rise to such Claim; provided, further, that such Participating Holder shall not be liable in any such case to the extent that prior to the filing of any such registration statement or prospectus or amendment thereof or supplement thereto, or any free writing prospectus utilized in connection therewith, such Participating Holder has furnished in writing to the Company information expressly for use in such registration statement or prospectus or any amendment thereof or supplement thereto or free writing prospectus which corrected or made not misleading information previously furnished to the Company. The Company and each Participating Holder hereby acknowledge and agree that, unless otherwise expressly agreed to in writing by such Participating Holders to the contrary, for all purposes of this Agreement, the only information furnished or to be furnished to the Company for use in any such registration statement, preliminary, final or summary prospectus or amendment or supplement thereto, or any free writing prospectus, are statements specifically relating to (i) the beneficial ownership of Shares by such Participating Holder and its Affiliates as disclosed in the section of such document entitled "Selling Shareholders" or "Principal and Selling Shareholders" or other variations thereof and (ii) the name and address of such Participating Holder. If any additional information about such Holder or the plan of distribution (other than for an underwritten offering) is required by law to be disclosed in any such document, then such Holder shall not unreasonably withhold its agreement referred to in the immediately preceding sentence. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such Holder.

(c) Indemnification similar to that specified in the preceding paragraphs (a) and (b) of this Section 2.9 (with appropriate modifications) shall be given by the Company and each Participating Holder with respect to any required registration or other qualification of securities under any applicable securities and state "blue sky" laws.

(d) Any Person entitled to indemnification under this Agreement shall notify promptly the indemnifying party in writing of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 2.9, but the failure of any indemnified party to provide such notice shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 2.9, except to the extent the indemnifying party is materially and actually prejudiced thereby and shall not relieve the

indemnifying party from any liability which it may have to any indemnified party otherwise than under this Section 2. In case any action or proceeding is brought against an indemnified party and such indemnified party shall have notified the indemnifying party of the commencement thereof (as required above), the indemnifying party shall be entitled to participate therein and, unless in the reasonable opinion of outside counsel to the indemnified party a

conflict of interest between such indemnified and indemnifying parties may exist in respect of such Claim, to assume the defense thereof jointly with any other indemnifying party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party that it so chooses, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that (i) if the indemnifying party fails to take reasonable steps necessary to defend diligently the action or proceeding within twenty (20) days after receiving notice from such indemnified party that the indemnified party believes it has failed to do so; or (ii) if such indemnified party who is a defendant in any action or proceeding which is also brought against the indemnifying party reasonably shall have concluded that there may be one or more legal or equitable defenses available to such indemnified party which are not available to the indemnifying party or which may conflict with or are different from those available to another indemnified party with respect to such Claim; or (iii) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct, then, in any such case, the indemnified party shall have the right to assume or continue its own defense and the indemnifying party shall be liable for any expenses therefor. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (A) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (B) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(e) If for any reason the foregoing indemnity is unavailable, unenforceable or is insufficient to hold harmless an indemnified party under Sections 2.9(a), (b) or (c), then each applicable indemnifying party shall contribute to the amount paid or payable to such indemnified party as a result of any Claim in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and the indemnified party, on the other hand, with respect to such Claim. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. If, however, the allocation provided in the second preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative faults but also the relative benefits of the indemnifying party and the indemnified party as well as any other relevant

equitable considerations. The parties hereto agree that it would not be just and equitable if any contribution pursuant to this Section 2.9(e) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the preceding sentences of this Section 2.9(e). The amount paid or payable in respect of any Claim shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Notwithstanding anything in this Section 2.9(e) to the contrary, no indemnifying party (other than the Company) shall be required pursuant to this Section 2.9(e) to contribute any amount greater than the amount of the net proceeds received by such indemnifying party from the sale of Registrable Securities pursuant to the registration statement giving rise to such Claim, less the amount of any indemnification payment made by such indemnifying party pursuant to Sections 2.9(b) and (c). In addition, no Holder of Registrable Securities or any Affiliate thereof shall be required to pay any amount under this Section 2.9(e) unless such Person or entity would have been required to pay an amount pursuant to Section 2.9(b) if it had been applicable in accordance with its terms.

(f) The indemnity and contribution agreements contained herein shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract and shall remain operative and in full force and effect regardless of any investigation made or omitted by or on behalf of any indemnified party and shall survive the transfer of the Registrable Securities by any such party.

(g) The indemnification and contribution required by this Section 2.9 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred; provided, however, that the recipient thereof hereby undertakes to repay such payments if and to the extent it shall be determined by a court of competent jurisdiction that such recipient is not entitled to such payment hereunder.

2.10. Limitations on Registration of Other Securities; Representation. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Shareholder, enter into any agreement with any holder or prospective holder of any securities of the Company giving such holder or prospective holder any registration rights the terms of which are (i) more favorable taken as a whole than the registration rights granted to the Holders hereunder unless the Company shall also give such rights to such Holders or (ii) on parity with the registration rights granted to the Holders hereunder.

2.11. No Inconsistent Agreements. The Company shall not hereafter enter into any agreement with respect to its securities that is inconsistent in any material respects with the rights granted to the Holders in this Agreement.

Section 3. Underwritten Offerings.

3.1. Requested Underwritten Offerings. If requested by the underwriters for any underwritten offering pursuant to a registration requested under Section 2.1, the Company shall enter into a customary underwriting agreement with the underwriters. Such underwriting agreement shall (i) be satisfactory in form and substance to the Majority Participating Holders, (ii) contain terms not inconsistent with the provisions of this Agreement to the extent the underwriters of such offering agree to such terms and (iii) contain such representations and warranties by, and such other agreements on the part of, the Company and such other terms as are generally prevailing in agreements of that type, including, without limitation, indemnities and contribution agreements on substantially the same terms as those contained herein or as otherwise customary for the lead underwriter for such offering and agreed to by the Majority Participating Holders. Any Participating Holder shall be a party to such underwriting agreement and may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Participating Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Participating Holder; provided, however, that the Company shall not be required to make any representations or warranties with respect to written information specifically provided by a Participating Holder for inclusion in the registration statement.

Unless otherwise agreed by the Majority Participating Holders and the underwriters, each such Participating Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Participating Holder, its ownership of and title to the Registrable Securities, any written information specifically provided by such Participating Holder for inclusion in the registration statement and its intended method of distribution; and any liability of such Participating Holder to any underwriter or other Person under such underwriting agreement for indemnity, contribution or otherwise shall in no case be greater than the amount of the net proceeds received by such Participating Holder upon the sale of Registrable Securities pursuant to such underwriting agreement and in no event shall relate to anything other than information about such Holder specifically provided by such Holder for use in the registration statement and prospectus (in each case unless otherwise agreed by the underwriters and the Majority Participating Holders).

3.2. Piggyback Underwritten Offerings. In the case of a registration pursuant to Section 2.2, if the Company shall have determined to enter into an underwriting agreement in connection therewith, all of the Participating Holders' Registrable Securities to be included in such registration shall be subject to such underwriting agreement. Any Participating Holder shall be a party to such underwriting agreement and may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Participating Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Participating Holder; provided, however, that the Company shall not be required to make any representations or warranties with respect to written information specifically provided by a Participating Holder for inclusion in the registration statement. Unless otherwise agreed by the Majority Participating Holders and the underwriters, each such Participating Holder shall not be

required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Participating Holder, its ownership of and title to the Registrable Securities, any written information specifically provided by such Participating Holder for inclusion in the registration statement and its intended method of distribution; and any liability of such Participating Holder to any underwriter or other Person under such underwriting agreement shall in no case be greater than the amount of the net proceeds received by such Participating Holder upon the sale of Registrable Securities pursuant to such underwriting agreement and in no event shall relate to anything other than information about such Holder specifically provided by such Holder for use in the registration statement and prospectus (in each case unless otherwise agreed by the underwriters and Majority Participating Holders).

Section 4. General.

4.1. Adjustments Affecting Registrable Securities. The Company agrees that it shall not effect or permit to occur any combination or subdivision of Shares which would adversely affect the ability of any Holder of any Registrable Securities to include such Registrable Securities in any registration contemplated by this Agreement or the marketability of such Registrable Securities in any such registration. Subject to the foregoing, the Company agrees that it will take all reasonable steps necessary to effect a subdivision of Shares if in the reasonable judgment of (a) the Majority Participating Holders or (b) the managing underwriter for the offering in respect of a Demand Registration Request, such subdivision would enhance the marketability of the Registrable Securities. Each Holder agrees to vote all of its shares of capital stock in a manner, and to take all other actions reasonably necessary, to permit the Company to carry out the intent of the preceding sentence including, without limitation, voting in favor of an amendment to the Company's organizational documents in order to increase the number of authorized shares of capital stock of the Company. In any event, the provisions of this Agreement shall apply, to the full extent set forth herein with respect to the Registrable Securities, to any and all shares of capital stock of the Company, any successor or assign of the Company (whether by merger, share exchange, consolidation, sale of assets or otherwise) or any Subsidiary or parent company of the Company which may be issued in respect of, in exchange for or in substitution of, Registrable Securities and shall be appropriately adjusted for any stock dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after the date hereof.

4.2. Rule 144 and Rule 144A. The Company covenants that (i) so long as it remains subject to the reporting provisions of the Exchange Act, it will timely file the reports required to be filed by it under the Securities Act or the Exchange Act (including, but not limited to, the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1)(i) of Rule 144 under the Securities Act, as such Rule may be amended ("Rule 144")) or, if the Company is not required to file such reports, it will, upon the request of any Holder, make publicly available other information so long as necessary to permit sales by such Holder under Rule 144, Rule 144A under the Securities Act, as such Rule may be amended ("Rule 144A"), or any similar rules or regulations hereafter adopted by the SEC, and (ii) it will take such further action as any Holder may reasonably request, all to the extent required from time to time to

enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (A) Rule 144, (B) Rule 144A or (C) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements. To the extent any Holder desires to sell Registrable Securities pursuant to Rule 144, the Company agrees to provide customary instructions to the transfer agent to remove any restrictive legends from such Shares and to provide or cause any customary opinions of counsel to be delivered to the transfer agent in connection with any such sale. In addition, the Company agrees to remove any restrictive legend from the Registrable Securities upon the reasonable request of any Holder as soon as reasonably permitted by applicable law and customary practice (including customary transfer agent practices).

4.3. Nominees for Beneficial Owners. If Registrable Securities are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its option, be treated as the Holder of such Registrable Securities for purposes of any request or other action by any Holder or Holders of Registrable Securities pursuant to this Agreement (or any determination of any number or percentage of shares constituting Registrable Securities held by any Holder or Holders of Registrable Securities contemplated by this Agreement); provided, however, that the Company shall have received assurances reasonably satisfactory to it of such beneficial ownership.

4.4. Amendments and Waivers. Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement shall be effective against the Company or any Holder unless such modification, amendment or waiver is approved in writing by the Company and the Demand Parties. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof or of any other or future exercise of any such right, power or privilege.

4.5. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 4.5):

if to the Company:

KLX Energy Services Holdings, Inc.

1300 Corporate Center Way
Wellington, Florida 33414
Attention: Jonathan Mann
Email: jonathan.mann@klxe.com

with a copy (which shall not constitute notice) to:

Freshfields Bruckhaus Deringer US LLP
601 Lexington Avenue
New York, NY 10022
Attention: Valerie Ford Jacob
E-mail: valerie.jacob@freshfields.com

if to the Shareholder:

Thomas P. McCaffrey
c/o KLX Inc.
1300 Corporate Center Way
Wellington, Florida 33414
Attention: Thomas P. McCaffrey
Email: Tom.McCaffrey@KLX.com

with a copy (which shall not constitute notice) to:

Freshfields Bruckhaus Deringer US LLP
601 Lexington Avenue
New York, NY 10022
Attention: Valerie Ford Jacob
E-mail: valerie.jacob@freshfields.com

If to any other Holder, at such Holder's address as set forth on such Holder's signature page hereto or to an Assumption Agreement.

4.6. Successors and Assigns. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and the respective successors, permitted assigns, heirs and personal representatives of the parties hereto, whether so expressed or not. This Agreement may not be assigned by the Company without the prior written consent of the Shareholder. No Holder shall have the right to assign all or part of its rights and obligations under this Agreement without the prior written consent of the other parties hereto; provided, that any Holder may assign this Agreement to one or more of its Affiliates without the prior written consent of the other parties hereto, and any Holder may assign this Agreement to one or more third parties who acquire Shares from such Holder other than in a public underwritten offering or sales generally into the open market pursuant to Rule 144; provided, further, that such Holder's Affiliate (or Affiliates) or other permitted transferee executes and delivers to the Company an Assumption Agreement. Upon any such assignment,

such assignee shall have and be able to exercise and enforce all rights of the assigning Holder which are assigned to it and, to the extent such rights are assigned, any reference to the assigning Holder shall be treated as a reference to the assignee. If any Holder shall acquire additional Registrable Securities, such Registrable Securities shall be subject to all of the terms, and entitled to all the benefits, of this Agreement.

4.7. Entire Agreement. This Agreement and the other documents referred to herein or delivered pursuant hereto which form part hereof constitute the entire agreement and understanding between the parties hereto, and supersedes all prior agreements and understandings, relating to the subject matter hereof.

4.8. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of the State of New York.

Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby or thereby shall be brought in the federal or state courts located in the State of New York, and each party irrevocably submits to the exclusive jurisdiction of such courts (and the appropriate appellate courts therefrom) in any such suit, action or proceeding. The parties irrevocably and unconditionally waive any objection to the laying

of venue of any suit, action or any proceeding in any such court and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court.

EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OR AGENT OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 4.8.

4.9. Interpretation; Construction.

(a) The table of contents and headings in this Agreement are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

(b) The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

4.10. Counterparts. This Agreement may be executed and delivered in any number of separate counterparts (including by facsimile or electronic mail), each of which shall be an original, but all of which together shall constitute one and the same agreement.

4.11. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

4.12. Remedies. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each party hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, without the posting of any bond, and, if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law. All remedies, either under this Agreement, by law, or otherwise afforded to any party, shall be cumulative and not alternative.

4.13. Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

4.14. Restructuring. To the extent that the Board of the Company elects to effect a restructuring or recapitalization of the Company or substantially all of the business of the Company through a subsidiary or parent company of the Company or otherwise, the provisions of this Agreement shall be appropriately adjusted, and the Holders and the Company shall enter into such further agreements and arrangements as shall be reasonably necessary or appropriate to provide the Holders with substantially the same registration rights as they would have under this Agreement, giving due consideration to the nature of the new public entity, the nature of the securities to be offered and tax and other relevant considerations.

4.15. Opt-Out Rights. Each Holder shall have the right, at any time and from time to time (including after receiving information regarding any potential public offering), to elect to not receive any notice that the Company or any other Holders otherwise are required to deliver pursuant to this Agreement by delivering to the Company a written statement signed by such Holder that it does not want to receive any notices hereunder (an "Opt-Out Request"); in which case and notwithstanding anything to the contrary in this Agreement the Company and other Holders shall not be required to, and shall not, deliver any notice or other information required to be provided to Holders hereunder to the extent that the Company or such other Holders reasonably expect would result in a Holder acquiring material non-public information within the meaning of Regulation FD promulgated under the Exchange Act. An Opt-Out Request may state a date on which it expires or, if no such date is specified, shall remain in effect indefinitely. A Holder who previously has given the Company an Opt-Out Request may revoke such request at any time, and there shall be no limit on the ability of a Holder to issue and revoke subsequent Opt-Out Requests; provided that each Holder shall use commercially reasonable efforts to minimize the administrative burden on the Company arising in connection with any such Opt-Out Requests.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____
Name:
Title:

THOMAS P. MCCAFFREY

_____

Exhibit A

ASSUMPTION AGREEMENT

This Assumption Agreement (this "Assumption Agreement") is made as of [ ], by and among [ ] (the "Transferring Holder") and [ ] (the "New Holder"), in accordance with that certain Registration Rights Agreement, dated as of September , 2018 (as amended from time to time, the "Agreement"), by and among KLX Energy Services Holdings, Inc. (the "Company") and Thomas P. McCaffrey.

WHEREAS, the Agreement requires the New Holder, as a condition to the assignment of Transferring Holder's rights under the Agreement, to become a party to the Agreement by executing this Assumption Agreement, and upon the New Holder signing this Assumption Agreement, the Agreement will be deemed to be amended to include the New Holder thereunder;

NOW, THEREFORE, in consideration of the foregoing, and of the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1 Party to the Agreement. By execution of this Assumption Agreement, as of the date hereof the New Holder is hereby made a party to the Agreement with all rights and obligations of the Shareholder. The New Holder hereby agrees to become a party to the Agreement and to be bound by, and subject to, all of the representations, covenants, terms and conditions of the Agreement that are applicable to, and assignable under the Agreement by, the Transferring Holder, in the same manner as if the New Holder were an original signatory to the Agreement. Execution and delivery of this Assumption Agreement by the New Holder shall also constitute execution and delivery by the New Holder of the Agreement, without further action of any party.

Section 2 Defined Terms. Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement unless otherwise noted.

Section 3 Representations and Warranties of the New Holder.

3.1 Authorization. The New Holder has all requisite [corporate] power and authority and has taken all action necessary in order to duly and validly approve the New Holder's execution and delivery of, and performance of its obligations under, this Assumption Agreement. This Assumption Agreement has been duly executed and delivered by the New Holder and constitutes a legal, valid and binding agreement of the New Holder, enforceable against the New Holder in accordance with its terms.

3.2 No Conflict. The New Holder is not under any obligation or restriction, whether or otherwise, nor shall it assume any such obligation or restriction, that does or would materially interfere or conflict with the performance of its obligations under this Assumption Agreement.

Section 4 Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may

request in order to carry out the intent and accomplish the purposes of this Assumption Agreement and the consummation of the transactions contemplated hereby.

Section 5 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of the State of New York.

Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby or thereby shall be brought in the federal or state courts located in the State of New York, and each party irrevocably submits to the exclusive jurisdiction of such courts (and the appropriate appellate courts therefrom) in any such suit, action or proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in any such court and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court.

EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OR AGENT OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 5.

Section 6 Counterparts. This Assumption Agreement may be executed and delivered in any number of separate counterparts (including by facsimile or electronic mail), each of which shall be an original, but all of which together shall constitute one and the same agreement.

Section 7 Entire Agreement. This Assumption Agreement, the Registration Rights Agreement and the other documents referred to herein or delivered pursuant hereto which form part hereof constitute the entire agreement and understanding between the parties hereto, and supersedes all prior agreements and understandings, relating to the subject matter hereof.

IN WITNESS WHEREOF, intending to be legally bound hereby, the undersigned parties have executed this Assumption Agreement as of the date first above written.

TRANSFERRING HOLDER

[ ]

By: _____
Name:
Title:

NEW HOLDER

[ ]

By: _____
Name:
Title:

Notice Address: [ ]
[ ]
[ ]
Attention: [ ]
Facsimile: [ ]
Email: [ ]

Accepted and Agreed to as of
the date first written above:

CORPORATION

KLX ENERGY SERVICES HOLDINGS, INC.

By: _____
Name:
Title:

Exhibit 10.10

Dated as of August 10, 2018

KLX ENERGY SERVICES HOLDINGS, INC.,

THE FINANCIAL INSTITUTIONS PARTY HERETO AS LENDERS

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Collateral Agent and an Issuing Lender

JPMORGAN CHASE BANK, N.A. and **WELLS FARGO BANK, NATIONAL ASSOCIATION**
as Joint Lead Arrangers

and

JPMORGAN CHASE BANK, N.A.
as Sole Bookrunner

CREDIT AGREEMENT

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CREDIT AGREEMENT, dated as of August 10, 2018 (as the same may be amended, supplemented or otherwise modified from time to time after the date hereof, this "***Agreement***"), among **KLX ENERGY SERVICES HOLDINGS, INC.**, a Delaware corporation (the "***Company***"), the several Lenders from time to time parties hereto, and **JPMORGAN CHASE BANK, N.A.**, as administrative agent for the Lenders and as Collateral Agent (as defined below).

WHEREAS, the Company has requested that the Lenders provide asset-based loans and commitments to the Company in an initial aggregate amount of $100,000,000;

NOW THEREFORE, in consideration of these premises and for other good and valuable consideration, effective as of the Execution Date (as defined below), the parties do hereby agree as follows:

1. DEFINITIONS

1.1 UCC Definitions

The following terms which are defined in the UCC (as defined below) are used herein as so defined: Account, Chattel Paper, Commercial Tort Claim, Commodity Account, Deposit Account, Document, Equipment, General Intangible, Goods, Instrument, Inventory, Investment Property, Letter of Credit, Letter-of-Credit Rights, Record, Securities Account and Supporting Obligations.

1.2 Defined Terms

As used in this Agreement, the following terms have the following meanings:

"***ABL First Priority Collateral***" means all Collateral consisting of the following: (i) all Accounts; (ii) all Inventory; (iii) all Pledged Deposit Accounts; (iv) all assets credited to any Pledged Deposit Account; (v) all Chattel Paper, Documents, Instruments and General Intangibles evidencing or governing any of the items referred to in any of the preceding clauses (i), (ii), (iii) and (iv); **provided** that, to the extent any of the foregoing also relates to Other Priority Collateral, only that portion related to the items referred to in the preceding clauses (i), (ii), (iii), (iv) and (v) shall be included in the ABL First Priority Collateral; (vi) all books and records relating to any of the foregoing (including, without limitation, all books, databases, customer lists and records, whether tangible or electronic which contain any information relating to any of the foregoing); and (vii) all Proceeds of, and all Supporting Obligations (including, without limitation, guarantees, collateral security and Letter-of-Credit Rights) with respect to, any of the foregoing.

"***ABR***" means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1.00%) equal to the greatest of (a) the rate of interest per annum publicly announced from time to time by JPMCB as its prime rate in effect at its principal office in New York City (the "***Prime Rate***") (the Prime Rate not being intended to be the lowest rate of interest charged by JPMCB in connection with extensions of credit to debtors) in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Eurodollar Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; **provided** that, for the purpose of this definition, the Eurodollar Rate for any day shall be based on the LIBO Screen Rate (or if the LIBO Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 A.M. London time on such day. Any change

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in the ABR due to a change in the Prime Rate, the NYFRB Rate or the Eurodollar Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Eurodollar Rate, respectively. If the ABR is being used as an alternate rate of interest pursuant to Section 5.17, then the ABR shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the ABR shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the NYFRB Rate, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms hereof, the ABR shall be determined without regard to clause (b) of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist.

"***ABR Loans***" means Loans bearing interest based upon the ABR.

"***Account Debtor***" means each Person obligated on an Account.

"***Additional Collateral Documents***" has the meaning specified in Section 8.10(d).

"***Adjustment Date***" has the meaning specified in the definition of "Applicable Margin".

"***Administrative Agent***" means JPMorgan Chase Bank, N.A., in its capacity as administrative agent under any of the Credit Documents, or any successor administrative agent.

"***Affiliate***" of any Person means (i) any Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person, or (ii) any Person who is a director or officer of (A) such Person, (B) any Subsidiary of such Person or (C) any Person described in clause (i) above. For purposes of this definition, ***control*** of a Person shall mean the power, direct or indirect, either (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"***Agents***" means a collective reference to the Administrative Agent and the Collateral Agent.

"***Aggregate Revolving Credit Extensions of Credit***" means, at any particular time, the sum of (i) the aggregate then outstanding principal amount of the Revolving Credit Loans, (ii) the aggregate amount then available to be drawn under all outstanding Letters of Credit and (iii) the aggregate amount of all Revolving L/C Obligations.

"***Agreement***" has the meaning specified in the preamble hereof.

"***Anti-Corruption Laws***" means the United States Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010, and all laws, rules, ordinances and regulations of any jurisdiction applicable to the Company or any of its Subsidiaries from time to time concerning or relating to bribery, money laundering or corruption.

"***Applicable Level***" means each level under the column titled "Applicable Level" within the definition of "Applicable Margin".

"***Applicable Margin***" means the percentage determined in accordance with the following pricing grid, **provided** that for each day during the period from the Funding Date to and including the date at the end of the first two full fiscal quarters following the Funding Date, the rate per annum shall be the rate set forth in Applicable Level II, and thereafter, the rate per annum for the relevant Type of such Loan shall be the rate set forth below opposite the Applicable Level as calculated on each Adjustment Date:

Applicable Level	Fixed Charge Coverage Ratio	ABR (for ABR Loans)	Eurodollar Rate (for Eurodollar Loans)
I	>2.0x	1.00%	2.00%
II	≤2.0x but >1.5x	1.25%	2.25%
III	≤1.5x	1.50%	2.50%

The Applicable Margin shall be determined in accordance with the foregoing grid as of the end of each fiscal quarter of the Company based upon the Fixed Charge Coverage Ratio as calculated in the Compliance Certificate delivered with the most recent annual or quarterly financial statements of the Company pursuant to Section 8.2(f), with any changes to the Applicable Margin resulting from changes in the Fixed Charge Coverage Ratio to be effective on the first day after such fiscal quarter end (the "***Adjustment Date***"); **provided**, however, that:

(i) in the event that the Compliance Certificate referred to in Section 8.2(f) is not delivered when due, then during the period from the date upon which such Compliance Certificate was required to be delivered, until the date upon which the Compliance Certificate is actually delivered, the Applicable Level shall be Applicable Level III;

(ii) in the event the financial statements or Compliance Certificate referred to in Section 8.2(f) are proven to have been incorrect and the Applicable Level would have been higher than the Applicable Level actually applied, then the Applicable Level for the relevant period shall be adjusted retroactively to reflect the level which would have applied for such period based on the corrected financial statements or Compliance Certificate, and any additional interest owing as a result of such readjustment shall be payable within one (1) Business Day after the Company receives notice that such additional interest is due; and

(iii) at all times during which a Default or an Event of Default shall have occurred and is continuing, the Applicable Level shall be Applicable Level III.

"***Appraised Net Orderly Liquidation Value***" means, with respect to Inventory, the appraised orderly liquidation value thereof (valued at the lower of Cost and market value) as determined by an appraiser acceptable to the Administrative Agent in a manner consistent with the Baseline Determination Method, net of all costs of liquidation thereof.

"***Approved Fund***" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) a Lender Affiliate or (c) an entity or an affiliate of an entity that administers or manages a Lender.

"***Asset Sale***" means any sale, sale-leaseback, assignment, conveyance, transfer or other disposition by the Company or any Restricted Subsidiary of any of its property or assets, including the stock of any Restricted Subsidiary.

"***Assignee***" has the meaning specified in Section 12.6(c).

"***Assignment and Assumption***" means an Assignment and Assumption substantially in the form of Exhibit C-1 hereto or any other form (including electronic records generated by the use of an electronic platform) accepted by the Administrative Agent in its sole discretion.

"***Assignor***" has the meaning specified in Section 12.6(c).

"***Availability***" means, at any time, an amount equal to (a) the Line Cap at such time, *minus* (b) the sum of the aggregate outstanding amount of borrowings under the Revolving Credit Facility plus the undrawn amount of outstanding Letters of Credit under the Revolving Credit Facility *minus* (c) Reserves with respect to Availability established by the Administrative Agent in its Permitted Discretion (provided that any Reserves with respect to Availability shall not be duplicative of any Reserves with respect to the Borrowing Base).

"***Availability Trigger***" means Availability is less than the greater of (i) $10,000,000 and (ii) 15% of the Line Cap.

"***Available Revolving Credit Commitment***" means, as to any Lender, at a particular time, an amount equal to the excess, if any, of (i) the amount of such Lender's Revolving Credit Commitment at such time less (ii) the sum of (A) the aggregate then outstanding principal amount of all Revolving Credit Loans made by such Lender pursuant to Section 2.1, (B) such Lender's L/C Participating Interest in the aggregate amount then available to be drawn under all outstanding Letters of Credit, (C) such Lender's Revolving Credit Commitment Percentage of the aggregate amount of all Revolving L/C Obligations and (D) such Lender's Revolving Credit Commitment Percentage of the aggregate then outstanding principal amount at such time of all Protective Advances; collectively, as to all the Lenders, the "***Available Revolving Credit Commitments***."

"***Bail-In Action***" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of any EEA Financial Institution.

"***Bail-In Legislation***" means, 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 for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"***Bankruptcy Event***" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization

or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment; **provided** that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, unless such ownership interest results in or provides such Person 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 permits such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

*"**Baseline Determination Method**"* means the methodology employed in the determination of the Borrowing Base as reflected in the certificate delivered pursuant to Section 7.1(k).

"***Benefit Plan***" means any of (a) an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code to which Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of the Plan Asset Regulations 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".

"***Benefitted Lender***" has the meaning specified in Section 12.7(a).

"***Board***" means the Board of Governors of the Federal Reserve System of the United States (or any successor).

"***Borrowing Base***" means, at any time, an amount equal to the sum of the following: (a) 85% of each Credit Party's Eligible Accounts at such time, plus (b) 80% of each Credit Party's Eligible Unbilled Accounts, plus (c) 85% of the Appraised Net Orderly Liquidation Value of Eligible Inventory at such time, *minus* (d) Reserves. It is understood and agreed that clauses (b) and (c), in the aggregate shall be limited to 20% of the Borrowing Base.

The Administrative Agent may, in its Permitted Discretion, (i) reduce the advance rates set forth above or (ii) modify one or more of the other elements used in computing the Borrowing Base (**provided** that any Reserves with respect to the Borrowing Base shall not be duplicative of any Reserves with respect to Availability), with any such changes to be effective three (3) Business Days after delivery of notice thereof to the Company and the Lenders; **provided** that the Borrower may not obtain any new Revolving Credit Loans or Letters of Credit to the extent that such Revolving Credit Loan or Letter of Credit would cause the Aggregate Revolving Credit Extensions of Credit to exceed the Line Cap after giving effect to the establishment or increase of such Reserve as set forth in such notice. The Borrowing Base at any time shall be determined by reference to the most recent Borrowing Base Certificate delivered to the Administrative Agent pursuant to and in accordance with Section 8.2(f).

"***Borrowing Base Certificate***" means a certificate by a Responsible Officer of the Company, substantially in the form of Exhibit D (or such other form as may be agreed between the Company and the Administrative Agent) setting forth the calculation of the Borrowing Base, including a calculation of each component thereof (including, to the extent the Company has received notice of any such Reserve from the Administrative Agent, any of the Reserves required to be maintained

for purposes of calculation of the Borrowing Base), all in such detail as shall be reasonably satisfactory to the Administrative Agent. All calculations of the Borrowing Base in connection with the preparation of any Borrowing Base Certificate shall be made by the Company and certified to the Administrative Agent.

"***Borrowing Date***" means any Business Day specified in a notice pursuant to (i) Section 5.1 as a date on which the Company requests the Lenders to make Revolving Credit Loans or Incremental Revolving Credit Loans hereunder or (ii) Section 2.5 as a date on which the Company requests the Issuing Lender to issue a Letter of Credit hereunder.

"***Burdensome Restrictions***" means any consensual encumbrance or restriction of the type described in paragraph (a) or (b) of Section 9.14.

"***Business Day***" means, when such term is used in connection with (i) a Eurodollar Loan, any day (other than a Saturday or a Sunday) on which (A) the London interbank market is open for general banking business and (B) banks in New York City are open for general banking business and (ii) an ABR Loan, any day (other than a Saturday or Sunday) on which banks in New York City are open for general banking business.

"***Capital Expenditures***" means, for any period, without duplication, all amounts or commitments to expend money for any purchase or acquisition of assets that would, in accordance with GAAP, be classified as additions to property, plant and equipment and other capital expenditures of the Company and its Restricted Subsidiaries for such period; **provided** that, Capital Expenditures shall exclude (a) expenditures which constitute a Permitted Acquisition or Permitted Foreign Acquisition or an Investment permitted by Section 9.7(m), and (b) interest capitalized during construction, as the same are or would be set forth in a consolidated statement of cash flows of the Company and its Subsidiaries for such period.

"***Capital Lease***" means, of any Person, any lease of (or other arrangement conveying the right to use) property (whether real, personal or mixed) by such Person as lessee which would, in accordance with GAAP, be required to be accounted for as a capital 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.

"***Cash Collateralize***" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Issuing Lender and the Lenders, as collateral for the Revolving L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance satisfactory to the Administrative Agent and the Issuing Lender.

"***Cash Dominion Event***" means any time that (a) an Availability Trigger shall have occurred or (b) an Event of Default has occurred and is continuing. Once commenced, a Cash Dominion Event shall be deemed to be continuing until such time as (x) no Event of Default is continuing and (y) if such Cash Dominion Event resulted from an event specified in the preceding clause (a), Availability equals or exceeds for thirty (30) consecutive days the greater of (1) $10,000,000 and (2) 15% of the Line Cap then in effect.

"***Cash Equivalents***" means (i) securities issued or directly and fully guaranteed or insured by the United States Government or any agency or instrumentality thereof having maturities of not more than one year from the date of acquisition, (ii) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any Lender or with any domestic commercial bank having capital and surplus in excess of $500,000,000, (iii) repurchase obligations with a term of not more than thirty (30) days for underlying securities of the types described in clauses (i) and (ii) entered into with any financial institution meeting the qualifications specified in clause (ii) above, (iv) commercial paper issued by any Lender, the parent corporation of any Lender or any Subsidiary of such Lender's parent corporation, and commercial paper rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's and in each case maturing within one year after the date of acquisition thereof, (v) money market funds that (A) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, (B) are rated AA by S&P and Aa by Moody's and (C) have portfolio assets of at least $5,000,000,000, (vi) money market funds existing on the Execution Date that are listed on Schedule 1B, and (vii) in the case of Foreign Subsidiaries, investments that are substantially equivalent to the foregoing investments described in clauses (i) through (v) above that are available in the currency of the jurisdiction in which such Foreign Subsidiary is organized.

"***Cash Management Agreement***" means any agreement to provide cash management services, including treasury, depository, overdraft, credit, purchasing or debit card, electronic funds transfer and other cash management arrangements.

"***Cash Management Bank***" means any Person that, at the time it enters into a Cash Management Agreement or on the Execution Date, is a Lender or a Lead Arranger or an Affiliate of a Lender or a Lead Arranger, in its capacity as a party to such Cash Management Agreement.

"***Cash Management Obligation***" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person owing to a Cash Management Bank under or in respect of a Cash Management Agreement.

"***CFC***" means a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"***CFC Holdco***" means any direct or indirect Domestic Subsidiary that has no material assets other than direct or indirect equity in, and Indebtedness owing by, one or more Subsidiaries that are CFCs.

"***Change in Law***" means, with respect to any Lender, the adoption of any law, treaty, rule, regulation, policy, guideline or directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any Governmental Authority, including, without limitation, the issuance of any final rule, regulation or guideline by any regulatory agency having jurisdiction over such Lender or, in the case of Section 5.12(b) or 5.20(b), any corporation controlling such Lender, in each case, after the date such Lender becomes a party to this Agreement; **provided**, however, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) 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 or foreign 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.

"***Change of Control***" means the occurrence of any of the following events from the Execution Date:

(i) any "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Exchange Act and the rules of the SEC thereunder as in effect on the date hereof), other than the holders of the Equity Interests of the Company on the Execution Date, has acquired or owned, directly or indirectly, beneficially or of record, by way of merger, consolidation or otherwise, Equity Interests representing 35% or more (on a fully-diluted basis and giving effect to the conversion and exercise of all outstanding rights, warrants, options, convertible securities, exchangeable securities, indebtedness or other rights, in each case, exercisable for or convertible or exchangeable into, directly or indirectly, Equity Interests (or convertible or exchangeable securities) of the Company, whether at the time of issuance or upon the passage of time or the occurrence of some future event (whether or not such securities are then currently convertible or exercisable and taking into account all such securities that such "person" or "group" has the right to acquire pursuant to any option right)) of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Company (irrespective of whether, at the time, Equity Interests of any other class or classes of the Company shall have or might have voting power by reason of the happening of any contingency). For this purpose, a person or group shall be deemed to have "beneficial ownership" of all securities that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an ***option right***); or

(ii) during any period of 12 (twelve) consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Company cease to be composed of individuals (A) who were members of that board or equivalent governing body at the time of

the Execution Date, (B) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in sub-clause (A) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (C) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in sub-clauses (A) and (B) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

"***Code***" means the Internal Revenue Code of 1986, as amended from time to time.

"***Collateral***" means all of the "***Collateral***" referred to in the Collateral Documents and all of the other property and other assets (which, for the avoidance of doubt, shall exclude any and all Real Property owned by any Credit Party other than Real Property that is made subject to Liens in favor

of the Collateral Agent pursuant to Section 8.10(d)) of any Credit Party now existing or hereafter acquired, that is at any time required under the terms hereof or of any of the Collateral Documents to be subject to Liens in favor of the Collateral Agent for the benefit of the Secured Parties.

"***Collateral Access Agreement***" has the meaning assigned to such term in the Pledge and Security Agreement.

"***Collateral Agent***" means JPMorgan Chase Bank, N.A. in its capacity as collateral agent and/or security trustee (as applicable) for the Secured Parties and its successors and assigns in such capacity (or such of its Affiliates as it may designate from time to time).

"***Collateral Documents***" means, collectively, the Pledge and Security Agreement, any Additional Collateral Documents, any additional pledges, security agreements or mortgages that create or purport to create a Lien in favor of the Collateral Agent for the benefit of the Secured Parties and any instruments of assignment, Control Agreements, lockbox letters or other instruments or agreements executed pursuant to the foregoing.

"***Collection Account***" shall have the meaning assigned to such term in the Pledge and Security Agreement.

"***Commitment Fee***" has the meaning specified in Section 5.9(a).

"***Commitment Percentage***" means, with respect to any Lender, the Revolving Credit Commitment Percentage of such Lender.

"***Commitments***" means the collective reference to the Revolving Credit Commitments and the Revolving Credit Commitments Increases, if any (individually, a "***Commitment***"). On the Execution Date, the aggregate amount of the Revolving Credit Commitments is $100,000,000. The aggregate amount of all Revolving Credit Commitments Increases shall not exceed $50,000,000.

"***Commonly Controlled Entity***" means an entity, whether or not incorporated, organized or constituted, which is under common control with the Company within the meaning of Section 4001 of ERISA or is part of a group which includes the Company and which is treated as a single employer under Section 414 of the Code.

"***Company***" has the meaning specified in the preamble hereof.

"***Company Materials***" has the meaning specified in Section 8.2.

"***Conduit Lender***" means any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument, subject to the consent of the Administrative Agent and the Company (which consent shall not be unreasonably withheld, delayed or conditioned); **provided**, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers

required or requested under this Agreement with respect to its Conduit Lender, and **provided**, further, that no Conduit Lender shall (i) be entitled to receive any greater amount pursuant to Sections 5.12, 5.19, 5.20 or 5.21 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender or (ii) be deemed to have any Commitment.

"***Consolidated Cash Interest Expense***" means, for any period, the amount of Consolidated Interest Expense paid or required to be paid in cash by the Company and its Restricted Subsidiaries during such period.

"***Consolidated EBITDA***" means, for any period for the Company and its Restricted Subsidiaries, the sum of:

(i) Consolidated Net Income for such period (excluding therefrom any unusual or extraordinary items of gain or loss); plus

(ii) without duplication, those amounts which, in the determination of Consolidated Net Income for such period, have been deducted for:

(A) Consolidated Interest Expense;

(B) provisions for Federal, state, local and foreign income, value added and similar taxes;

(C) depreciation, amortization (including, without limitation, amortization of goodwill and other intangible assets), impairment of goodwill and other non-cash charges or expenses (excluding any such non-cash charge or expense to the extent that it represents amortization of a prepaid cash expense that was paid in a prior period);

(D) non-cash compensation expense, or other non-cash expenses or charges, arising from the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock option, stock appreciation rights or similar arrangements);

(E) (x) any costs, fees, expenses or charges incurred by the Company or any of its Restricted Subsidiaries as a result of, or in connection with, the ESG Spin-Off Transaction (including pursuant to the Transition Services Agreement filed as Exhibit 2.4 to the Form 10) and (y) for any period ended on or prior to Funding Date, the Company's allocable share of historical costs of KLX as provided in the adjustment described in note (1) to the Company's unaudited pro forma condensed statement of earnings for the year ended January 31, 2018 in the Form 10 and similar non-recurring separation costs incurred during such period;

(F) any (x) financial advisory fees, underwriting fees, accounting fees, legal fees and other similar advisory and consulting fees and related out-of-

pocket advisory and consulting expenses, and (y) prepayment premiums, breakage costs and LIBOR indemnities, redeployment costs or funding costs, with respect to each of clause (x) and clause (y) incurred by the Company and its Restricted Subsidiaries as a result of, or in connection with, any issuance, incurrence, refinancing, redemption, repayment or prepayment of Indebtedness, to the extent permitted under this Agreement; and

(G) any (x) financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees and related out-of-pocket advisory and consulting expenses, and (y) all cash and non-cash restructuring and integration charges, costs, and expenses, in each case incurred by the Company and its Restricted Subsidiaries as a result of any Permitted Acquisition (which for the avoidance of doubt shall not include the ESG Spin-Off Transaction) or Permitted Foreign Acquisition and deducted from net income, and, in the case of the items described in this sub-clause (y), which are factually supportable, identifiable and documented, and which are not objected to by the Administrative Agent; **provided** that, the aggregate amount of such costs and expenses under this sub-clause (y) shall not exceed 10% of Consolidated EBITDA; *minus*

(iii) any amount which, in the determination of Consolidated Net Income for such period, has been added for any non-cash income or non-cash gains, all as determined in accordance with GAAP; *minus*

(iv) the aggregate amount of cash payments made during such period in respect of any non-cash accrual, reserve or other non-cash charge or expense accounted for in a prior period which were added to Consolidated Net Income to determine Consolidated EBITDA for such prior period and which do not otherwise reduce Consolidated Net Income for the current period.

For purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "***Measurement Period***") pursuant to any determination of the Fixed Charge Coverage Ratio, if during such period (or in the case of pro-forma calculations, during the period from the last day of such period to and including the date as of which such calculation is made) the Company or one or more of its Restricted Subsidiaries shall have made a Permitted Acquisition or a Permitted Foreign Acquisition, Consolidated EBITDA for such period shall be calculated after giving effect thereto on a pro-forma basis.

"***Consolidated Interest Expense***" means, for any period the sum of (i) the amount of interest expense, both expensed and capitalized (excluding amortization and write offs of debt discount and debt issuance costs and any other non-cash interest expense or accretions of discounts), net of interest income, of the Company and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, for such period and (ii) dividends paid in cash during such period on preferred stock issued by the Company or any of its Restricted Subsidiaries; **provided** that, for purposes of calculating Consolidated Interest Expense for any period for determining the Fixed Charge Coverage Ratio, if during such period (or in the case of pro-forma calculations, during the

period from the last day of such period to and including the date as of which such calculation is made) the Company or one or more of its Restricted Subsidiaries shall have made a Permitted Acquisition or Permitted Foreign Acquisition, then Consolidated Interest Expense for such period shall be calculated after giving effect thereto on a pro-forma basis.

"***Consolidated Net Income***" means, for any period, the net income (or net loss) after taxes of the Company and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP; **provided** that there shall be excluded from the calculation of Consolidated Net Income for such period (i) the income (or loss) of any Person in which any other Person (other than the Company or any of its Wholly-Owned Restricted Subsidiaries) has an ownership interest, except to the extent that any such income is actually received in cash by the Company or such Wholly-Owned Restricted Subsidiary in the form of dividends or other equity distributions during such period, (ii) the income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any of its Restricted Subsidiaries or that Person's assets are acquired by the Company or any of its Restricted Subsidiaries and (iii) the income of any Subsidiary of the Company to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary.

"***Consolidated Subsidiary***" means at any date any Subsidiary of the Company or other entity the accounts of which would be consolidated with those of the Company in its consolidated financial statements if such statements were prepared as of such date in accordance with GAAP, and "***Consolidated Subsidiaries***" means all of them, collectively.

"***Consolidated Total Assets***" means, at any date, the total consolidated assets of the Company and its Consolidated Subsidiaries determined on a consolidated basis in accordance with GAAP (and excluding all intercompany items) as of the date of the most recent financial statements delivered in accordance with Section 8.1(a) or (b) of this Agreement.

"***Consolidated Total Indebtedness***" means, as of any date of determination, all Indebtedness of the Company and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, but excluding any obligations in respect of hedging arrangements.

"***Contingent Obligation***" means, as to any Person, any obligation of such Person guaranteeing or in effect guaranteeing any Indebtedness ("***primary obligations***") of any other Person (the "***primary obligor***") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; **provided**, however, that the term "***Contingent Obligation***" shall not include (x) endorsements of instruments for deposit or collection in the ordinary course of business and (y) any obligation resulting from the existence of

deferred revenue, including customer deposits. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount (based on the maximum reasonably anticipated net liability in respect thereof as determined by the Company in good faith) of the primary obligation or portion thereof in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated net liability in respect thereof (assuming such Person is required to perform thereunder) as determined by the Company in good faith.

"***Contractual Obligation***" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of the property owned by it is bound.

"***Control Agreement***" means an account control agreement (or similar agreement), in form and substance acceptable to the Administrative Agent, executed by the applicable Credit Party, the Administrative Agent, the Collateral Agent and the relevant bank, securities intermediary or commodity intermediary, as applicable, party thereto. Such agreement shall provide a first priority perfected Lien in favor of the Collateral Agent, for the benefit of the Secured Parties, in the applicable Credit Party's Deposit Account, Securities Account or Commodity Account, as applicable.

"***Controlled Account***" means a Deposit Account, Securities Account or Commodity Account that is subject to a Control Agreement.

"***Cost***" means, with respect to any item of Inventory, the cost of purchase of such Inventory, calculated based upon the Company's accounting practices as reflected in the most recent financial statements required to be delivered pursuant to Section 8.1(a) or 8.1(b).

"***Credit Documents***" means the collective reference to this Agreement, the Notes, the Guaranty (including any guarantee or Credit Party Accession Agreement executed and delivered pursuant to Section 8.10 or 9.15 of this Agreement), the Collateral Documents and any Incremental Facility Amendment.

"***Credit Parties***" means the collective reference to the Company and each Subsidiary Guarantor.

"***Credit Party Accession Agreement***" means an accession agreement, substantially in the form of Exhibit G hereto, executed and delivered by a Subsidiary after the Execution Date, in accordance with Section 8.10 or Section 9.15.

"***Debtor Relief Laws***" means the Bankruptcy Code of the United States, and 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 and affecting the rights of creditors generally.

"***Default***" means any of the events specified in Article 10, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"***Defaulting Lender***" means, subject to Section 5.24, any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii)

fund any portion of its participations in Letters of Credit or (iii) pay over to any Finance Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Company or any Finance Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request in writing by the Administrative Agent or any Issuing Lender, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, **provided** that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Finance Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has, or has a direct or indirect parent entity that has, after the date hereof, become the subject of a Bankruptcy Event.

"***Designated Cash Management Obligations***" means, as of any date, Cash Management Obligations that are Finance Obligations and that have been designated in writing (or designated in the Borrowing Base Certificate most recently delivered on or prior to such date) by the Company in its sole discretion to the Administrative Agent as "Designated Cash Management Obligations"; **provided** that in each case such designation shall not become effective until the third Business Day following the Administrative Agent's receipt of such designation (it being acknowledged and agreed that, unless so designated, no Reserve in respect of such Cash Management Obligation will be instituted or maintained). All Cash Management Obligations of the Administrative Agent and its Affiliates and Wells Fargo Bank, National Association as a Lender, and its Affiliates, that are Finance Obligations will be deemed to be "Designated Cash Management Obligations" without the need of further notice.

"***Designated Swap Obligations***" means, as of any date, Swap Obligations that are Finance Obligations and that have been designated in writing (or designated in the Borrowing Base Certificate most recently delivered on or prior to such date) by the Company in its sole discretion to the Administrative Agent as

"Designated Swap Obligations"; **provided** that in each case such designation shall not become effective until the third Business Day following the Administrative Agent's receipt of such designation (it being acknowledged and agreed that, unless so designated, no Reserve in respect of such Swap Obligation will be instituted or maintained). All Swap Obligations of the Administrative Agent and its Affiliates and Wells Fargo Bank, National Association as a Lender, and its Affiliates, that are Finance Obligations will be deemed to be "Designated Swap Obligations" without the need of further notice.

"***Dollars***" and "***$***" mean dollars in lawful currency of the United States of America.

"***Domestic Subsidiary***" means any Subsidiary of the Company other than a Foreign Subsidiary.

"***EDGAR***" means the electronic system database that performs automated collection, validation, indexing, acceptance, and forwarding of submissions by companies and others who are required by law to file forms with the United States Securities and Exchange Commission (or any other Governmental Authority that shall have succeeded to the functions thereof).

"***EEA Financial Institution***" means (a) any institution 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 institution established in an EEA Member Country which is a subsidiary of an institution described in clause (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 delegate) having responsibility for the resolution of any EEA Financial Institution.

"***Electronic Signature***" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

"***Eligible Account***" means, at any time, each Account held by and owed to the Company other than any Account:

(a) which is not subject to a first priority perfected security interest in favor of the Collateral Agent;

(b) which is subject to any Lien other than (i) a Lien in favor of the Collateral Agent and (ii) a Lien permitted by paragraph (a) or (r) of Section 9.3;

(c) (i) which is unpaid more than ninety (90) days after the date of the original invoice therefor or more than sixty (60) days after the original due date therefor, or (ii) which has been written off the books of the applicable Account Debtor or otherwise designated as uncollectible;

(d) which is owing by an Account Debtor for which more than 50% of the Accounts owing by such Account Debtor and its Affiliates are ineligible pursuant to paragraph (c) above;

(e) which is owing by an Account Debtor to the extent the aggregate amount of Accounts owing by such Account Debtor and its Affiliates to the Company that would be included as "Eligible Accounts" but for this paragraph (e) exceeds 25% of the aggregate amount of all Eligible Accounts;

(f) with respect to which any covenant, representation or warranty contained in this Agreement or in the Collateral Documents has been breached in any material respect;

(g) which (i) does not arise from the sale of goods or performance of services in the ordinary course of business, (ii) is not evidenced by an invoice or other documentation in a form heretofore supplied to the Administrative Agent or its agent (or is otherwise satisfactory to the Administrative Agent) which has been sent to the Account Debtor, (iii) represents a progress billing, (iv) is contingent upon the Company's completion of any further performance, (v) represents a sale on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment, cash-on-delivery or any other repurchase or return basis or (vi) relates to the payment of interest;

(h) for which the goods giving rise to such Account have not been shipped to the Account Debtor or for which the services giving rise to such Account have not been performed by the Company;

(i) with respect to which any check or other instrument of payment has been returned uncollected for any reason;

(j) which is owed by an Account Debtor which has (i) applied for, suffered, or consented to the appointment of any receiver, custodian, trustee, or liquidator of its assets, (ii) had possession of all or a material part of its property taken by any receiver, custodian, trustee or liquidator, (iii) filed, or had filed against it, any request or petition for liquidation, reorganization, arrangement, adjustment of debts, adjudication as bankrupt, winding-up, or voluntary or involuntary case under any state or federal bankruptcy laws (other than post-petition accounts payable of an Account Debtor that is a debtor-in-possession under a Bankruptcy Event and reasonably acceptable to the Administrative Agent), (iv) admitted in writing its inability, or is generally unable to, pay its debts as they become due, (v) become insolvent, or (vi) ceased operation of its business;

(k) which is owed by any Account Debtor which has sold all or substantially all of its assets;

(l) which is owed by an Account Debtor that fails to satisfy at least one of the following requirements: (i) it maintains its chief executive office in the U.S. or Canada or (ii) its jurisdiction of organization is in the U.S. or Canada;

(m) which is owed in any currency other than U.S. dollars;

(n) which is owed by (i) any Governmental Authority of any country other than the U.S. unless such Account is backed by a Letter of Credit acceptable to the Administrative Agent which is in the possession of, and is directly drawable by, the Administrative Agent, or (ii) any Governmental Authority of the U.S., or any department, agency, public corporation, or instrumentality thereof, unless the Federal Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727 et seq. and 41 U.S.C. § 15 et seq.), and any other steps necessary to perfect the Lien of the Collateral Agent in such Account have been complied with;

(o) which is owed by any Credit Party or any Affiliate of any Credit Party or any employee, officer, director, agent or stockholder of any Credit Party or any of its Affiliates;

(p) which is owed by an Account Debtor or any Affiliate of such Account Debtor to which the Company is indebted, but only to the extent of such indebtedness, or is subject to any

security, deposit, progress payment, retainage or other similar advance made by or for the benefit of an Account Debtor, in each case to the extent thereof;

(q) which is subject to any counterclaim, deduction, defense, setoff or dispute, but only to the extent of any such counterclaim, deduction, defense, setoff or dispute;

(r) which is evidenced by any promissory note, Chattel Paper or Instrument unless all steps necessary to perfect the Lien of the Collateral Agent in such promissory note, Chattel Paper or Instrument have been complied with in a manner reasonably satisfactory to the Administrative Agent;

(s) which is owed by an Account Debtor (i) located in any jurisdiction which requires filing of a "Notice of Business Activities Report" or other similar report in order to permit the Company to seek judicial enforcement in such jurisdiction of payment of such Account, unless the Company has filed such report or qualified to do business in such jurisdiction, or (ii) which is a Sanctioned Person;

(t) with respect to which the Company has made any agreement with the Account Debtor for any reduction thereof, other than discounts and adjustments given in the ordinary course of business but only to the extent of any such reduction, or any Account which was partially paid and the Company created a new receivable for the unpaid portion of such Account;

(u) which does not comply in all material respects with the requirements of all applicable laws and regulations, whether Federal, state or local, including, without limitation, the Federal Consumer Credit Protection Act, the Federal Truth in Lending Act and Regulation Z of the Board;

(v) which is for goods that have been sold under a purchase order or pursuant to the terms of a contract or other agreement or understanding (written or oral) that indicates or purports that any Person (other than the Company) has or has had an ownership interest in such goods, or which indicates any party (other than the Company or the Collateral Agent) as payee or remittance party;

(w) which was created on cash on delivery terms;

(x) as to which the contract or agreement underlying such Account is governed by the laws of any jurisdiction other than (or, if no governing law is expressed therein, as to which, under applicable choice of law principles, such Account would not be governed by the laws of any of) the United States, any state thereof or the District of Columbia; or

(y) which the Administrative Agent otherwise determines is unacceptable in its Permitted Discretion.

In the event that an Account which was previously an Eligible Account ceases to be an Eligible Account hereunder, the Company shall notify the Administrative Agent thereof on and at the time of submission to the Administrative Agent of the next Borrowing Base Certificate. In determining the amount of an Eligible Account, the face amount of an Account may, in the Administrative Agent's Permitted Discretion, be reduced by, without duplication, to the extent not reflected in

such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that the Company may be obligated to rebate to an Account Debtor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by the Company to reduce the amount of such Account. Subject to Section 8.12(d), the Administrative Agent shall have received periodic field examinations and appraisals satisfactory to it with respect to the Eligible Accounts and Eligible Unbilled Accounts included within the Borrowing Base. Standards of eligibility may be made more restrictive from time to time by the Administrative Agent in the exercise of its Permitted Discretion, with any such changes to be effective three (3) Business Days after delivery of notice thereof to the Company and the Lenders.

"***Eligible Assignee***" means any Person that meets the requirements to be an assignee under Section 12.6 (subject to such consents, if any, as may be required thereunder).

"***Eligible Inventory***" means, at any time, all Inventory owned by the Company or any Credit Party other than any Inventory:

(a) which is not subject to a perfected Lien in favor of the Collateral Agent under the Pledge and Security Agreement;

(b) which is subject to any Lien other than (i) a Lien in favor of the Collateral Agent and (ii) a Lien permitted by paragraph (a), (b) or (r) of Section 9.3 (provided that such Liens shall not be prior to the Liens of the Collateral Agent unless a Reserve shall have been established for such Liens);

(c) which is, in the Administrative Agent's determination consistent with the Baseline Determination Method (as such determination may be updated pursuant to each field examination conducted pursuant to Section 8.12) slow moving, obsolete, expired, unmerchantable, defective, used, unfit for sale, not salable at prices approximating at least the cost of such Inventory in the ordinary course of business or unacceptable due to age, type, category and/or quantity, or does not comply with any certification requirements for sale applicable to such Inventory;

(d) with respect to which any covenant, representation or warranty contained in this Agreement or in the Collateral Documents has been breached in any material respect and which does not conform in any material respect to any applicable standard applicable to the sale or use thereof imposed by any Governmental Authority;

(e) in which any Person other than the Company or any Subsidiary shall (i) have any direct or indirect ownership, interest or title or (ii) be indicated on any purchase order or invoice with respect to such Inventory as having or purporting to have an interest therein;

(f) which is not finished goods or which constitutes work-in-process, raw materials, packaging and shipping material, samples, prototypes, displays or display items, bill-and-hold or ship-in-place goods, goods that are returned or marked for return, repossessed goods, defective or damaged goods, goods held on consignment, or goods which are not of a type held for sale in the ordinary course of business;

(g) (i) is not located in the U.S. or a province in Canada in which the PPSA has been adopted or (ii) is in transit (other than Inventory in transit that has been shipped from a location where the Lien of the Collateral Agent is perfected under the laws of such location to another location where the Lien of the Collateral Agent is perfected under the laws of such other location);

(h) which is located in any location leased by the Company or any Subsidiary unless (i) the lessor has delivered to the Administrative Agent a Collateral Access Agreement or (ii) a Reserve for rent, charges and other amounts due or to become due in the next three-month period with respect to such facility has been established;

(i) which is located in any third party warehouse or is in the possession of a bailee (other than a third party processor) and is not evidenced by a Document (other than bills of lading in respect of Inventory in transit pursuant to paragraph (g) above), unless (i) such warehouseman or bailee has delivered to the Administrative Agent a Collateral Access Agreement and such other documentation as the Administrative Agent may require or (ii) a Reserve for charges for storage or transportation, insurance, labor and other similar expenses for which such warehouseman or bailee has a lien or a claim on the relevant Inventory has been established;

(j) which (i) is located in a customer location, (ii) cannot be located or is being processed offsite at a third party location or outside processor, or (iii) is in-transit to or from such third party location or outside processor;

(k) which is a discontinued product or component thereof;

(l) which is the subject of a consignment by the Company or any Subsidiary as consignor;

(m) which is perishable;

(n) which contains or bears any intellectual property rights licensed to the Company or any Subsidiary unless such Inventory may be sold or disposed of by the Company or such Subsidiary or any Secured Party without (i) infringing the rights of such licensor, (ii) violating any contract with such licensor, or (iii) incurring any liability with respect to payment of royalties other than royalties incurred pursuant to the sale of such Inventory under the current licensing agreement;

(o) which is not reflected in a current perpetual inventory report of the Company or a Subsidiary thereof (unless such Inventory is reflected in a report to the Administrative Agent as "in transit" Inventory);

(p) for which reclamation rights have been legally and validly asserted by the seller;

(q) which is otherwise eligible to be included in the Borrowing Base but is located in a single location and, together with any other Eligible Inventory that is located in that single location, has an aggregate value of less than $100,000;

(r) which has been acquired from a Sanctioned Person; or

(s) which the Administrative Agent otherwise determines in its Permitted Discretion is unacceptable.

In the event that Inventory which was previously Eligible Inventory ceases to be Eligible Inventory hereunder, the Company shall notify the Administrative Agent thereof on and at the time of submission to the Administrative Agent of the next Borrowing Base Certificate. Standards of eligibility may be made more restrictive from time to time by the Administrative Agent in the exercise of its Permitted Discretion, with any such changes to be effective three (3) Business Days after delivery of notice thereof to the Company and the Lenders. Subject to Section 8.12(d), the Administrative Agent shall have received periodic field examinations and appraisals satisfactory to it with respect to the Eligible Inventory included within the Borrowing Base.

"***Eligible Unbilled Accounts***" means, with respect to each Credit Party, each Account of a Credit Party that would be an Eligible Account but for the fact that such Account has not been invoiced, in each case arising in the ordinary course of business, and which the Administrative Agent, in its judgment, exercised in its Permitted Discretion, shall not deem (in a notice to the Company) to be excluded as ineligible; **provided** that, no more than thirty (30) days have elapsed from the date on which the goods or services to which such Account related were delivered or performed.

"***Environmental Laws***" means any and all applicable Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees or legally enforceable requirements of any Governmental Authority regulating, relating to or imposing liability or standards of conduct concerning human health as they relate to Materials of Environmental Concern or the protection of the environment, including, without limitation, Materials of Environmental Concern, as now or may at any time hereafter be in effect.

"***Environmental Permit***" means any permit, approval, license or other authorization required under any Environmental Law.

"***Equity Interests***" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

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

"***ERISA Affiliate***" means any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414(b), (c), (m), (n) or (o) of the Code or Section 4001(a)(14) of ERISA.

"***ERISA Event***" means (a) any "reportable event", as defined in Section 4043(c) of ERISA or the

regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) any failure to satisfy statutory minimum funding standards with respect to any Plan; (c) the filing pursuant to Section 412(c) of the Code of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Company or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Company or any ERISA Affiliates of any liability with respect to the withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Company or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent, within the meaning of Title IV of ERISA.

"***ESG Business***" means the business of providing technical services and related rental equipment to oil and gas exploration and production companies in oil and gas producing regions as conducted by the Company and its Subsidiaries.

"***ESG Spin Distribution***" means the distribution to KLX's stockholders of all of the issued and outstanding shares of the common stock of the Company held by KLX and the related treatment of Company Restricted Stock Awards, Company PSU Awards and Company RSU Awards (each as defined in the Merger Agreement), each in accordance with the ESG Spin-Off Transaction Agreements.

"***ESG Spin-Off Transaction***" means the separation of KLX and the ESG Business through a taxable spin-off of the ESG Business pursuant to the ESG Spin-Off Transaction Agreements into a separate publicly traded company, including through the formation of, and contribution of the KLX Energy Services, LLC to, the Company, and the ESG Spin Distribution.

"***ESG Spin-Off Transaction Agreements***" means (i) the Merger Agreement, (ii) the Agreed Form Spin-Off Agreements (as defined in the Merger Agreement), (iii) all other written Contracts (as defined in the Merger Agreement) with unaffiliated third parties entered into with respect to the ESG Spin-Off Transaction and (iv) all other material instruments and documents with unaffiliated third parties delivered in connection therewith other than the ESG Registration Statement (as defined in the Merger Agreement) and any Other ESG Required Company Filing (as defined in the Merger Agreement).

"***Eurodollar Lending Office***" means the office of each Lender which shall be making or maintaining its Eurodollar Loans.

"***Eurodollar Loans***" means Loans at such time as they are made and/or being maintained at a rate of interest based upon the Eurodollar Rate.

"***Eurodollar Rate***" means the rate (adjusted for statutory reserve requirements for eurocurrency liabilities and rounded upwards, if necessary, to the next 1/16 of 1.00%) for eurodollar deposits for a period equal to one, two, three or six months (as selected by the Company) appearing on LIBOR01 Page published by Reuters; provided, however, that notwithstanding the rate calculated

in accordance with the foregoing, at no time shall the Eurodollar Rate (before giving effect to any adjustment for reserve requirements) be less than zero.

"***Event of Default***" means any of the events specified in Article 10, **provided** that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"***Excluded Account***" means accounts that are (a) solely used for the purposes of making payments in respect of payroll, taxes and employees' wages and benefits, (b) disbursement accounts where solely proceeds of indebtedness, including the proceeds of the Loans are deposited, (c) zero balance accounts, (d) trust accounts and (e) other accounts with funds on deposit averaging less than $1,000,000 individually and $2,500,000 in the aggregate.

"***Excluded Taxes***" means, with respect to the Administrative Agent, any Lender, any Issuing Lender or any other recipient of any payment to be made by or on account of any obligation of the Company hereunder, (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 a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Company under this Agreement) or (ii) such Lender changes its Lending Office or designates a Conduit Lender, except in each case to the extent that, pursuant to Section 5.23(b), 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 5.23(g) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"***Execution Date***" means the date on which the conditions specified in Section 7.1 are satisfied (or waived in accordance with Section 12.1).

"***Extensions of Credit***" means the collective reference to Loans made and Letters of Credit issued under this Agreement.

"***Facility***" means each of (i) the Revolving Credit Commitments and the extensions of credit made thereunder (the "***Revolving Credit Facility***"), and (ii) the Revolving Credit Commitments Increases and Incremental Revolving Credit Loans (if any) made thereunder.

"***FATCA***" means Sections 1471 through 1474 of the Code (or any amended or successor provisions that are substantively similar) and any regulations thereunder or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"***Federal Funds Effective Rate***" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions (as determined in such manner as

the NYFRB shall set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate, **provided that**, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"***Fee Letter***" means the letter dated June 15, 2018 between KLX and JPMCB.

"***Finance Obligations***" means, at any date, (i) all Obligations, (ii) all Swap Obligations of a Credit Party permitted hereunder owed or owing under any Swap Contract to any Hedge Bank and (iii) all Cash Management Obligations of a Credit Party owing under any Cash Management Agreement to a Cash Management Bank.

"***Finance Party***" means, collectively, the Agents, the Lenders and the Issuing Lender.

"***First Tier Foreign Subsidiary***" means a Foreign Subsidiary held directly by the Company or another Credit Party.

"***Fixed Charge Coverage Ratio***" means, on any date, the ratio of (i) Consolidated EBITDA of the Company and its Restricted Subsidiaries for the most recent period of four consecutive fiscal quarters of the Company ended on such date (or, if such date is the not the last day of the fiscal quarter, the last day of the most recently ended fiscal quarter or month, whichever is applicable, for which financial statements have been or are required to be delivered pursuant to Section 8.1(a) or 8.1(b)) (or, prior to the first delivery of any such financial statements, as set forth in the definition of "Consolidated EBITDA" for the fiscal quarters specified therein) *minus* Unfinanced Capital Expenditures for such period to (ii) the sum of Fixed Charges.

"***Fixed Charges***" means, for any period (a) Consolidated Cash Interest Expense for such period, (b) income taxes and other taxes of the Company and its Restricted Subsidiaries paid or payable in cash during such period (determined on a consolidated basis, but net of any refund in respect of income taxes actually received in cash during such period), (c) principal of Indebtedness of the Company and its Restricted Subsidiaries (including payments in respect of Capital Leases but excluding (i) Indebtedness owed under the Facility, (ii) Indebtedness owed under Section 3.01(c)(i) of the Distribution Agreement (as defined in the Merger Agreement) and (iii) intercompany payments in respect of Indebtedness owing to the Company or any of its Restricted Subsidiaries), in each case, paid or scheduled to be paid during such period (determined on a consolidated basis for such period), (d) the aggregate amount of all cash dividends and distributions and Qualified Stock Repurchases (excluding items eliminated in consolidation) paid or effected under Section 9.9 during such period (other than pursuant to paragraph (b) or (c) of such Section) and (e) the aggregate amount of all lease payments paid or payable by the Company and its Restricted Subsidiaries with respect to any Sale and Leaseback Transactions, without duplication, all calculated for the Company and its Subsidiaries on a consolidated basis in accordance with GAAP.

"***Foreign Lender***" means any Lender that is organized under the laws of a jurisdiction other than that in which the Company is a resident for tax purposes. For purposes of this definition, the United States, each state thereof, and the District of Columbia shall be deemed to constitute a single jurisdiction.

"***Foreign Subsidiary***" means any Subsidiary of the Company which is organized under the laws of any jurisdiction outside the United States (within the meaning of Section 7701(a)(9) of the Code).

"***Form 10***" means the form for registration of its securities pursuant to the Exchange Act filed by the Company with the SEC on June 20, 2018.

"***Fronting Fee Letter***" means the letter dated August 10, 2018, among the Company, JPMCB and Wells Fargo Bank, National Association.

"***Funding Date***" means the date on which the conditions specified in Sections 7.2 and 7.3 are satisfied (or waived in accordance with Section 12.1).

"***GAAP"*** means generally accepted accounting principles in the United States of America in effect on the date of this Agreement.

"***Governmental Authority***" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government (including any supra-national bodies such as the European Union or the

European Central Bank) and any group or body charged with setting regulatory capital rules or standards (including, without limitation, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

"***Guaranty***" means the guaranty, substantially in the form of Exhibit H hereto, made by one or more Subsidiary Guarantors in favor of the Secured Parties, together with each other guaranty or guaranty supplement delivered pursuant to Section 8.10 or Section 9.15 of this Agreement.

"***Hedge Bank***" means any Person that, at the time it enters into a Swap Contract or on the Execution Date, is a Lender or a Lead Arranger or an Affiliate of a Lender or a Lead Arranger, in its capacity as a party to such Swap Contract.

"***Impacted Interest Period***" has the meaning assigned to it in the definition of "LIBOR".

"***Incremental Commitments Effective Date***" has the meaning specified in Section 3.5.

"***Incremental Facility Amendment***" has the meaning specified in Section 3.4.

"***Incremental Facility Closing Date***" has the meaning specified in Section 3.6.

"***Incremental Lender***" has the meaning specified in Section 3.3.

"***Incremental Revolving Credit Loans***" has the meaning specified in Section 3.1.

"***Indebtedness***" means, of any Person, at any particular date, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade payables or liabilities and deferred payment for services to employees or former employees incurred in the ordinary course of business and payable in accordance with customary practices

and other deferred compensation arrangements), (ii) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder, (iii) all liabilities (other than Lease Obligations) secured by any Lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof, (iv) obligations of such Person under Capital Leases and (v) all indebtedness of such Person arising under acceptance facilities; but excluding (x) any obligation resulting from the existence of deferred revenue, including customer deposits and interest thereon in the ordinary course of business, (y) deferred rent, and (z) trade and other accounts and accrued expenses payable in the ordinary course of business in accordance with customary trade terms and in the case of both clauses (x) and (z) above, which are not overdue for a period of more than one hundred and twenty (120) days or, if overdue for more than one hundred and twenty (120) days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person.

"***Indemnified Person***" has the meaning specified in Section 12.5(a)(iv).

"***Indemnified Taxes***" means Taxes other than Excluded Taxes and Other Taxes.

"***Information***" has the meaning specified in Section 12.13(a).

"***Interest Payment Date***" means (i) as to ABR Loans, the first calendar day of each February, May, August and November, commencing on the first such day to occur after any ABR Loans are made or any Eurodollar Loans are converted to ABR Loans, (ii) as to any Eurodollar Loan in respect of which the Company has selected an Interest Period of one, two or three months (or any shorter period as agreed by the Lenders), the last day of such Interest Period, (iii) as to any Eurodollar Loan in respect of which the Company has selected an Interest Period in excess of three months (as may be agreed by the Lenders), the day which is three months after the date on which such Eurodollar Loan is made or continued as a Eurodollar Loan or an ABR Loan is converted to such a Eurodollar Loan, the first day of any subsequent three-month period and the last day of such Interest Period and (iv) the Revolving Credit Termination Date.

"***Interest Period***" means, with respect to any Eurodollar Loan:

(i) initially, the period commencing on, as the case may be, the Borrowing Date or conversion or continuation date with respect to such Eurodollar Loan and ending one, two, three or six months thereafter (or such shorter or longer periods as the Lenders of the applicable tranche of Loans may agree) as selected by the Company in its notice of borrowing as provided in Section 5.1 or its notice of conversion or continuation as provided in Section 5.3; and

(ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter (or such shorter or longer periods as the Lenders of the applicable tranche of Loans may agree) as selected by the Company by irrevocable notice to the Administrative Agent no later than 1:00 P.M. New York City time three (3) Business Days prior to the last day of the then current Interest Period with respect

to such Eurodollar Loan; **provided** that the foregoing provisions relating to Interest Periods are subject to the following:

(A) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day, unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day;

(B) any Interest Period that would otherwise extend beyond the Revolving Credit Termination Date, shall end on the Revolving Credit Termination Date, or if the Revolving Credit Termination Date shall not be a Business Day, on the next preceding Business Day;

(C) if the Company shall fail to give notice as provided above in paragraph (ii), it shall be deemed to have selected a conversion of a Eurodollar Loan into an ABR Loan (which conversion shall occur automatically and without need for compliance with the conditions for conversion set forth in Section 5.3); and

(D) any Interest Period that begins on the last 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 a calendar month.

"***Interpolated Rate***" means, at any time, for any Interest Period, the rate *per annum* (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate (for the longest period for which the LIBO Screen Rate is available) that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period (for which that LIBO Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

"***Investment***" has the meaning specified in Section 9.7.

"***Issuing Lender***" means JPMCB, Wells Fargo Bank, National Association, or any other Lender (or their respective Affiliates) which agrees to be an Issuing Lender and is designated by the Company and the Administrative Agent as an Issuing Lender, as issuer of Letters of Credit.

"***JPMCB***" means JPMorgan Chase Bank, N.A. and its successors.

"***KLX***" means KLX Inc., a Delaware corporation.

"***Laws***" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable

administrative orders, directives, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"***L/C Application***" means a letter of credit application in the Issuing Lender's then customary form for the type of letter of credit requested.

"***L/C Disbursement***" means a payment made by an Issuing Lender pursuant to a Letter of Credit.

"***L/C Participating Interest***" means an undivided participating interest in the face amount of each issued and outstanding Letter of Credit and the L/C Application relating thereto.

"***Lead Arrangers***" means J.P. Morgan Chase Bank, N.A. and Wells Fargo Bank, National Association, in their capacities as Joint Lead Arrangers.

"***Lease Obligations***" means, of the Company and its Restricted Subsidiaries, as of the date of any determination thereof, the rental commitments of the Company and its Restricted Subsidiaries determined on a consolidated basis, if any, under Operating Leases (net of rental commitments from sub-leases thereof).

"***Leaseholds***" means, with respect to any Person, all of the right, title and interest of such Person as lessee or licensee in, to and under leases or licenses of land, improvements and/or fixtures.

"***Lender***" means each bank or other lending institution listed on Schedule 1, each Eligible Assignee that becomes a Lender pursuant to Section 12.6(c), each Incremental Lender that becomes a Lender pursuant to Article 3 and their respective successors and shall include, as the context may require, the Issuing Lender in such capacity.

"***Lender Affiliate***" means (i) any Affiliate of any Lender, (ii) any Person that is administered or managed by any Lender and that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities and (iii) with respect to any Lender which is a fund that invests in commercial loans and similar extensions of credit, any other fund that invests in commercial loans and similar extensions of credit and is managed or advised by the same investment advisor/manager as such Lender or by an Affiliate of such Lender or investment advisor/manager.

"***Lending Office***" means, with respect to any Lender, (i) with respect to its ABR Loans, the office of such Lender which will be making or maintaining its ABR Loans and (ii) with respect to its Eurodollar Loans, its Eurodollar Lending Office.

"***Letter of Credit***" means a letter of credit issued by an Issuing Lender pursuant to Section 2.3.

"***LIBOR***" means, for any Interest Period with respect to the Eurodollar Rate for any Eurodollar Loan, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for U.S. Dollars for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the

Administrative Agent in its reasonable discretion; in each case the "***LIBO Screen Rate***") at approximately 11:00 A.M., London time, two (2) Business Days prior to the commencement of such Interest Period; **provided** that if the LIBO Screen Rate shall be less than zero, such rate shall be deemed to be zero for the

purposes of this Agreement; **provided further** that if the LIBO Screen Rate shall not be available at such time for such Interest Period (an "***Impacted Interest Period***") then LIBOR shall be the Interpolated Rate; provided that if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"***LIBO Screen Rate***" has the meaning assigned to it in the definition of "LIBOR".

"***Lien***" means any mortgage, pledge, charge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement, security interest or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction in respect of any of the foregoing, except for the filing of financing statements in connection with Lease Obligations to the extent that such financing statements relate to the property subject to such Lease Obligations).

"***Line Cap***" means, as of any date of determination, the lesser of the aggregate Revolving Credit Commitments and the Borrowing Base, each as then in effect.

"***Loans***" means the collective reference to the Revolving Credit Loans (including Protective Advances) and the Incremental Revolving Credit Loans, if any; individually, a "***Loan***".

"***Material Adverse Effect***" means (i) a material adverse effect on the business, financial condition, assets, or results of operations of the Company and its Subsidiaries taken as a whole, (ii) a material impairment of the ability of the Company and the other Credit Parties, taken as a whole, to perform any of its obligations under any Credit Document to which it is a party, (iii) a material impairment of the rights and remedies of the Lenders under any Credit Document or (iv) a material adverse effect upon the legality, validity, binding effect or enforceability against any Credit Party of any Credit Documents to which it is a party, or (v) a material impairment of the Collateral Agent's Liens (on behalf of itself and the Secured Parties) on the Collateral or the priority of such Liens.

"***Material Indebtedness***" means any Indebtedness of the Company or any of its Restricted Subsidiaries in a principal amount equal to or greater than $5,000,000.

"***Materials of Environmental Concern***" means any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, including, without limitation, asbestos, polychlorinated biphenyls and urea-formaldehyde insulation, medical waste and radioactive materials, in each case, as regulated by any applicable Environmental Laws.

"***Measurement Period***" has the meaning specified in the definition of "Consolidated EBITDA".

"***Merger Agreement***" means that certain Agreement and Plan of Merger dated April 30, 2018 among The Boeing Company, Kelly Merger Sub, Inc. and the Company, including the exhibits,

schedules, annexes and other attachments thereto, each as amended, supplemented or otherwise modified in a manner not materially adverse to the interest of the Lenders.

"***Moody's***" means Moody's Investors Service, Inc., a Delaware corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Company and the Administrative Agent may select.

"***Mortgage***" means, in the case of owned real property interests, a mortgage or deed of trust, in a form to be reasonably agreed between the Company and the Administrative Agent, including any Credit Party, the Collateral Agent and one or more trustees, as the same may be amended, modified or supplemented from time to time.

"***Multiemployer Plan***" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"***New Term Debt***" has the meaning specified in Section 9.2(g).

"***Non-Consenting Lender***" has the meaning specified in Section 12.1.

"***Notes***" means the collective reference to any promissory notes evidencing Loans.

"***NYFRB***" means the Federal Reserve Bank of New York.

"***NYFRB Rate***" means for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 A.M. on such day received to the Administrative Agent from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rates shall be deemed to be zero.

"***Obligations***" means the unpaid principal of and interest on the Loans and all other obligations and liabilities of the Company and the other Credit Parties to the Agents or any Lenders (including, without limitation, interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, related to the Company, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the Loans, the other Credit Documents, any Letter of Credit or L/C Application, or any other document made, delivered or given in connection therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all fees and disbursements of counsel to the Agents or any Lender or any such Affiliate) or otherwise.

"***Operating Lease***" means, as applied to any Person, a lease (including leases which may be terminated by the lessee at any time) of any property (whether real, personal or mixed) by such Person as lessee which is not a Capital Lease.

"***Organization Documents***" means: (i) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-United States jurisdiction); (ii) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (iii) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"***Other Connection Taxes***" means, with respect to a Lender (including an Issuing Lender) or the Administrative Agent or any other recipient of any payment to be made by or on account of any obligation of the Company hereunder, 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 Loan or Credit Document).

"***Other Priority Collateral***" means all Collateral other than the ABL First Priority Collateral.

"***Other Taxes***" means all present or future stamp or documentary Taxes or any other excise or property Taxes or similar Taxes arising from any payment made hereunder or under any other Credit Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Credit Document, but excluding property or similar Taxes imposed in such circumstances as a result of the Company or other Credit Party being organized or resident in, maintaining an office in, conducting business in or maintaining property located in, the taxing jurisdiction imposing such property or similar Taxes.

"***Overnight Bank Funding Rate***" means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

"***Participant Register***" has the meaning specified in Section 12.6(b).

"***Participants***" has the meaning specified in Section 12.6(b).

"***Participating Lender***" means any Lender (other than the Issuing Lender with respect to such Letter of Credit) with respect to its L/C Participating Interest in each Letter of Credit.

"***Patriot Act***" has the meaning specified in Section 6.24.

"***Payment Conditions***" means (i) no Default or Event of Default shall have occurred and be continuing or would result from the taking of the relevant action as to which the satisfaction of the Payment Conditions is being determined and (ii) on a pro forma basis, immediately prior to and

immediately after giving effect to any transaction that is subject to the Payment Conditions, either (A) (1) Availability is at least the greater of (x) 20% of the Line Cap and (y) $10,000,000, at such time and for the immediately preceding sixty (60) days (or, if shorter, for the period from the Funding Date) and (2) the Fixed Charge Coverage Ratio, on a pro forma basis, is at least 1.0 to 1.0 or (B) Availability is at least $25,000,000 at such time and for the immediately preceding sixty (60) days (or, if shorter, for the period from the Funding Date).

"***PBGC***" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

"***Permitted Acquisitions***" means non-hostile acquisitions (by merger, purchase or otherwise) by the Company or any of its Restricted Subsidiaries of all or substantially all of the assets of, or all of the shares of the capital stock or other Equity Interests in, a Person or division or line of business of a Person engaged in the same business as the Company and its Subsidiaries or in a related business, **provided** that immediately after giving effect thereto: (i) except for Permitted Joint Ventures, 100% (less the amount of such capital stock or other Equity Interests, if any, not exceeding 5% in the aggregate thereof, attributable to director qualifying shares, shares required by the jurisdiction of organization of such Person to be held by management or other third party and such additional shares the current ownership of which, at the time of such Permitted Acquisition, cannot, after commercially reasonable efforts by the Company and its Restricted Subsidiaries, be identified or acquired) of the outstanding capital stock or other Equity Interests of any acquired or newly formed corporation or other entity that acquires such Person, division or line of business is owned directly by the Company or a Restricted Subsidiary; (ii) any such capital stock or other Equity Interests acquired by the Company or any Subsidiary Guarantor shall be duly and validly pledged to the Collateral Agent for the ratable benefit of the Lenders (other than any capital stock of, or other Equity Interests in, any Subsidiary that is not required to be so pledged pursuant to Section 8.10); (iii) the Company causes any such corporation or other entity to comply with Section 8.10, if such Section is applicable; (iv) any such corporation or other entity is not liable for and the Company and its Restricted Subsidiaries do not assume any Indebtedness (except for Indebtedness permitted pursuant to Section 9.2); (v) no Default or Event of Default shall have occurred and be continuing and the Company shall have delivered to the Administrative Agent an officers' certificate to such effect, together with all relevant financial information for such corporation or other entity or acquired assets; and (vi) at the time of any such acquisition (and after giving effect to loans, advances and investments in connection therewith or pursuant thereto), either (A) (1) Availability is at least the greater of (x) 20% of the Line Cap and (y) $10,000,000, at such time and for the immediately preceding sixty (60) days (or, if shorter, for the period from the Funding Date) and (2) the Fixed Charge Coverage Ratio, on a pro forma basis, is at least 1.0 to 1.0, or (B) Availability is at least $25,000,000 at such time and for the immediately preceding sixty (60) days (or, if shorter, for the period from the Funding Date), after giving pro forma effect to such transaction as if such acquisition had occurred as of the first day of such period. All pro forma calculations required to be made pursuant to this definition shall (A) include only those adjustments that are based on reasonably detailed written assumptions reasonably acceptable to

the Administrative Agent and (B) be certified to by a Responsible Officer on behalf of the Company as having been prepared in good faith based upon reasonable assumptions.

"***Permitted Discretion***" means a determination made in good faith and in the exercise of reasonable (from the perspective of a secured asset-based lender) business judgment.

"***Permitted Encumbrances***" means (i) those liens, encumbrances and other matters affecting title to any mortgaged property listed in the title policies in respect thereof and found, on the date of delivery of any such title policy to the Collateral Agent in accordance with the terms hereof, reasonably acceptable by the Collateral Agent, (ii) zoning, building codes, land use and other similar Laws and municipal ordinances which are not violated in any material respect by the existing improvements and the present use by the mortgagor of the premises under any Mortgage and (iii) such other items to which the Collateral Agent may consent (such consent not to be unreasonably withheld).

"***Permitted Foreign Acquisitions***" means non-hostile acquisitions (by merger, purchase or otherwise) by a Foreign Subsidiary of the Company that is a Restricted Subsidiary of all or substantially all of the assets of, or all of the shares of the capital stock or other Equity Interests in, a Person or division or line of business of a Person which is engaged in the same business as the Company and its Subsidiaries or in a related business; **provided** that immediately after giving effect thereto: (i) such acquired Person or the Person directly owning such division, line of business or other assets shall be a Consolidated Subsidiary; (ii) 100% (less the amount of such capital stock or other Equity Interests, if any, not exceeding 5% in the aggregate thereof, attributable to director qualifying shares, shares required by the jurisdiction of organization of such Person to be held by management or other third party and such additional shares the current ownership of which, at the time of such Permitted Foreign Acquisition, cannot, after commercially reasonable efforts by the Company and its applicable Foreign Subsidiaries, be identified or acquired) of the outstanding capital stock or other Equity Interests of any acquired or newly formed corporation or other entity that acquires such Person, division or line of business is owned directly by a First Tier Foreign Subsidiary; (iii) 65.0% of all outstanding capital stock or other Equity Interests of such First Tier Foreign Subsidiary shall be duly and validly pledged to the Collateral Agent for the ratable benefit of the Lenders; (iv) neither the applicable First Tier Foreign Subsidiary nor any such other corporation or other entity is liable for, and the Company and its Restricted Subsidiaries do not assume, any Indebtedness (except for Indebtedness permitted pursuant to Section 9.2(k)); (v) no Default or Event of Default shall have occurred and be continuing and the Company shall have delivered to the Administrative Agent an officers' certificate to such effect, together with all relevant financial information for such corporation or other entity or acquired assets; (vi) at the time of any such acquisition (and after giving effect to loans, advances and investments in connection therewith or pursuant thereto), either (A) (1) Availability is at least the greater of (x) 20% of the Line Cap and (y) $10,000,000, at such time and for the immediately preceding sixty (60) days (or, if shorter, for the period from the Funding Date) and (2) the Fixed Charge Coverage Ratio, on a pro forma basis, is at least 1.0 to 1.0, or (B) Availability is at least $25,000,000 at such time and for the immediately preceding sixty (60) days (or, if shorter, for the period from the Funding Date), after giving pro forma effect to such transaction as if such acquisition had occurred as of the first day of such period; and (vii) such acquired Person shall have its jurisdiction of organization in the U.S., Canada or Mexico. All pro forma calculations required to be made pursuant to this definition shall (A) include only those adjustments that are based on reasonably detailed written assumptions reasonably acceptable to the Administrative Agent and (B) be certified to by a Responsible Officer on behalf of the Company as having been prepared in good faith based upon reasonable assumptions.

"***Permitted Joint Ventures***" means acquisitions (by merger, purchase, formation of partnership, joint venture or otherwise) by the Company or a Restricted Subsidiary not constituting Permitted

Acquisitions or Permitted Foreign Acquisitions of interests in any of the assets of, or shares of the capital stock of or other Equity Interests in, a Person or division or line of business of a Person engaged in the same business as the Company or any of its Subsidiaries or in a related business, **provided** that immediately after giving effect thereto: (i) any outstanding capital stock or other Equity Interests of any acquired or newly formed corporation or other entity owned directly by the Company or a Subsidiary Guarantor is duly and validly pledged to the Collateral Agent for the ratable benefit of the Lenders if and to the extent required to be so pledged pursuant to the definition of "Pledge and Security Agreement" or pursuant to Section 8.10; and (ii) no Default or Event of Default shall have occurred and be continuing, and the Company shall have delivered to the Administrative Agent an officers' certificate to such effect, together with all relevant financial information for such corporation or other entity or acquired assets.

"***Permitted Liens***" means any Liens permitted under Section 9.3.

"***Person***" means an individual, partnership, corporation, business trust, joint stock company, trust, limited liability company, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"***Plan***" means any employee pension benefit plan as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"***Plan Asset Regulations***" means 29 CFR § 2510.3-101 et seq., as modified by Section 3(42) of ERISA, as amended from time to time.

"***Platform***" has the meaning specified in Section 8.2.

"***Pledge and Security Agreement***" means the Pledge and Security Agreement dated as of the date hereof, among the Company, the other Credit Parties from time to time party thereto and the Collateral Agent for the ratable benefit of the Secured Parties, a copy of which is attached as Exhibit A hereto, as the same may be amended, modified or supplemented in accordance with its terms from time to time.

"***Pledge and Security Agreements***" means the collective reference to the Pledge and Security Agreement and any other pledge agreement or security agreement entered into by a Credit Party and the Collateral Agent (on substantially the same terms as the Pledge and Security Agreement) in accordance with Section 8.10.

"***Pledged Collateral***" has the meaning specified for the term "***Collateral***" in the Pledge and Security Agreement.

"***PPSA***" means the *Personal Property Security Act* (Ontario) and other personal property security legislation of the applicable Canadian province or provinces in respect of the Credit Parties or the Collateral as all such legislation now exists or may from time to time hereafter be amended, modified, recodified, supplemented or replaced, together with all rules, regulations and interpretations thereunder or related thereto.

"***Prepayment Event***" means (i) the occurrence of any Asset Sale that yields Proceeds in excess of $2,500,000, and (ii) the receipt of any Proceeds by any Credit Party in respect of insurance proceeds or condemnation awards with respect to Collateral in an amount greater than $2,500,000 per any such occurrence.

"***Prime Rate***" has the meaning assigned it in the definition of "ABR".

"***Proceeds***" means (a) all "proceeds", as defined in Article 9 of the UCC with respect to the Collateral, and (b) whatever is recoverable or recovered when any Collateral is sold, exchanged, collected, or disposed of, whether voluntarily or involuntarily, including, without limitation, all proceeds of insurance policy covering the Collateral.

"***Properties***" means each parcel of real property currently or previously owned or operated by the Company or any Restricted Subsidiary.

"***Protective Advances***" has the meaning specified in Section 2.8(a).

"***Public Lender***" has the meaning specified in Section 8.2.

"***Public-Sider***" means a Lender whose representatives may trade in securities of the Company while in possession of the financial statements provided by the Company under the terms of this Agreement.

"***Qualified ECP Guarantor***" means, in respect of any Swap Obligation, each Credit Party that has total assets exceeding $10,000,000 at the time the relevant Guaranty or grant of the relevant security interest becomes or would become effective with respect to such Swap Obligation or such other Person constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another Person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"***Qualified Stock Repurchases***" means, collectively, one or more open market or privately negotiated purchases by the Company for cash of the Company's issued and outstanding shares of common stock if each share of common stock so purchased is retired and cancelled (and returned to the status of authorized and unissued shares) promptly following the consummation of such repurchase.

"***Real Property***" means, with respect to any Person, all of the right, title and interest of such Person in and to land, improvements and fixtures, including Leaseholds.

"***Register***" has the meaning specified in Section 12.6(d).

"***Related Document***" means any agreement, certificate, document or instrument relating to a Letter of Credit.

"***Related Parties***" has the meaning specified in Section 12.5(a)(iv).

"***Reportable Event***" means any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder.

"***Required Lenders***" means, at a particular time, and subject to Section 5.24(b), Lenders that hold at least 66 2/3% of the sum of (i) the Revolving Credit Commitments or, if the Revolving Credit Commitments have been cancelled, the sum of (A) the aggregate then outstanding principal amount of the Revolving Credit Loans, plus (B) the L/C Participating Interests in the aggregate amount then available to be drawn under all outstanding Letters of Credit, plus (C) the aggregate then outstanding principal amount of Revolving L/C Obligations, plus (D) the aggregate amount represented by the agreements of the Lenders in Sections 2.8(a) and (b) with respect to the Protective Advances then outstanding and (ii) from and after any applicable Incremental Facility Closing Date, the related Revolving Credit Commitments Increases or, if the Revolving Credit Commitments Increases have been cancelled, the aggregate then outstanding principal amount of the related Incremental Revolving Credit Loans; **provided** that at any time there are fewer than three Lenders party to this Agreement, the definition of "Required Lenders" shall be "all Lenders".

"***Required Ratio***" means, on any date of determination with respect to any incurrence of Indebtedness under Sections 9.2(f), 9.2(g) and 9.2(i), for the most recent period of four consecutive fiscal quarters of the Company for which financial statements have been or are required to be delivered pursuant to Section 8.1(a) or 8.1(b) (or, prior to the first delivery of any such financial statements, as set forth in the definition of "Consolidated EBITDA" for the fiscal quarters specified therein), the ratio of (x) Consolidated Total Indebtedness as of the end of such period to (y) Consolidated EBITDA for each Measurement Period shall not exceed: (i) with respect to incurrence of Indebtedness under Sections 9.2(f) and 9.2(g), 2.0 to 1.0 and (ii) with respect to incurrence of Indebtedness under Section 9.2(i), 3.0 to 1.0.

Commencing with the fiscal quarter of the Company ended as of April 30, 2018 (which shall constitute the 'first fiscal quarter' of the Company for the purpose of this annualization), for the purpose of calculating the Required Ratio, Consolidated EBITDA shall be annualized in the following manner for the first three fiscal quarters of the Company: (i) for the first fiscal quarter of the Company ended as of April 30, 2018, Consolidated EBITDA for such fiscal quarter shall be multiplied by 4, (ii) for the second fiscal quarter of the Company ending as of July 31, 2018, Consolidated EBITDA for the first two fiscal quarters of the Company shall be multiplied by 2, and (iii) for the third fiscal quarter of the Company ending as of October 31, 2018, Consolidated EBITDA for the first three fiscal quarters of the Company shall be multiplied by 4/3. From the fourth fiscal quarter of the Company ending as of January 31, 2019 and thereafter, the Required Ratio shall be calculated based on the results for the immediately preceding four fiscal quarter period for which financial statements have been delivered to the Administrative Agent or are available on EDGAR, or otherwise publicly filed.

"***Requirement of Law***" means, as to any Person, the Organization Documents of such Person, and any Law (including, without limitation, Environmental Laws), in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"***Reserves***" means, on any date of determination, the sum of the following reserves established by the Administrative Agent (and determined without duplication):

(a) in the case of Designated Cash Management Obligations, the aggregate exposure on such date of all Cash Management Banks under all Designated Cash Management Obligations, based on the most recent exposure notified to the Administrative Agent by the relevant Cash Management Banks and the Company; plus

(b) in the case of Designated Swap Obligations, the aggregate mark-to-market termination exposure (after giving effect to applicable netting arrangements) on such date of all Hedge Banks under all Designated Swap Obligations, based on the most recent mark-to-market termination exposure notified to the Administrative Agent by the relevant Hedge Banks and the Company; plus

(c) in the case of Eligible Accounts and Eligible Unbilled Accounts, reserves established by the Administrative Agent in its Permitted Discretion for dilution, for uninsured, underinsured, un-indemnified or under-indemnified liabilities or potential liabilities with respect to any litigation and for taxes, fees, assessments and other governmental charges; plus

(d) in the case of Eligible Inventory, reserves established by the Administrative Agent in its Permitted Discretion for volatility, for Inventory shrinkage, for customs charges and shipping charges related to any Inventory in transit, for rent at locations leased by the Company, for consignee's, warehousemen's and bailee's charges, for uninsured losses, for uninsured, underinsured, un-indemnified or under-indemnified liabilities or potential liabilities with respect to any litigation, for taxes, fees, assessments, and other governmental charges and for retention of title or similar arrangements; plus

(e) other reserves established by the Administrative Agent in its Permitted Discretion.

"***Responsible Officer***" means the chief executive officer or the chief operating officer of the Company or, with respect to financial matters, the chief financial officer, controller, vice president — finance or treasurer of the Company.

"***Restricted Subsidiary***" means each Subsidiary other than an Unrestricted Subsidiary.

"***Revolving Credit Commitment***" means, as to any Lender, its obligations to make Revolving Credit Loans to the Company pursuant to Section 2.1, to purchase its L/C Participating Interest in any Letter of Credit and to purchase participations in Protective Advances in an aggregate amount not to exceed at any time the amount set forth opposite such Lender's name in Schedule 1 under the heading "Revolving Credit Commitment" and in an aggregate amount not to exceed at any time the amount equal to such Lender's Revolving Credit Commitment Percentage of the aggregate Revolving Credit Commitments, as the aggregate Revolving Credit Commitments may be reduced or adjusted from time to time pursuant to this Agreement (including, without limitation, increases pursuant to Article 3); collectively, as to all the Lenders, the "***Revolving Credit Commitments***". On the Execution Date, the aggregate amount of the Revolving Credit Commitments is $100,000,000.

"***Revolving Credit Commitment Increase***" has the meaning specified in Section 3.1.

"***Revolving Credit Commitment Percentage***" means, as to any Lender at any time, the percentage which such Lender's Revolving Credit Commitment constitutes of all of the Revolving Credit Commitments (or, if the Revolving Credit Commitments shall have been terminated, the percentage of the outstanding Aggregate Revolving Credit Extensions of Credit and Protective Advances constituted by such Lender's Aggregate Revolving Credit Extensions of Credit and participating interest in Protective Advances).

"***Revolving Credit Commitment Period***" means the period from and including the Execution Date to but not including the Revolving Credit Termination Date.

"***Revolving Credit Lenders***" means the Lenders with Revolving Credit Commitments and/or outstanding Revolving Credit Loans.

"***Revolving Credit Loan***" and "***Revolving Credit Loans***" has the meaning specified in Section 2.1(a), and shall include Protective Advances made pursuant to Section 2.8.

"***Revolving Credit Termination Date***" means, the earlier of (i) the date which is the fifth anniversary of the Funding Date; and (ii) any other date on which the Revolving Credit Commitments shall terminate hereunder.

"***Revolving L/C Obligations***" means the obligations of the Company to reimburse the Issuing Lender for any payments made by an Issuing Lender under any Letter of Credit that have not been reimbursed by the Company pursuant to Section 2.6.

"***S&P***" means Standard & Poor's Financial Services LLC, a subsidiary of McGraw Hill Financial Inc., and any successor thereto.

"***Sale and Leaseback Obligation***" has the meaning specified in Section 10.1(e).

"***Sale and Leaseback Transaction***" has the meaning specified in Section 9.17.

"***Same Day Funds***" means immediately available funds.

"***Sanctioned Country***" means, at any time, a country or territory which is itself the subject or target of any Sanctions (as of the Execution Date, Crimea, Cuba, Iran, North Korea, and Syria).

"***Sanctioned Person***" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the U.S. government (including those maintained by the Office of Foreign Assets Control of the United States Department of the Treasury and the U.S. Department of State), (b) any Person listed in any Sanctions-related list of designated Persons maintained by the United Nations Security Council, the European Union, any European Union member state, the United Kingdom or other relevant sanctions authority, or otherwise a target of Sanctions, (c) any Person located, organized or resident in a Sanctioned Country, or (d) any Person that is 50% or more owned or controlled by any such Person or Persons described in the foregoing clause (a) or (b).

"***Sanctions***" means applicable economic, financial or trade sanctions (including secondary and sectoral sanctions), embargoes, anti-terrorism laws and similar laws and regulations imposed,

administered or enforced from time to time by (a) the U.S. Government, including those administered by the U.S. Department of Treasury Office of Foreign Assets Control, or the U.S. Department of State including but not limited to the International Emergency Economic Powers Act, Trading with the Enemy Act, United Nations Participation Act, Foreign Narcotics Kingpin Designation Act, Comprehensive Iran Sanctions, Accountability, and Divestment Act, Iran Threat Reduction and Syria Human Rights Act, the International Traffic in Arms Regulations, and similar laws, executive orders and regulations concerning sanctions, (b) Her Majesty's Treasury of the United Kingdom, (c) the European Union, and any European Union member state, (d) the United Nations Security Council or (e) other relevant sanctions authority.

"***Secured Parties***" means, collectively, the Agents, the Lenders, the Issuing Lender, each Hedge Bank party to any Swap Contract, to the extent the obligations thereunder constitute Finance Obligations, each provider of Cash Management Services to the extent the obligations thereof under the Cash Management Agreement to which it is a party constitute Finance Obligations and any other Persons the obligations owing to which are or are purported to be secured by the Collateral under the terms of the Collateral Documents, and the successors and assigns of each of the foregoing.

"***Single Employer Plan***" means any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"***Solvent***" and "***Solvency***" mean, with respect to any Person on any date of determination, that on such date (i) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (ii) 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 as they become absolute and matured, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (iv) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. 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, as to any Person, a corporation, partnership or other entity of which shares of capital stock or other Equity Interests having ordinary voting power (other than capital stock or other equity interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, directly or indirectly, or the management of which is otherwise controlled, directly or indirectly, or both, by such Person. Unless the context otherwise requires, the term ***"Subsidiary***" means a Subsidiary of the Company.

"***Subsidiary Guarantor***" means KLX Energy Services, LLC, KLX RE Holdings LLC and any of the Company's Subsidiaries which is a Wholly-Owned Domestic Subsidiary and any Restricted Subsidiary of the Company that from time to time shall or shall be required to deliver a Guaranty or a Credit Party Accession Agreement or other guaranty or guaranty supplement pursuant to Section 8.10 or 9.15.

"***Swap Contract***" means (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "***Master Agreement***"), including any such obligations or liabilities under any Master Agreement.

"***Swap Obligation***" of any Person means all obligations (including, without limitation, any amounts which accrue after the commencement of any bankruptcy or insolvency proceeding with respect to such Person, whether or not allowed or allowable as a claim under any proceeding under any Debtor Relief Law) of such Person in respect of any Swap Contract, excluding any amounts which such Person is entitled to set-off against its obligations under applicable law.

"***Taxes***" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, or other similar charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"***Type***" means, as to any Loan, its nature, or classification, as an ABR Loan or a Eurodollar Loan.

"***UCC***" means the Uniform Commercial Code as in effect in the State of New York; **provided** that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New

York, "***UCC***" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"***Unfinanced Capital Expenditures***" means, with respect to any Person and for any period, Capital Expenditures made by such Person during such period and not financed from the proceeds of Indebtedness (other than, for the avoidance of doubt, Loans), the proceeds of any issuance of equity or the proceeds of any asset sale.

"***Unmatured Surviving Obligations***" means, at any date, contingent indemnification or expense reimbursement claims which are not then due and payable or with respect to which no demand has been made.

"***Unrestricted Subsidiaries***" means (a) any Subsidiary that is formed or acquired after the Execution Date and is designated subsequent to the Execution Date as an Unrestricted Subsidiary by the Company pursuant to Section 8.10(b) and (b) any Subsidiary of an Unrestricted Subsidiary. As of the Execution Date, there are no Unrestricted Subsidiaries.

"***U.S. Person***" means 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 5.23(g)(i)(A)(1)(ii)(B)(III).

"***VAT***" means any tax imposed by EC Directive 2006/112/EC on the Common System of value added tax, any national legislation implementing that directive, together with any legislation supplemental thereto, and any other tax of a similar nature and all penalties, cost and interest related thereto.

"***Wholly-Owned Domestic Subsidiary***" means at any date a Wholly-Owned Subsidiary of the Company which is a Domestic Subsidiary at such date, and "***Wholly-Owned Domestic Subsidiaries***" means all of them, collectively.

"***Wholly-Owned Restricted Subsidiary***" means at any date a Wholly-Owned Subsidiary which is a Restricted Subsidiary at such date, and "***Wholly-Owned Restricted Subsidiaries***" means all of them, collectively.

"***Wholly-Owned Subsidiary***" means, with respect to any Person at any date, any Subsidiary of such Person all of the shares of capital stock or other ownership interests of which (except directors' qualifying shares) are at the time directly or indirectly owned by such Person.

"***Withdrawal Liability***" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan Section 4201 of ERISA.

"***Write-Down and Conversion Powers***" means, 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.

1.3 Other Definitional Provisions

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any other Credit Document or any certificate or other document made or delivered pursuant hereto.

(b) As used herein and in any other Credit Document and any certificate or other document made or delivered pursuant hereto, accounting terms relating to the Company and its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1 to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) The meanings given to terms defined herein shall be equally applicable to the singular and plural forms of such terms.

(d) 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 herein 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), (ii) any reference herein 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, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (v) any reference to any law, rule or regulation herein shall, unless otherwise specified, refer to such law, rule 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.

2. AMOUNT AND TERMS OF REVOLVING CREDIT COMMITMENTS

2.1 Revolving Credit Commitments

(a) Subject to the terms and conditions hereof, each Lender agrees to extend credit, in an aggregate amount not to exceed such Lender's Revolving Credit Commitment, to the Company from time to time on any Borrowing Date during the Revolving Credit Commitment Period by purchasing an L/C Participating Interest in each Letter of Credit issued by the Issuing Lender and by making loans to the Company (***Revolving Credit Loans***) from time to time. Revolving Credit Loans shall be denominated in Dollars. Notwithstanding the foregoing and subject to the Administrative Agent's

authority, in its reasonable discretion, to make Protective Advances pursuant to Section 2.8, in no event shall (i) any Revolving Credit Loan be made, or any Letter of Credit be issued, if, after giving effect thereto and the use of proceeds thereof as irrevocably directed by the Company, the sum of the Aggregate Revolving Credit Extensions of Credit would exceed the Line Cap then in effect or (ii) any Revolving Credit Loan be made, or any Letter of Credit be issued, if the amount of such Loan to be made or any Letter of Credit to be issued would, after giving effect to the use of proceeds, if any, thereof, exceed the Available Revolving Credit Commitments. Subject to the foregoing, during the Revolving Credit Commitment Period, the Company may use the Revolving Credit Commitments by borrowing, repaying the Revolving Credit Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof, and/or by having the Issuing Lender issue Letters of Credit, having such Letters of Credit expire undrawn upon or if drawn upon, reimbursing the relevant Issuing Lender for such drawing, and having the Issuing Lender issue new Letters of Credit.

(b) Each borrowing of Revolving Credit Loans shall be in an aggregate principal amount of the lesser of (i) $1,000,000 or a whole multiple of $1,000,000 in excess thereof, and (ii) the Available Revolving Credit Commitments, except that any borrowing of a Revolving Credit Loan to be used solely to pay the like amount of an L/C Disbursement may be in the principal amount of such L/C Disbursement.

2.2 Proceeds of Revolving Credit Loans

The Company shall use the proceeds of Revolving Credit Loans solely for financing the working capital or general corporate purposes of the Company or any of its Subsidiaries (including making payments to an Issuing Lender to reimburse the Issuing Lender for drawings made under the Letters of Credit). Notwithstanding the foregoing, no Credit Party will request any Loans, and no Credit Party shall use, and shall procure that their Subsidiaries and their respective directors, officers, employees and, to the knowledge of any Credit Party, agents, shall not use, the proceeds of any Revolving Credit Loan or Letter of Credit (A) 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, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

2.3 Issuance of Letters of Credit

(a) Subject to the terms and conditions hereof, the Company may from time to time during the Revolving Credit Commitment Period request any Issuing Lender to issue a Letter of Credit denominated in Dollars by delivering to the Administrative Agent at its address specified in Section 12.2 and the Issuing Lender an L/C Application completed to the satisfaction of the Issuing Lender, together with the proposed form of the Letter of Credit (which shall comply with the applicable requirements of paragraph (b) below) and such other certificates, documents and other papers and information as the Issuing Lender may reasonably request; **provided** that if the Issuing Lender informs the Company that it is for any reason unable to open such Letter of Credit, the Company may request another Lender to open such Letter of Credit upon the same terms offered to the initial Issuing Lender and if such other Lender agrees to issue such Letter of Credit each reference to the Issuing Lender for purposes of the Credit Documents shall be deemed to be a reference to such Lender. Letters of Credit shall be denominated in Dollars.

(b) Each Letter of Credit issued hereunder shall, among other things, (i) be in such form requested by the Company as shall be acceptable to the Issuing Lender in its sole discretion and (ii) subject to paragraph (c) below, have an expiry date occurring not later than the earlier of (A) three hundred and sixty-five (365) days after the date of issuance of such Letter of Credit and (B) five (5) Business Days prior to the Revolving Credit Termination Date.

(c) If the Company so requests in the applicable L/C Application, the Issuing Lender may agree to issue a Letter of Credit with a one-year tenor that has automatic extension or renewal provisions (each, an "***Auto-Extension Letter of Credit***"); **provided** that (x) any such Auto-Extension Letter of Credit must permit the Issuing Lender to prevent any such extension or renewal at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a certain number of days prior to each anniversary of such Letter of Credit's date of issuance (the "***Non-Extension Notice Date***"), such number of days to be agreed upon by the Company and the Issuing Lender at the time such Letter of Credit is issued and (y)

such prior notice shall be deemed to have been given by the Issuing Lender on the effective date of its resignation as Issuing Lender in accordance with Section 11.9. Unless otherwise directed by the Issuing Lender, the Company shall not be required to make a specific request to the Issuing Lender for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Revolving Credit Lenders shall be deemed to have authorized (but may not require) the Issuing Lender to permit the extension of such Letter of Credit at any time to an expiry date not later than five (5) Business Days prior to the Revolving Credit Termination Date; **provided**, however, that the Issuing Lender shall not permit any such extension if (A) the Issuing Lender has determined that it would not be permitted, or would have no obligation at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of Section 2.1(a), Section 2.5 or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is thirty (30) days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Revolving Credit Lender or the Company that one or more of the applicable conditions specified in Section 7.3 is not then satisfied, and in each such case directing the Issuing Lender not to permit such extension.

(d) Notwithstanding anything herein to the contrary, the Issuing Lender shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit (i) the proceeds of which would be made available to any Person (A) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions or (B) in any manner that would result in a violation of any Sanctions by any party to this Agreement, (ii) if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Lender from issuing such Letter of Credit, or any Requirement of Law relating to the Issuing Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Lender shall prohibit, or request that the Issuing Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Lender with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Lender is not otherwise compensated hereunder) not in effect on the Execution Date, or shall impose upon the Issuing Lender any unreimbursed loss, cost or expense which

was not applicable on the Execution Date and which the Issuing Lender in good faith deems material to it, or (iii) if the issuance of such Letter of Credit would violate one or more policies of the Issuing Lender applicable to letters of credit generally; **provided** that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof and (y) all requests, rules, guidelines, requirements 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 or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed not to be in effect on the Execution Date for purposes of clause (ii) above, regardless of the date enacted, adopted, issued or implemented.

2.4 Participating Interests

Effective in the case of each Letter of Credit opened by the Issuing Lender as of the date of the opening thereof, the Issuing Lender agrees to allot and does allot, to itself and each other Revolving Credit Lender, and each Revolving Credit Lender severally and irrevocably agrees to take and does take in such Letter of Credit and the related L/C Application, an L/C Participating Interest in a percentage equal to such Revolving Credit Lender's Revolving Credit Commitment Percentage. In consideration and in furtherance of the foregoing, each such Revolving Credit Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent in Dollars, for the account of the applicable Issuing Lender, such Revolving Credit Lender's Revolving Credit Commitment Percentage of each L/C Disbursement made by such Issuing Lender, in each case to the extent not reimbursed by the Company on the date due as provided in Section 2.6, or of any reimbursement payment required to be refunded to the Company for any reason.

2.5 Procedure for Opening Letters of Credit

Upon receipt of any L/C Application from the Company in respect of a Letter of Credit, the Issuing Lender will promptly notify the Administrative Agent thereof and the Administrative Agent will notify each Revolving Credit Lender. The Issuing Lender will process such L/C Application, and the other certificates, documents and other papers delivered to the Issuing Lender in connection therewith, upon receipt thereof in accordance with its customary procedures and, subject to the terms and conditions hereof, shall promptly open such Letter of Credit by issuing the original of such Letter of Credit to the beneficiary thereof and by furnishing a copy thereof to the Company; **provided** that no such Letter of Credit shall be issued (i) if the amount of such requested Letter of Credit, together with the sum of (A) the aggregate unpaid amount of Revolving L/C Obligations outstanding at the time of such request and (B) the maximum aggregate amount available to be drawn under all Letters of Credit outstanding at such time, would exceed $20,000,000 or (ii) if Section 2.1 would be violated thereby.

2.6 Payments in Respect of Letters of Credit

(a) If the Issuing Lender shall make any L/C Disbursement in respect of a Letter of Credit, the Company shall reimburse such L/C Disbursement by paying to the Administrative Agent an amount equal to such L/C Disbursement in Dollars, (i) not later than 1:00 P.M., New York City time, on the same Business Day if the Company receives notice of such L/C Disbursement at or before 11:00 A.M. New York City time on such Business Day, or (ii) if the Company receives a notice of disbursement after 11:00 A.M. New York City time not later than 1:00 P.M. New York City time, on the Business Day immediately following the date that the Company receives such notice; **provided** that the Company may, subject to the conditions to borrowing set forth herein, request in accordance with Section 5.1 that such payment be financed with an ABR Loan, which is a Revolving Credit Loan in an equivalent amount and, to the extent so financed, the Company's obligation to make such payment shall be discharged and replaced by the resulting ABR Loan which is a Revolving Credit Loan.

(b) If an Issuing Lender shall make any L/C Disbursement, then, unless the Company shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made, the

unpaid amount thereof shall bear interest, for each day from and including the date such L/C Disbursement is made to but excluding the date that the Company reimburses such L/C Disbursement, at the rate per annum then applicable to ABR Loans; **provided** that, if the Company fails to reimburse such L/C Disbursement when due pursuant to paragraph (b) of this Section, then, Section 5.7(d) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Lender, except that interest accrued on and after the date of payment by any Revolving Credit Lender pursuant to paragraph (a) of this Section to reimburse such Issuing Lender shall be for the account of such Revolving Credit Lender to the extent of such payment. If the Company fails to make such payment when due, then the Administrative Agent shall notify the applicable Issuing Lender and each other applicable Revolving Credit Lender of the applicable L/C Disbursement, the payment then due from the Company in respect thereof and such Revolving Credit Lender's Revolving Credit Commitment Percentage thereof. Promptly following receipt of such notice, each applicable Revolving Credit Lender shall pay to the Administrative Agent in Dollars its Revolving Credit Commitment Percentage of the payment then due from the Company (and Section 5.18(b) shall apply, *mutatis mutandis*, to the payment obligations of the Revolving Credit Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Lender in Dollars the amounts so received by it from such Revolving Credit Lender. Promptly following receipt by the Administrative Agent of any payment from the Company pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Lender or, to the extent that Revolving Credit Lenders have made payments pursuant to this paragraph to reimburse such Issuing Lender, then to such Revolving Credit Lenders and the applicable Issuing Lender as their interests may appear. Any payment made by a Revolving Credit Lender pursuant to this paragraph to reimburse any Issuing Lender for any L/C Disbursement (other than the funding of ABR Loans as contemplated above) shall not constitute a Loan and shall not relieve the Company of its obligation to reimburse such L/C Disbursement.

(c) Whenever, at any time after the Issuing Lender has made a payment under any Letter of Credit and has received from any other Revolving Credit Lender such other Revolving Credit Lender's pro-rata share of the Revolving L/C Obligation arising therefrom, the Issuing Lender receives any reimbursement on account of such Revolving L/C Obligation or any payment of interest on account thereof, the Issuing Lender will distribute to such other Revolving Credit Lender, through the Administrative Agent, its pro-rata share thereof in like funds as received (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Revolving Credit Lender's participating interest was outstanding and funded); **provided** that, in the event that the receipt by the Issuing Lender of such reimbursement or such payment of interest (as the case may be) is required to be returned, such other Revolving Credit Lender will promptly return to the Issuing Lender, through the Administrative Agent, any

portion thereof previously distributed by the Issuing Lender to it in like funds as such reimbursement or payment is required to be returned by the Issuing Lender.

(d) The Company shall pay to each Issuing Lender, each of the fees set forth in Section 5.11.

2.7 Participations

Each Revolving Credit Lender's obligation to purchase participating interests pursuant to Section 2.4 is absolute and unconditional as set forth in Section 5.16.

2.8 Protective Advances

(a) Subject to the limitations set forth below, the Administrative Agent, in its sole discretion exercised in good faith, may make Revolving Credit Loans to the Company on behalf of the Lenders, so long as the aggregate amount of such Revolving Credit Loans shall not exceed 5% of the Borrowing Base, if the Administrative Agent deems that such Revolving Credit Loans are necessary or desirable (i) to protect all or any portion of the Collateral, (ii) to enhance the likelihood or maximize the amount of repayment of the Loans and the other Obligations or (iii) to pay any other amount chargeable to the Company pursuant to this Agreement (such Revolving Credit Loans, "***Protective Advances***"); **provided** that (A) in no event shall the sum of the Aggregate Revolving Credit Extensions of Credit exceed the aggregate Revolving Credit Commitments and (B) the Required Lenders may at any time revoke the Administrative Agent's authorization to make future Protective Advances (**provided** that existing Protective Advances shall not be subject to such revocation and any such revocation must be in writing and shall become effective prospectively upon the Administrative Agent's receipt thereof). At any time that the conditions for making a Revolving Credit Loan are satisfied, the Administrative Agent may request the Lenders to make a Revolving Credit Loan to repay a Protective Advance. At any other time the Administrative Agent may require the Lenders to fund their risk participation described in Section 2.8(b).

(b) Upon the making of a Protective Advance, each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the Administrative Agent (regardless of the existence of any Event of Default or other condition), without recourse or warranty, an undivided interest and participation in such Protective Advance based upon their Revolving Credit Commitment Percentages. From and after the date, if any, on which any Lender is required to fund its participation in any Protective Advance purchased hereunder, the Administrative Agent shall promptly distribute to such Lender, such Lender's Revolving Credit Commitment Percentages of all payments of principal and interest and all proceeds of Collateral received by the Administrative Agent in respect of such Protective Advance.

(c) All Protective Advances shall be secured by the Collateral and shall bear interest as provided in this Agreement for ABR Loans.

3. AMOUNT AND TERMS OF INCREMENTAL LOANS; EXTENSION OF REVOLVING CREDIT TERMINATION DATE

3.1 Requests for Incremental Loans

Upon notice to the Administrative Agent (which shall promptly notify the Lenders) at any time after the Funding Date but prior to the date falling 12 months prior to the Revolving Credit Termination Date, the Company may request additional revolving loan commitments or increases

in the aggregate amount of Revolving Credit Commitments (each such additional commitment or increase, a "***Revolving Credit Commitment Increase***" and all of them, collectively, the "***Revolving Credit Commitments Increases***"); **provided** that after giving effect to any Revolving Credit Commitment Increase, the aggregate amount of Revolving Credit Commitments Increases that have been added pursuant to this Section 3.1 shall not exceed $50,000,000. Any loans made in respect of any such Revolving Credit Commitment Increase (the "***Incremental Revolving Credit Loans***") shall be made by increasing the aggregate Revolving Credit Commitments with terms identical to those of the existing Revolving Credit Loans.

3.2 Ranking and Other Provisions

The Incremental Revolving Credit Loans (i) shall have the same guarantees as, and rank pari passu in right of payment and in respect of lien priority as to the Collateral with the Obligations in respect of, the Revolving Credit Commitments and (ii) shall be on terms and pursuant to documentation identical as, and treated substantially the same as, the Revolving Credit Loans.

3.3 Notices; Lender Elections

The notice from the Company to the Administrative Agent delivered pursuant to Section 3.1 shall set forth the requested amount and proposed terms of the Revolving Credit Commitments Increases, which proposed terms shall not be inconsistent with the requirements of Section 3.2. At the time of the sending of such notice, the Company (in consultation with the Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Lenders). Incremental Revolving Credit Loans (or any portion thereof) may be made by any existing Lender or by any other bank or financial institution (any such bank or other financial institution, an "***Incremental Lender***"), in each case on terms permitted in this Article 3 and otherwise on terms reasonably acceptable to the Administrative Agent, **provided** that the Administrative Agent and the Issuing Lender shall have consented (which consent shall not be unreasonably withheld) to such Lender's or Incremental Lender's, as the case may be, making such Incremental Revolving Credit Loans if such consent would be required under Section 12.6 for an assignment of Loans to such Lender or Incremental Lender, as the case may be. No Lender shall be obligated to provide any Revolving Credit Commitment Increase, unless it so agrees. Each Lender shall notify the Administrative Agent within such time period whether or not it agrees to provide a Revolving Credit Commitment Increase and, if so, whether by an amount equal to, greater than, or less than its Commitment Percentage of such requested increase (which shall be calculated on the basis of the amount of the funded and unfunded exposure under all the Loans held by each Lender). Any Lender not responding within such time period shall be deemed to have declined to provide a Revolving Credit Commitment Increase. The Administrative Agent shall notify the Company and each Lender of the Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase, the

Company may also invite additional Eligible Assignees to become Incremental Lenders pursuant to a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

3.4 Incremental Facility Amendment

Revolving Credit Commitments Increases shall become Commitments (or in the case of any Revolving Credit Commitment Increase to be provided by an existing Revolving Credit Lender, an increase in such Revolving Credit Lender's Revolving Credit Commitment) under this Agreement pursuant to an amendment (an "***Incremental Facility Amendment***") to this Agreement and, as appropriate, the other Credit Documents, executed by the Company, each Lender agreeing to provide such Commitment, if any, each Incremental Lender, if any, and the Administrative Agent. An Incremental Facility Amendment may, without the consent of any other Lenders, effect such amendments to any Credit Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Article 3.

3.5 Effective Date and Allocations

If any Revolving Credit Commitments Increases are added in accordance with this Article 3, the Administrative Agent and the Company shall determine the effective date (the "***Incremental Commitments Effective Date***") and the final allocation of such Revolving Credit Commitments Increases. The Administrative Agent shall promptly notify the Company and the Lenders of the final allocation of such Revolving Credit Commitments Increases and the Incremental Commitments Effective Date.

3.6 Conditions to Effectiveness of Increase

The effectiveness of any Incremental Facility Amendment shall, unless otherwise agreed to by the Administrative Agent, each Lender party thereto, if any, and the Incremental Lenders, if any, be subject to the satisfaction on the date thereof (the "***Incremental Facility Closing Date***") of each of the following conditions:

(a) the Administrative Agent shall have received on or prior to the Incremental Facility Closing Date each of the following, each dated the Incremental Facility Closing Date unless otherwise indicated or agreed to by the Administrative Agent and each in form and substance reasonably satisfactory to the Administrative Agent: (i) the applicable Incremental Facility Amendment; (ii) certified copies of resolutions of the board of directors of each Credit Party approving the execution, delivery and performance of the Incremental Facility Amendment; and (iii) a favorable opinion of counsel for the Credit Parties dated the Incremental Facility Closing Date, to the extent reasonably requested by the Administrative Agent, addressed to the Administrative Agent and the Lenders and in form and substance and from counsel reasonably satisfactory to the Administrative Agent;

(b) (i) the conditions precedent set forth in Section 7.3 shall have been satisfied both before and after giving effect to such Incremental Facility Amendment and the additional Extensions of Credit provided thereby (it being understood that all references to "the obligation of any Lender to make a Loan on the occasion of any Borrowing" shall be deemed to refer to the effectiveness of the Incremental Facility Amendment on the Incremental Facility Closing Date) and (ii) all Incremental Revolving Credit Loans provided by the applicable Incremental Facility Amendment shall be made on the terms and conditions provided for above; and

(c) there shall have been paid to the Administrative Agent, for the account of the Administrative Agent and the Lenders (including any Person becoming a Lender as part of such Incremental Facility Amendment on the related Incremental Facility Closing Date), as applicable, all fees and expenses (including reasonable out-of-pocket fees, charges and disbursements of counsel) invoiced with reasonable supporting documentation that are due and payable on or before the Incremental Facility Closing Date.

3.7 Effect of Incremental Facility Amendment

On the Incremental Commitments Effective Date, each Lender or Eligible Assignee which is providing a Revolving Credit Commitment Increase (i) shall become a "Lender" for all purposes of this Agreement and the other Credit Documents and (ii) shall have a Revolving Credit Commitment Increase which shall become a "Commitment" hereunder.

3.8 Revolving Credit Commitment Increases

Upon each Revolving Credit Commitment Increase pursuant to this Article 3, (i) each Revolving Credit Lender immediately prior to such increase will automatically and without further act be deemed to have assigned to each existing Lender, if any, and each Incremental Lender, if any, in each case providing a portion of such Revolving Credit Commitment Increase (each a "***Revolving Credit Commitment Increase Lender***"), and each such Revolving Credit Commitment Increase Lender will automatically and without further act be deemed to have assumed, a portion of such Revolving Credit Lender's participation interests hereunder in outstanding Letters of Credit such that, after giving effect to such Revolving Credit Commitment Increase and each such deemed assignment and assumption of participation interests, the percentage of the aggregate outstanding participation interests hereunder in Letters of Credit held by each Revolving Credit Lender (including such Revolving Credit Commitment Increase Lender) will equal such Revolving Credit Lender's Revolving Credit Commitment Percentage and (ii) if, on the date of such Revolving Credit Commitment Increase, there are any Revolving Credit Loans outstanding, the Administrative Agent shall take those steps which it deems, in its sole discretion and in consultation with the Company, necessary and appropriate to result in each Revolving Credit Lender (including each Revolving Credit Commitment Increase Lender) having a pro-rata share of the outstanding Revolving Credit Loans based on each such Revolving Credit Lender's Revolving Credit Commitment Percentage immediately after giving effect to such Revolving Credit Commitment Increase, **provided** that any prepayment made in connection with the taking of any such steps shall be accompanied by accrued interest on the Revolving Credit Loans being prepaid and any costs incurred by any Lender in accordance with Section 5.21. The Administrative Agent and the Lenders hereby agree that the minimum borrowing, pro-rata borrowing and pro-rata payment requirements contained elsewhere in this Agreement shall not apply to any transaction that may be effected pursuant to the immediately preceding sentence.

3.9 Conflicting Provisions

The provisions of this Article 3 shall supersede any provision of Section 5.18 or 12.1 to the contrary.

4. [RESERVED]

5. GENERAL PROVISIONS APPLICABLE TO LOANS AND LETTERS OF CREDIT

5.1 Procedure for Borrowing by the Company

(a) The Company may borrow under the Commitments on any Business Day after the Funding Date. The Company shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to (i) 1:00 P.M., New York City time, three (3) Business Days prior to the requested Borrowing Date in the case of a proposed borrowing of Eurodollar Loans and (ii) 11:00 A.M., New York City time, on the requested Borrowing Date if the borrowing is to be solely of ABR Loans; **provided** that any such notice of a borrowing of ABR Loans to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.6(a) may be given not later than 1:00 P.M., New York City time, on the date of the proposed borrowing) signed by a Responsible Officer of the Company specifying (A) the amount of the borrowing, (B) whether such Loans are initially to be Eurodollar Loans or ABR Loans, or a combination thereof, (C) if the borrowing is to be entirely or partly Eurodollar Loans, the length of the Interest Period for such Eurodollar Loans and (D) the amount of such borrowing to be constituted by Revolving Credit Loans and/or Incremental Revolving Credit Loans. Upon receipt of such notice the Administrative Agent shall promptly notify each Lender, which notice shall in any event be delivered to each Lender by 12:00 Noon, New York City time, on such date. Not later than 2:00 P.M., New York City time, on the Borrowing Date specified in such notice, each Lender shall make available to the Administrative Agent at the office of the Administrative Agent specified in Section 12.2 (or at such other location as the Administrative Agent may direct) in Dollars an amount in Same Day Funds equal to the amount of the Loan to be made by such Lender. Loan proceeds received by the Administrative Agent hereunder shall promptly be made available to the Company by the Administrative Agent's crediting the account of the Company designated by the Company, with the aggregate amount actually received by the Administrative Agent from the Lenders and in like funds as received by the Administrative Agent; **provided** that Revolving Credit Loans made to finance the reimbursement of an L/C Disbursement as provided in Section 2.6 shall be remitted by the Administrative Agent to the applicable Issuing Lender.

(b) Any borrowing of Eurodollar Loans by the Company hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, (i) except as provided in Section 2.1(b), the aggregate principal amount of all Eurodollar Loans having the same Interest Period shall not be less than $1,000,000 or a whole multiple of $1,000,000 in excess thereof, and (ii) no more than ten Interest Periods shall be in effect at any one time with respect to Eurodollar Loans.

5.2 Repayment of Loans; Evidence of Debt

(a) The Company hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Credit Loan of such Lender on the Revolving Credit Termination Date (or such earlier date on which

the Revolving Credit Loans become due and payable pursuant to Article 10). The Company hereby further agrees to pay interest on the unpaid principal amount of the Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 5.7.

(b) At all times during a period when a Cash Dominion Event has occurred and is continuing, on each Business Day, the Administrative Agent shall apply all funds credited to the Collection Account as of 10:00 A.M., New York City time, on such Business Day (whether or not immediately available), ***first***, to prepay any Protective Advances, ***second***, to prepay the Revolving Credit Loans ***third***, to the payment of any Revolving L/C Obligations then outstanding, and ***fourth***, to Cash Collateralize outstanding Letters of Credit, without a corresponding reduction in the Revolving Credit Commitments. Notwithstanding the foregoing, to the extent any funds credited to the Collection Account constitute Proceeds, the application of such proceeds shall be subject to Section 5.6(c).

(c) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Company to such Lender resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(d) The Administrative Agent shall maintain the Register pursuant to Section 12.6(d), and a subaccount therein for each Lender, in which shall be recorded (i) the amount of each Loan made hereunder, the Type thereof and each Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Company to each Lender hereunder and (iii) both the amount of any sum received by the Administrative Agent hereunder from the Company and each Lender's share thereof.

(e) The entries made in the Register and the accounts of each Lender maintained pursuant to Section 5.2(c) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Company therein recorded; **provided**, however, that the failure of any Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Company to repay (with applicable interest) the Loans made to such Company by such Lender in accordance with the terms of this Agreement.

5.3 Conversion and Continuation Options

(a) The Company may elect from time to time to convert Eurodollar Loans into ABR Loans by giving the Administrative Agent irrevocable notice of such election, to be received by the Administrative Agent prior to 12:00 Noon, New York City time, at least three (3) Business Days prior to the proposed conversion date, **provided** that any such conversion of Eurodollar Loans shall only be made on the last day of an Interest Period with respect thereto. The Company may elect from time to time to convert all or a portion of the ABR Loans then outstanding to Eurodollar Loans by

giving the Administrative Agent irrevocable notice of such election, to be received by the Administrative Agent prior to 1:00 P.M., New York City time, at least three (3) Business Days prior to the proposed conversion date, specifying the Interest Period selected therefor, and, if no Default or Event

of Default has occurred and is continuing, such conversion shall be made on the requested conversion date or, if such requested conversion date is not a Business Day, on the next succeeding Business Day. Upon receipt of any notice pursuant to this Section 5.3, the Administrative Agent shall promptly, but in any event by 2:00 P.M., New York City time, notify each Lender thereof. All or any part of the outstanding Loans may be converted as provided herein, **provided** that partial conversions of Loans shall be in the aggregate principal amount of $1,000,000 or a whole multiple of $1,000,000 in excess thereof, and the aggregate principal amount of the resulting Eurodollar Loans outstanding in respect of any one Interest Period shall be at least $1,000,000 or a whole multiple of $1,000,000 in excess thereof.

(b) So long as no Default or Event of Default has occurred and is continuing, the Company may elect from time to time to continue Eurodollar Loans upon the expiry of the then current Interest Period with respect to such Eurodollar Loans by giving the Administrative Agent irrevocable notice of such election, signed by a Responsible Officer of the Company, to be received by the Administrative Agent prior to 1:00 P.M., New York City time, at least three (3) Business Days prior to the end of such Interest Period, in each case specifying the new Interest Period selected therefor, **provided** that any such continuation shall only be made on the last day of an Interest Period with respect thereto. So long as no Default or Event of Default has occurred and is continuing, such continuation shall become effective on the last day of such Interest Period. So long as no Default or Event of Default has occurred and is continuing, if the Company fails to timely deliver such notice with respect to a Eurodollar Loan, such Eurodollar Loans shall be converted to ABR Loans.

5.4 Changes of Commitment Amounts

(a) The Company shall have the right, upon not less than three (3) Business Days' notice to the Administrative Agent, to terminate or, from time to time, reduce the Revolving Credit Commitments subject to the provisions of this Section 5.4. To the extent, if any, that the sum of the Revolving Credit Loans and Revolving L/C Obligations then outstanding and the amounts available to be drawn under outstanding Letters of Credit exceeds the Line Cap (after giving effect to the Revolving Credit Commitments as then reduced), the Company shall be required to make a prepayment equal to such excess amount, the proceeds of which shall be applied ***first***, to prepay any Protective Advances, ***second***, to payment of the Revolving Credit Loans then outstanding, ***third***, to payment of any Revolving L/C Obligations then outstanding, and ***fourth***, to Cash Collateralize any outstanding Letters of Credit on terms reasonably satisfactory to the Administrative Agent. Any such termination of the Revolving Credit Commitments shall be accompanied by prepayment in full of the Revolving Credit Loans and Revolving L/C Obligations then outstanding and by Cash Collateralization of any outstanding Letter of Credit on terms reasonably satisfactory to the Administrative Agent by way of a deposit with the Administrative Agent into the Cash Collateral Account an amount of cash collateral equal to 105% of the aggregate undrawn stated amount of all outstanding Letters of Credit as security for the Finance Obligations to the extent that such Letters of Credit are not otherwise paid or cash collateralized at such time. Upon termination of the Revolving Credit Commitments, any Letter of Credit then outstanding which has been so Cash Collateralized shall no longer be considered a "***Letter of Credit***", as defined in Section 1.1

and any L/C Participating Interests heretofore granted by the Issuing Lender to the Lenders in such Letter of Credit shall be deemed terminated (subject to automatic reinstatement in the event that such cash collateral is returned and the Issuing Lender is not fully reimbursed for any such Revolving L/C Obligations), but the Letter of Credit fees payable under Section 5.11 shall continue to accrue to the Issuing Lender (or, in the event of any such automatic reinstatement, as provided in Section 5.11) with respect to such Letter of Credit until the expiry thereof.

(b) Interest accrued on the amount of any partial prepayment pursuant to this Section 5.4 to the date of such partial prepayment shall be paid on the Interest Payment Date next succeeding the date of such partial prepayment. In the case of the termination of the Revolving Credit Commitments, interest accrued on the amount of any prepayment relating thereto and any unpaid Commitment Fee accrued hereunder shall be paid on the date of such termination. Any such partial reduction of the Revolving Credit Commitments shall be in an amount of $1,000,000 or a whole multiple of $500,000 in excess thereof, and shall reduce permanently the Revolving Credit Commitments then in effect.

5.5 Optional Prepayments

The Company may at any time and from time to time prepay Loans, in whole or in part, upon at least one (1) Business Day's irrevocable notice to the Administrative Agent (to be received no later than 3:00 P.M., New York City time, on such Business Day) in the case of ABR Loans and three (3) Business Days' irrevocable notice to the Administrative Agent (to be received no later than 3:00 P.M., New York City time, on such Business Day) in the case of Eurodollar Loans and specifying the date and amount of prepayment; **provided** that Eurodollar Loans prepaid on any date other than the last day of any Interest Period with respect thereto shall be prepaid subject to the provisions of Section 5.21. Upon receipt of such notice the Administrative Agent shall promptly notify each Lender thereof. If such notice is given, the Company shall make such prepayment, and the payment amount specified in such notice shall be due and payable, on the date specified therein. Accrued interest on the amount of any Loans paid in full pursuant to this Section 5.5 shall be paid on the date of such prepayment. Accrued interest on the amount of any partial prepayment shall be paid on the Interest Payment Date next succeeding the date of such partial prepayment. Partial prepayments shall be in an aggregate principal amount equal to the lesser of (A) $1,000,000 or a whole multiple of $500,000 in excess thereof and (B) the aggregate unpaid principal amount of the applicable Loans, as the case may be.

5.6 Mandatory Prepayments

(a) In the event and on such occasion that the Aggregate Revolving Credit Extensions of Credit exceeds the Line Cap (including after giving effect to any reductions in the Revolving Credit Commitments pursuant to Section 5.4(a)), the Company shall prepay Revolving Credit Loans (or, if no such Loans are outstanding, deposit cash collateral in an account with the Administrative Agent on terms reasonably satisfactory to the Administrative Agent) and Cash Collateralize the Revolving L/C Obligations in an aggregate amount equal to such excess.

(b) Upon the Revolving Credit Termination Date, the Company shall, with respect to each then outstanding Letter of Credit, if any, either (i) cause such Letter of Credit to be cancelled without such Letter of Credit being drawn upon or (ii) Cash Collateralize the Revolving L/C Obligations with respect to such Letter of Credit with a letter of credit issued by banks or a bank satisfactory to the Administrative Agent on terms satisfactory to the Administrative Agent.

(c) If any Credit Party receives any Proceeds in respect of any Prepayment Event, then the Company shall, within five (5) Business Days following such Credit Party's receipt of such Proceeds, prepay the Obligations in an aggregate amount equal to the lesser of 100% of such Proceeds and the aggregate outstanding principal amount of the Loans; **provided** that, if no Cash Dominion Event is then in existence, then the Company shall, within five (5) Business Days after its receipt of such Proceeds, deliver to the Administrative Agent a certificate of a Responsible Officer to the effect that the Credit Parties intend to apply the Proceeds from such Prepayment Event (or a portion thereof specified in such certificate) within six (6) months after receipt of such Proceeds to acquire equipment, inventory or other tangible assets to be used in the business of the Credit Parties, and certifying that no Cash Dominion Event has occurred and is continuing, and then either (i) so long as no Cash Dominion Event has occurred or is in effect, no prepayment shall be required pursuant to this paragraph (c) in respect of the Proceeds specified in such certificate (**provided** that, any portion of the Proceeds not reinvested pursuant to this paragraph (c) by the 180th day after receipt of such Proceeds shall be repaid by such 180th day in an aggregate amount equal to the lesser of 100% of such non-reinvested Proceeds and the aggregate outstanding principal amount of the Loans), or (ii) if a Cash Dominion Event has occurred and is continuing and such Proceeds have not been applied to repay the Loans, then the Company shall deposit such Proceeds into the Collection Account and, thereafter, such funds shall be made available to the applicable Credit Party as follows:

(A) the Company shall request that a release (specifying that the request is to use Proceeds pursuant to this Section 5.6(c)) from the Collection Account be made in the amount needed; and

(B) so long as the conditions set forth in Section 7.3 have been met, the Administrative Agent shall release funds from the Collection Account.

All prepayments made under this Section 5.6(c) shall be made without a permanent reduction of the Revolving Credit Commitment.

5.7 Interest Rates and Payment Dates

(a) Each Protective Advance shall bear interest for the period from and including the date thereof until repayment thereof on the unpaid principal amount thereof at a rate per annum equal to the ABR plus the Applicable Margin.

(b) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto on the unpaid principal amount thereof at a rate per annum equal to the Eurodollar Rate determined for such Interest Period plus the Applicable Margin.

(c) Each ABR Loan shall bear interest for the period from and including the date thereof until maturity thereof on the unpaid principal amount thereof at a rate per annum equal to the ABR plus the Applicable Margin.

(d) While an Event of Default exists (and without limiting the rights of the Lenders under Article 10), the Company shall pay interest on the principal amount of all outstanding Obligations at a fluctuating interest rate per annum equal to (A) in the case of overdue principal, 2.00% above the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section or (B) in the case of overdue interest and fees, 2.00% above the rate described in paragraph (c) of this Section for Revolving Credit Loans which are ABR Loans, in each case from the date of such nonpayment or Event of Default, as applicable, until such amount is paid in full (as well after as before judgment).

(e) Interest shall be payable in arrears on each Interest Payment Date; **provided** that interest accruing pursuant to paragraph (d) of this Section shall be payable on demand by the Administrative Agent made at the request of the Required Lenders.

5.8 Computation of Interest and Fees

(a) Interest in respect of ABR Loans at any time the ABR is calculated based on the Prime Rate shall be calculated on the basis of a 365 or 366, as the case may be, day year for the actual days elapsed. Interest in respect of Eurodollar Loans and ABR Loans at any time the ABR is not calculated based on the Prime Rate and all fees hereunder shall be calculated on the basis of a three hundred and sixty (360) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Company and the Lenders of each determination of the Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR shall become effective as of the opening of business on the day on which such change in the ABR becomes effective. The Administrative Agent shall as soon as practicable notify the Company and the Lenders of the effective date and the amount of each such change.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Company and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Company, deliver to the Company a statement showing the quotations used by the Administrative Agent in determining the Eurodollar Rate.

5.9 Commitment Fees

(a) The Company agrees to pay to the Administrative Agent, for the account of each Lender, a commitment fee (a "***Commitment Fee***"), in Dollars, on the average daily amount of such Lender's Available Revolving Credit Commitment outstanding from time to time during the period from and including the earlier of (x) the Funding Date and (y) October 1, 2018 to but excluding the Revolving Credit Termination Date, at a rate per annum equal to (i) 0.50% per annum, if the average daily amount of the Lender's Aggregate Revolving Credit Extensions of Credit for the most recently ended fiscal quarter is less than 50% and (ii) 0.375% per annum, if the average daily amount of the Lender's Aggregate Revolving

Credit Extensions of Credit for the most recently ended fiscal quarter is greater than or equal to 50%.

(b) The Commitment Fee provided for in this Section 5.9 shall (i) accrue from the earlier of (x) the Funding Date and (y) October 1, 2018, and (ii) be payable on the earlier of (x) the Funding Date (for any Commitment Fee that has accrued as of the Funding Date), (y) December 31, 2018 and (z) the date of the termination of this Agreement or abandonment of the ESG Spin-Off Transaction, and quarterly in arrears on the first day of each fiscal quarter ending after the Funding Date and on the Revolving Credit Termination Date with respect to the Available Revolving Credit Commitments.

5.10 Certain Fees

The Company agrees to pay to the Administrative Agent for its own account a non-refundable agent's fee, and to JPMCB all other fees, in each case, in the amount and payable on such dates as provided in the Fee Letter (as the same may be amended, supplemented, and restated or otherwise modified from time to time).

5.11 Letter of Credit Fees

(a) The Company agrees to pay the Administrative Agent a Letter of Credit fee in Dollars, for the account of the Issuing Lender and the Participating Lenders, on the daily outstanding amount available to be drawn under each Letter of Credit at a rate per annum equal to the Applicable Margin for Revolving Credit Loans which are Eurodollar Loans in effect on such day, whether or not there are any such Eurodollar Loans outstanding at such time, payable in arrears, on the first day of each fiscal quarter of the Company and on the Revolving Credit Termination Date.

(b) In addition, notwithstanding the specification of any inconsistent fronting or other similar fee contained in any L/C Application, the Company shall pay to the Issuing Lender (solely for its own account as Issuing Lender of such Letter of Credit and not on account of its L/C Participating Interest therein) with respect to each Letter of Credit, during the period from and including the Execution Date to the Revolving Credit Termination Date and on the Revolving Credit Termination Date, (i) the fronting fee as set forth in the Fronting Fee Letter, together with (ii) the Issuing Lender's standard documentary, processing, administrative, issuance, amendment and negotiation fees and out of pocket expenses only, in connection with Letters of Credit. Any such fees accruing after the Revolving Credit Termination Date shall be payable on demand. Any other fees, costs and expenses payable to the Issuing Lender pursuant to this paragraph shall be payable within ten (10) days after demand by the Issuing Lender.

5.12 Letter of Credit Reserves

(a) If any Change in Law after the date of this Agreement shall either (i) impose, modify, deem or make applicable any reserve, special deposit, assessment or similar requirement against letters of credit issued by the Issuing Lender or (ii) impose on the Issuing Lender any other condition regarding this Agreement or any Letter of Credit, and the result of any event referred to in clause (i) or (ii) above shall be to increase the cost to the Issuing Lender of

issuing or maintaining any Letter of Credit (which increase in cost shall be the result of the Issuing Lender's reasonable allocation of the aggregate of such cost increases resulting from such events), then, upon demand by the Issuing Lender, the Company shall immediately pay to the Issuing Lender, from time to time as specified by the Issuing Lender, additional amounts which shall be sufficient to compensate the Issuing Lender for such increased cost, together with interest on each such amount from the date demanded until payment in full thereof at a rate per annum equal to the ABR plus the Applicable Margin for ABR Loans. A certificate submitted by the Issuing Lender to the Company concurrently with any such demand by the Issuing Lender, shall be conclusive, absent manifest error, as to the amount thereof.

(b) In the event that at any time after the date hereof any Change in Law with respect to the Issuing Lender shall, in the opinion of the Issuing Lender, require that any obligation under any Letter of Credit be treated as an asset or otherwise be included for purposes of calculating the appropriate amount of capital or liquidity to be maintained by the Issuing Lender or any corporation controlling the Issuing Lender, and such Change in Law shall have the effect of reducing the rate of return on the Issuing Lender's or such corporation's capital, as the case may be, as a consequence of the Issuing Lender's obligations under such Letter of Credit to a level below that which the Issuing Lender or such corporation, as the case may be, could have achieved but for such Change in Law (taking into account the Issuing Lender's or such corporation's policies, as the case may be, with respect to capital adequacy) by an amount deemed by the Issuing Lender to be material, then from time to time following notice by the Issuing Lender to the Company of such Change in Law, within fifteen (15) days after demand by the Issuing Lender, the Company shall pay to the Issuing Lender such additional amount or amounts as will compensate the Issuing Lender or such corporation, as the case may be, for such reduction. If the Issuing Lender becomes entitled to claim any additional amounts pursuant to this Section 5.12(b), it shall promptly notify the Company of the event by reason of which it has become so entitled. A certificate submitted by the Issuing Lender to the Company concurrently with any such demand by the Issuing Lender, shall be conclusive, absent manifest error, as to the amount thereof.

(c) The Company agrees that the provisions of the foregoing paragraphs (a) and (b) and the provisions of each L/C Application providing for reimbursement or payment to the Issuing Lender in the event of the imposition or implementation of, or increase in, any reserve, special deposit, capital adequacy or similar requirement in respect of the Letter of Credit relating thereto shall apply equally to each Participating Lender in respect of its L/C Participating Interest in such Letter of Credit, as if the references in such paragraphs and provisions referred to, where applicable, such Participating Lender or any corporation controlling such Participating Lender.

5.13 Further Assurances

The Company hereby agrees, from time to time, to do and perform any and all acts and to execute any and all further instruments reasonably requested by the Issuing Lender to effect more fully the purposes of this Agreement and the issuance of Letters of Credit hereunder. The Company further agrees to execute any and all instruments reasonably requested by the Issuing Lender in connection

with the obtaining and/or maintaining of any insurance coverage applicable to any Letters of Credit.

5.14 Obligations Absolute

The payment obligations of the Company under this Agreement with respect to the Letters of Credit shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(a) the existence of any claim, set-off, defense or other right which the Company or any of its Subsidiaries may have at any time against any beneficiary, or any transferee, of any Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), the Issuing Lender, any Agent or any Lender, or any other Person, whether in connection with this Agreement, the Related Documents, any Credit Documents, the transactions contemplated herein, or any unrelated transaction;

(b) any statement or any other document presented under any 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;

(c) payment by the Issuing Lender under any Letter of Credit against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit, except where such payment constitutes gross negligence or willful misconduct on the part of the Issuing Lender; or

(d) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing, except for any such circumstances or happening constituting gross negligence or willful misconduct on the part of the Issuing Lender.

5.15 Assignments

No Participating Lender's participation in any Letter of Credit or any of its rights or duties hereunder shall be subdivided, assigned or transferred (other than in connection with a transfer of part or all of such Participating Lender's Revolving Credit Commitment in accordance with Section 12.6) without the prior written consent of the Issuing Lender, which consent will not be unreasonably withheld. Such consent may be given or withheld without the consent or agreement of any other Participating Lender. Notwithstanding the foregoing, a Participating Lender may subparticipate its L/C Participating Interest without obtaining the prior written consent of the Issuing Lender.

5.16 Participations

Each Revolving Credit Lender's obligation to purchase participating interests pursuant to Sections 2.4 and 2.8 shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right which such Revolving Credit Lender may have against the Issuing Lender, the Company, or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event

of Default; (iii) any adverse change in the condition (financial or otherwise) of the Company; (iv) any breach of this Agreement by the Company or any other Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

5.17 Inability to Determine Interest Rate for Eurodollar Loans and Alternate Interest Rate

(a) In the event that (i) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Company) that, by reason of circumstances affecting the interbank eurodollar market generally, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for any Interest Period with respect to (A) proposed Loans that the Company has requested be made as Eurodollar Loans, (B) any Eurodollar Loans that will result from the requested conversion of all or part of ABR Loans into Eurodollar Loans or (C) the continuation of any Eurodollar Loan as such for an additional Interest Period, (ii) the Administrative Agent is advised by the Required Lenders that the Eurodollar Rate determined or to be determined for any Interest Period will not adequately and fairly reflect the cost to Lenders constituting the Required Lenders of making or maintaining their affected Eurodollar Loans during such Interest Period by reason of circumstances affecting the interbank eurodollar market generally or (iii) deposits in Dollars in the relevant amount and for the relevant period with respect to any such Eurodollar Loan are not available to any of the Lenders in their respective Eurodollar Lending Offices' interbank eurodollar market, the Administrative Agent shall forthwith give notice of such determination, confirmed in writing, to the Company and the Lenders at least one (1) day prior to, as the case may be, the requested Borrowing Date, the conversion date or the last day of such Interest Period. If such notice is given, (x) any requested Eurodollar Loans shall be made in Dollars as ABR Loans, (y) any ABR Loans that were to have been converted to Eurodollar Loans shall be continued as ABR Loans, and (z) any outstanding Eurodollar Loans shall be converted, on the last day of the then current Interest Period applicable thereto, into ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made and no ABR Loans shall be converted to Eurodollar Loans.

(b) If prior to the commencement of any Interest Period for a Eurodollar Loan:

(i) the Administrative Agent determines (which determination shall be conclusive and binding on the Company) that adequate and reasonable means do not exist for ascertaining the Eurodollar Rate or the ABR, as applicable (including because the LIBO Screen Rate is not available or published on a current basis), for such Interest Period; or

(ii) the Administrative Agent is advised by the Required Lenders that the Eurodollar Rate or the LIBOR, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Company and the Lenders by telephone, telecopy or electronic mail as promptly as practicable thereafter and, until

the Administrative Agent notifies the Company and the Lenders that the circumstances giving rise to such notice no longer exist, (A) any request by the Company for the conversion of any Revolving Credit Loan to, or continuation of any Revolving Credit Loan as, a Eurodollar Loan shall be ineffective, and (B) if there is any request by the Company for a Eurodollar Loan, such borrowing shall be made as an ABR Loan; **provided** that, if the circumstances giving rise to such notice affect only one Type of Loan, then the other Types of Loan shall be permitted.

(c) If at any time the Administrative Agent determines (which determination shall be conclusive and binding upon the Company) that (i) the circumstances set forth in paragraph (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in paragraph (a)(i) have not arisen but either (w) the supervisor for the administrator of the LIBO Screen Rate has made a public statement that the administrator of the LIBO Screen Rate is insolvent (and there is no successor administrator that will continue publication of the LIBO Screen Rate), (x) the administrator of the LIBO Screen Rate has made a public statement identifying a specific date after which the LIBO Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the LIBO Screen Rate), (y) the supervisor for the administrator of the LIBO Screen Rate has made a public statement identifying a specific date after which the LIBO Screen Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the LIBO Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBO Screen Rate may no longer be used for determining interest rates for loans, then the Administrative Agent and the Company shall endeavor to establish an alternate rate of interest to the LIBOR that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest (including appropriate increases to the Applicable Margin if such alternate rate of interest is lower than the Eurodollar Rate) and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the applicable rate); **provided** that, if such alternate rate of interest as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 9.2, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this paragraph (c) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 5.17(c), only to the extent the LIBO Screen Rate for such Interest Period is not available or published at such time on a current basis), (x) any notice delivered to the Administrative Agent pursuant to Section 5.3 that requests the conversion of any Revolving Credit Loan to, or continuation of any Revolving Credit Loan as, a Eurodollar Loan shall be ineffective and (y) if any borrowing request requests a Eurodollar Loan, such borrowing shall be made as an ABR Loan.

5.18 Pro Rata Treatment and Payments

(a) Each borrowing of any Loans by the Company from the Lenders, each payment by the Company on account of any fee hereunder (other than as set forth in Sections 5.10 and 5.11) and any reduction of the Revolving Credit Commitments or Revolving Credit Commitments Increases of the Lenders hereunder shall be made pro-rata according to the Commitment Percentages of the Lenders. Each payment (including each prepayment) by the Company on account of principal of and interest on the Loans (other than as set forth in Sections 5.6, 5.19, 5.20 and 5.21) shall be made pro-rata according to the Commitment Percentages of the Lenders. All payments (including prepayments) to be made by the Company on account of principal, interest and fees shall be made without set-off or counterclaim and shall be made to the Administrative Agent, for the account of the Lenders, at the Administrative Agent's office located at 10 South Dearborn Street, Floor L2, Chicago, Illinois in Same Day Funds. The Administrative Agent shall promptly distribute such payments ratably to each Lender in like funds as received to the extent required by this Agreement. If any payment hereunder (other than payments on Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension unless the result of such extension would be to extend such payment into another calendar month in which event such payment shall be made on the immediately preceding Business Day. All payments hereunder shall be made in Dollars.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a Borrowing Date (or with respect to an ABR Loan, on the Borrowing Date) that such Lender will not make the amount which would constitute its Commitment Percentage of the borrowing on such date available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such Borrowing Date in accordance with Section 5.1, and the Administrative Agent may, in reliance upon such assumption, make available to the Company a corresponding amount. If such amount is made available to the Administrative Agent by such Lender on a date after such Borrowing Date, such Lender shall pay to the Administrative Agent on demand an amount equal to the product of (i) the daily average NYFRB Rate during such period as quoted by the Administrative Agent, times (ii) the amount of such Lender's Commitment Percentage of such borrowing, times (iii) a fraction the numerator of which is the number of days that elapse from and including such Borrowing Date to the date on which such Lender's Commitment Percentage of such borrowing shall have become immediately available to the Administrative Agent and the denominator of which is 360. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this Section 5.18(b) shall be conclusive, absent manifest error. If such Lender's Commitment Percentage of such borrowing is not in fact made available to the Administrative Agent by such Lender within three (3) Business Days of such Borrowing Date, the Administrative Agent shall be entitled to

recover such amount with interest thereon at the rate per annum applicable to ABR Loans hereunder on demand, from the Company without prejudice to any rights which the Company or the Administrative Agent may have against such Lender hereunder. Nothing contained in this Section 5.18(b) shall relieve any Lender which has failed to make available its ratable portion of any borrowing hereunder from its obligation to do so in accordance with the terms hereof.

(c) The failure of any Lender to make the Loan to be made by it on any Borrowing Date shall not relieve any other Lender of its obligation, if any, hereunder to make its Loan on such Borrowing Date, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on such Borrowing Date.

(d) All payments and prepayments (other than mandatory prepayments as set forth in Section 5.6 and other than prepayments as set forth in Section 5.20 with respect to increased costs) of Eurodollar Loans hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of all Eurodollar Loans with the same Interest Period shall not be less than $1,000,000 or a whole multiple of $500,000 in excess thereof.

(e) Any proceeds of Collateral received by any Collateral Agent (i) not constituting either (A) a specific payment of principal, interest, fees or other sum payable under the Credit Documents (which shall be applied as specified by the Company), (B) a mandatory prepayment (which shall be applied in accordance with Section 5.6) or (C) amounts to be applied from the Collection Account when a Cash Dominion Event has occurred and is continuing (which shall be applied in accordance with Section 5.2(b)) and (ii) after an Event of Default has occurred and is continuing, whenever the Administrative Agent so elects or the Required Lenders so direct, shall be applied ratably ***first***, to pay any fees, indemnities, or expense reimbursements including amounts then due to the Administrative Agent, the Collateral Agent and the Issuing Lender from the Company (other than in connection with Cash Management Obligations or Swap Obligations), ***second***, to pay any fees, indemnities or expense reimbursements then due to the Lenders from the Company (other than in connection with Cash Management Obligations or Swap Obligations), ***third***, to pay interest due in respect of the Protective Advances, ***fourth***, to pay the principal of the Protective Advances, ***fifth***, to pay interest then due and payable on the Loans (other than Protective Advances) ratably, ***sixth***, to prepay principal on the Loans (other than Protective Advances), unreimbursed L/C Disbursements and, to the extent that Reserves have been established with respect to such amounts, amounts owing with respect to Designated Cash Management Obligations and Designated Swap Obligations, ratably, ***seventh***, to pay an amount to the Administrative Agent equal to one hundred five percent (105%) of the amounts available to be drawn under outstanding Letters of Credit, to be held as cash collateral for Obligations in respect of Letters of Credit, ***eighth***, to payment of any amounts owing with respect to all other Cash Management Obligations or Swap Obligations that constitute Finance Obligations up to and including the amount then due to the relevant parties, and ***ninth***, to the payment of any other Finance Obligation due to the Administrative Agent, the Collateral Agent or any Lender by the Company. Any application of funds pursuant to this Section 5.18 to Revolving Credit Loans shall be applied first, to ABR Loans, and second, to Eurodollar Loans. Notwithstanding the

foregoing, amounts received from any Credit Party shall not be applied to any Excluded Swap Obligation (as such term is defined in the Guaranty) of such Credit Party. Notwithstanding anything to the contrary contained in this Agreement, unless so directed by the Company, or unless a Default is in existence, neither the Administrative Agent nor any Lender shall apply any payment which it receives to any Eurodollar Loan, except (a) on the expiry date of the Interest Period applicable thereto or (b) in the event, and only to the extent, that there are no outstanding ABR Loans and, in any such event, the Company shall pay the break funding payment required in accordance with Section 5.21.

5.19 Illegality

Notwithstanding any other provisions herein, if any Requirement of Law or any change therein or in the interpretation or application thereof occurring after the Execution Date shall make it unlawful for such Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, the commitment of such Lender hereunder to make Eurodollar Loans or to convert all or a portion of ABR Loans into Eurodollar Loans shall forthwith be cancelled and such Lender's Loans then outstanding as Eurodollar Loans, if any, shall, if required by law and if such Lender so requests, be converted automatically to ABR Loans on the date specified by such Lender in such request. To the extent that such affected Eurodollar Loans are converted into ABR Loans, all payments of principal which would otherwise be applied to such Eurodollar Loans shall be applied instead to such Lender's ABR Loans. The Company hereby agrees promptly to pay any Lender, upon its demand, any additional amounts necessary to compensate such Lender for any costs incurred by such Lender in making any conversion in accordance with this Section 5.19 including, but not limited to, any interest or fees payable by such Lender to lenders of funds obtained by it in order to make or maintain its Eurodollar Loans hereunder (such Lender's notice of such costs, as certified to the Company through the Administrative Agent, to be conclusive absent manifest error).

5.20 Requirements of Law

(a) In the event that, at any time after the date hereof, any Change in Law or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority:

(i) does or shall subject any Agent or Lender (or its Lending Office) to any fee of any kind whatsoever with respect to this Agreement, any Note or any Eurodollar Loans made by it, or change the basis of imposition of any such fee;

(ii) does or shall impose, modify or hold applicable any reserve, special deposit, compulsory loan, insurance charge, liquidity or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Lender which are not otherwise included in the determination of the Eurodollar Rate; or

(iii) does or shall impose on such Lender any other condition, cost or expense;

and the result of any of the foregoing is to increase the cost to such Lender of making, continuing, converting, renewing or maintaining advances or extensions of credit or to reduce any amount receivable hereunder, in each case, in respect of its Eurodollar Loans, then, in any such case, the Company, shall promptly pay such Lender, on demand, any additional amounts necessary to compensate such Lender for such additional cost or reduced amount receivable as determined by such Lender with respect to such Eurodollar Loans together with interest on each such amount from the date demanded until payment in full thereof at a rate per annum equal to the ABR plus the Applicable Margin for Revolving Credit Loans which are ABR Loans.

(b) In the event that at any time after the date hereof any Change in Law with respect to any Lender shall, in the opinion of such Lender, require that any Commitment of such Lender be treated as an asset or otherwise be included for purposes of calculating the appropriate amount of capital or liquidity to be maintained by such Lender or any corporation controlling such Lender, and such Change in Law shall have the effect of reducing the rate of return on such Lender's or such corporation's capital or liquidity, as the case may be, as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such corporation, as the case may be, could have achieved but for such Change in Law (taking into account such Lender's or such corporation's policies, as the case may be, with respect to capital adequacy and liquidity), then from time to time following notice by such Lender to the Company of such Change in Law as provided in paragraph (c) of this Section 5.20, within fifteen (15) days after demand by such Lender, the Company shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation, as the case may be, for such reduction. Notwithstanding the foregoing, no Lender shall be entitled to seek compensation under this Section 5.20(b) based on the occurrence of a Change in Law unless such Lender is generally seeking compensation from other borrowers in the United States loan market with respect to its similarly affected commitments, loans and/or participations under agreements with such borrowers having provisions similar to this Section 5.20(b).

(c) If any Lender becomes entitled to claim any additional amounts pursuant to this Section 5.20, it shall promptly notify the Company through the Administrative Agent, of the event by reason of which it has become so entitled. The Company shall not be required to make any payments to any Lender for any additional amounts pursuant to this Section 5.20 unless such Lender has given written notice to the Company, through the Administrative Agent, of its intent to request such payments prior to or within one hundred and eighty (180) days after the date on which such Lender became entitled to claim such amounts. If any Lender has notified the Company through the Administrative Agent of any increased costs pursuant to paragraph (a) of this Section 5.20, the Company at any time thereafter may, upon at least two (2) Business Days' notice to the Administrative Agent (which shall promptly notify the Lenders thereof), and subject to Section 5.21, prepay or convert into ABR Loans all (but not a part) of the Eurodollar Loans then outstanding. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of paragraph (a) of this Section 5.20 with respect to such Lender, it will, if requested by the Company, and to the extent permitted by law or by the relevant Governmental Authority, endeavor in good faith to avoid or minimize the increase in costs or reduction in payments resulting from such event (including, without limitation, endeavoring to change its Lending Office);

provided, however, that such avoidance or minimization can be made in such a manner that such Lender, in its sole determination, suffers no economic, legal or regulatory disadvantage. If any Lender has notified the Company, through the Administrative Agent, of any increased costs pursuant to paragraph (b) of this Section 5.20, the Company at any time thereafter may, upon at least three (3) Business Days' notice to the Administrative Agent (which shall promptly notify the Lender thereof), and subject to Section 5.21, reduce or terminate the Revolving Credit Commitments in accordance with Section 5.4.

(d) A certificate submitted by such Lender, through the Administrative Agent, to the Company shall be conclusive in the absence of manifest error. The covenants contained in this Section 5.20 shall survive the termination of this Agreement and repayment of the outstanding Loans.

(e) Notwithstanding anything to the contrary herein, this Section 5.20 shall not apply to any Taxes, which shall be governed solely by Section 5.23.

5.21 Indemnity

The Company agrees to indemnify each Lender and to hold such Lender harmless from any loss or expense which such Lender may sustain or incur as a consequence of (a) default by the Company in payment of the principal amount of or interest on any Eurodollar Loans of such Lender, (b) default by the Company in making a borrowing of Eurodollar Loans after the Company has given a notice in accordance with Section 5.1 or in making a conversion of ABR Loans to Eurodollar Loans after the Company has given notice in accordance with Section 5.3 or in continuing Eurodollar Loans for an additional Interest Period after the Company has given a notice in accordance with paragraph (ii) of the definition of Interest Period, (c) default by the Company in making any prepayment of Eurodollar Loans after the Company has given a notice in accordance with Section 5.5, (d) a payment or prepayment of a Eurodollar Loan or conversion of any Eurodollar Loan into an ABR Loan, in either case on a day which is not the last day of an Interest Period with respect thereto or (e) any assignment of a Eurodollar Loan other than on the last day of the Interest Period therefor as a result of a request by the Company pursuant to Section 5.22; in each case including, but not limited to, any such loss or expense arising from interest or fees payable by such Lender to lenders of funds obtained by it in order to maintain its Eurodollar Loans hereunder. This covenant shall survive termination of this Agreement and payment of the outstanding Obligations. The Company shall not be required to make any payments to any Lender for any additional amounts pursuant to this Section 5.21 unless such Lender has given written notice to the Company, through the Administrative Agent, of its intent to request such payments prior to or within one hundred and eighty (180) days after the date on which such Lender became entitled to claim such amounts. A certificate submitted by a Lender, through the Administrative Agent, to the Company as to an amount due under this Section 5.21 shall be conclusive in the absence of manifest error.

5.22 Replacement of Lenders

In the event any Lender (i) is a Defaulting Lender, (ii) exercises its rights pursuant to Section 5.19 or (iii) requests payments pursuant to Sections 5.20 or 5.23, the Company may require, at the Company's expense and subject to Section 5.21, such Lender or the Issuing Lender to assign, at

par plus accrued interest and fees, without recourse (in accordance with Section 12.6) all of its interests, rights and obligations hereunder (including all of its Revolving Credit Commitments and the Loans and other amounts at the time owing to it hereunder and its interest in the Letters of Credit) to a bank, financial institution or other entity specified by the Company; **provided** that (i) such assignment shall not conflict with or violate any law, rule or regulation or order of any court or other Governmental Authority, (ii) the Company shall have received the written consent of the Administrative Agent (and, in the case of an assignment of a Revolving Credit Commitment, and of the Issuing Lender), which consent shall not unreasonably be withheld, to such assignment, (iii) the Company shall have paid to the assigning Lender all monies other than principal owing hereunder to it and (iv) in the case of a required assignment by the Issuing Lender, the Letters of Credit shall be canceled and returned to the Issuing Lender.

5.23 Taxes

(a) **Defined Terms.** For purposes of this Section 5.23, the term "***applicable Law***" includes FATCA, the term "***Lender***" includes any Issuing Lender, and the term "***Withholding Agent***" means the Company and the Administrative Agent.

(b) **Payments Free of Taxes.** Any and all payments by or on account of any obligation of the Company under any Credit Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment, 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 Law and, if such Tax is an Indemnified Tax, then the sum payable by the Company 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 Administrative Agent, any Lender or the Issuing Lender, as the case may be, 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 the Company.** The Company shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) **Indemnification by the Company.** The Company shall indemnify the Administrative Agent, or any Lender, within twenty (20) days after demand therefor, for the full amount of any Indemnified Taxes arising from any and all payments by or on account of any obligation of the Company under any Credit Document (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) that are payable or paid by the Administrative Agent or any Lender or are required to be withheld or deducted from a payment to such Person 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. A certificate as to the amount of such payment or liability delivered to the Company 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 twenty (20) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Company has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Company to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.6(d) 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. 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 pursuant to this Section 5.23 by the Company to a Governmental Authority, the Company 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 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 Company and the Administrative Agent, at the time or times reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Company 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 Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Company or the Administrative Agent as will enable the Company 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 5.23(g)(i)(A)(1)(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 Company 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 Company or the Administrative Agent), 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 Company 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 Company or the Administrative Agent, but only if the Foreign Lender is legally entitled to do so), 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, executed copies of IRS Form W-8BEN-E 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, IRS Form W-8BEN-E 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) executed copies of IRS Form W-8ECI;

(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 J-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 Company 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) executed copies of IRS Form W-8BEN-E; or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-2 or Exhibit J-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 J-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 Company 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 Company or the Administrative Agent), executed copies of any other form prescribed by applicable Law 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 Law to permit the Company 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 Company and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the Company 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 sub-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 Company and the Administrative Agent in writing of its legal inability to do so.

(h) **Lending Office.** Any Lender claiming additional amounts payable pursuant to this Section 5.23 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office if, in the reasonable judgment of such Lender, the making of such change (i) would eliminate or reduce any such additional amounts payable to such Lender in the future and (ii) would not subject such Lender to any unreimbursed out-of-pocket cost or expense and would not otherwise be disadvantageous to such Lender.

(i) **Treatment of Certain Refunds.** If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 5.23 (including by the payment of additional amounts pursuant to Section 5.23(b)), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made or additional amounts paid 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 (i) (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 (i), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (i) 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.

(j) **Survival.** Each party's obligations under this Section 5.23 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.

5.24 Defaulting Lenders

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Commitment Fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 5.9;

(b) Such Defaulting Lender shall not have the right to vote on any issue on which voting is required (other than the matters provided in Section 12.1(i) requiring the consent of such affected Lender), and the Revolving Credit Commitments and the Revolving Credit Commitment Percentages in outstanding Revolving Credit Loans of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 12.1); **provided**, that, except as otherwise provided in Section 12.1, this paragraph (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of all Lenders or of each Lender affected thereby;

(c) if any amount outstanding in respect of Letters of Credit exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the Revolving Credit Commitment Percentage of such Defaulting Lender in Letters of Credit shall be reallocated among the non-Defaulting Lenders in accordance with their respective Revolving Credit Commitment Percentages but only to the extent that (x) the sum of all non-Defaulting Lenders' Revolving Credit Commitment Percentages in Revolving Credit Loans and in Letters of Credit plus such Defaulting Lender's Revolving Credit Commitment Percentage in Letters of Credit does not exceed the total of all non-Defaulting Lenders' Commitments, (y) the conditions set forth in Section 7.3 are satisfied at such time (and, unless the Company shall have otherwise notified the Administrative Agent at such time, the Company shall be deemed to have represented and warranted that such conditions are satisfied at such time) and (z) to the extent such reallocation does not, as to any non-Defaulting Lender, cause such non-Defaulting Lender's Revolving Credit Loans, its Protective Advances and its Revolving Credit Commitment Percentages in Letters of Credit to exceed its Revolving Credit Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Company shall within one (1) Business Day following notice by the Administrative Agent Cash Collateralize, for the benefit of the Issuing Lender, the Company's obligations corresponding to such Defaulting Lender's Revolving Credit Commitment Percentage in Letters of Credit (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 10.1 for so long as such Defaulting Lender's Revolving Credit Commitment Percentage in Letters of Credit is outstanding;

(iii) if the Company Cash Collateralizes any portion of such Defaulting Lender's Revolving L/C Obligations pursuant to clause (ii) above, the Company shall not be required to pay any fees to such Defaulting Lender pursuant to Section 5.11 with respect to such Defaulting Lender's Revolving Credit Commitment Percentage in Letters of Credit during the period such Defaulting Lender's Revolving Credit Commitment Percentage in Letters of Credit is Cash Collateralized;

(iv) if the Revolving Credit Commitment Percentage in Letters of Credit of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 5.9 and Section 5.11 shall be adjusted in accordance with such non-Defaulting Lenders' Revolving Credit Commitment Percentages; and

(v) if all or any portion of such Defaulting Lender's Revolving Credit Commitment Percentage in Letters of Credit is neither reallocated nor Cash Collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Lender or any other Lender hereunder, all Commitment Fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such Revolving Credit Commitment Percentage in Letters of Credit) and Letter of Credit

fees payable under Section 5.11 with respect to such Defaulting Lender's Revolving Credit Commitment Percentage in Letters of Credit shall be payable to the Issuing Lender until and to the extent that such Revolving Credit Commitment Percentage in Letters of Credit is reallocated and/or Cash Collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Issuing Lender shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's Revolving Credit Commitment Percentage in then outstanding Letters of Credit will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Company in accordance with Section 5.24(c), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 5.24(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event or Bail-In Action with respect to the parent of any Lender shall occur following the Execution Date and for so long as such event shall continue or (ii) the Issuing Lender has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Issuing Lender shall not be required to issue, amend or increase any Letter of Credit, unless the Issuing Lender shall have entered into arrangements with the Company or such Lender, satisfactory to the Issuing Lender to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Company and the Issuing Lender each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the L/C Participating Interest of the Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Credit Commitments and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Revolving Credit Commitments.

5.25 Cash Dominion

At all times subject to the following sentence, all Deposit Accounts, Securities Accounts and Commodities Accounts (other than any Excluded Account for so long as such account is an Excluded Account) of the Credit Parties shall be Controlled Accounts. The Credit Parties will, in connection with any Deposit Account, Securities Account or Commodity Account (other than any Excluded Account for so long as such account is an Excluded Account), enter into and deliver to the Collateral Agent a Control Agreement and/or lockbox agreement, in each case in form and substance acceptable to the Collateral Agent, on the following dates (or, in each case, such later date as the Collateral Agent may agree in its sole discretion): (i) with respect to any such account established on or before the date that is sixty (60) days after the Funding Date, the date that is ninety (90) days after the Funding Date or (ii) with respect to any such account established after the date that is sixty (60) days after the Funding Date, promptly but in any event within thirty (30) days of the date such account is established. Each Credit Party shall be subject to cash dominion at all times a Cash Dominion Event has occurred and is continuing. At any time that a Cash Dominion Event has occurred and is continuing, cash on hand and collections which are received into any Controlled Account, and, to the extent necessary, any securities held in any Securities

Account shall be liquidated and the cash proceeds thereof, shall be swept on a daily basis into the Collection Account and used to prepay Loans outstanding under this Agreement in accordance with Section 5.2(b). During any time that a Cash Dominion Event has occurred and is continuing, all proceeds of any Loan shall be deposited into a Deposit Account that is a Controlled Account and maintained with the Administrative Agent.

6. REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement and to make the Loans and to induce the Issuing Lenders to issue, and the Participating Lenders to participate in, the Letters of Credit, the Company hereby represents and warrants to each Lender and each Agent, on and as of the Execution Date and on the Funding Date and on the date of each Loan made or Letter of Credit issued thereafter, that:

6.1 Corporate Existence; Compliance with Law

Each Credit Party and each of its Restricted Subsidiaries (i) is a limited liability company, partnership or corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) has the power and authority and the legal right to own and operate its property, to lease the property it operates and to conduct the business in which it is currently engaged, except to the extent that the failure to have such power, authority, or rights could not reasonably be expected to have a Material Adverse Effect, (iii) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect and (iv) is in compliance with all applicable Requirements of Law (including, without limitation, occupational safety and health, health care, pension, certificate of need, the Comprehensive Environmental Response, Compensation and Liability Act, any so-called “Superfund” or “Superlien” law, or any applicable federal, state, local or other statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or legally enforceable standards of conduct concerning, any Materials of Environmental Concern and the Patriot Act), except to the extent that the failure to comply therewith could not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

6.2 Corporate Power; Authorization

Each Credit Party has the power and authority and the legal right to make, deliver and perform the Credit Documents to which it is a party; the Company has the power and authority and legal right to borrow hereunder and to have Letters of Credit issued for its account hereunder. Each Credit Party has taken all necessary corporate, stockholder, partnership or limited liability company action to authorize the execution, delivery and performance of the Credit Documents to which it is a party and, in the case of the Company, to authorize the borrowings hereunder and the issuance of Letters of Credit for its account hereunder. No consent or authorization of, or filing with, any Person (including, without limitation, any Governmental Authority) is required in connection with the execution, delivery or performance by any Credit Party, or the validity or enforceability against any Credit Party, of any Credit Document to the extent that it is a party thereto, other than any

such consent or authorization which has been obtained or filing which has been made to the extent required hereunder, or the failure of which to obtain could have a Material Adverse Effect.

6.3 Enforceable Obligations

Each of the Credit Documents has been duly executed and delivered on behalf of each Credit Party party thereto and each of such Credit Documents constitutes the legal, valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors’ rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

6.4 No Conflict with Law or Contractual Obligations

The performance of each Credit Document, and the use of the proceeds of the Loans and of drawings under the Letters of Credit will not violate any Requirement of Law or any material Contractual Obligation (including under such Credit Party’s organizational documents) applicable to or binding upon any Credit Party, any of its Subsidiaries or any of its properties or assets, and will not result in the creation or imposition of (or the obligation to create or impose) any Lien (other than any Liens created pursuant to the Credit Documents) on any of its or their respective properties or assets pursuant to any Requirement of Law applicable to it or them, as the case may be, or any of its or their Contractual Obligations, except, in the case of any Contractual Obligations, for any such violations which could not reasonably be expected to have a Material Adverse Effect.

6.5 No Material Litigation

No litigation or investigation or proceeding of or by any Governmental Authority or any other Person is pending or has been overtly threatened against any Credit Party or any of its Subsidiaries, (i) with respect to the validity, binding effect or enforceability of any Credit Document, or with respect to the Loans

made hereunder, the use of proceeds thereof or of any drawings under a Letter of Credit, and the other transactions contemplated hereby or thereby, or (ii) which could reasonably be expected to have a Material Adverse Effect.

6.6 Borrowing Base Certificate

At the time of delivery of each Borrowing Base Certificate, assuming that any eligibility criteria that requires the approval or satisfaction of the Administrative Agent has been approved by or is satisfactory to the Administrative Agent, each Account reflected therein as eligible for inclusion in the Borrowing Base is an Eligible Account or Eligible Unbilled Account and the Inventory reflected therein as eligible for inclusion in the Borrowing Base constitutes Eligible Inventory.

6.7 Investment Company Act

No Credit Party is required to register as an "investment company" (as such term is defined or used in the Investment Company Act of 1940, as amended).

6.8 Federal Reserve Regulations

No part of the proceeds of any of the Loans or any drawing under a Letter of Credit will be used to "purchase" or "carry" "margin stock" within the meaning of Regulation U of the Board or for any other purpose which violates, or which would be inconsistent with, the provisions of Regulation T, U or X of the Board. Neither the Company nor any of its Subsidiaries is engaged or will engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under said Regulation U.

6.9 No Default

Neither the Company nor any of its Restricted Subsidiaries is in default in the payment or performance of any of its or their Contractual Obligations in any respect which could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its Restricted Subsidiaries is in default under any order, award or decree of any Governmental Authority or arbitrator binding upon or affecting it or them or by which any of its or their properties or assets may be bound or affected in any respect which could reasonably be expected to have a Material Adverse Effect, and no such order, award or decree could reasonably be expected to materially adversely affect the ability of the Company and its Restricted Subsidiaries taken as a whole to carry on their businesses as presently conducted or the ability of any Credit Party to perform its obligations under any Credit Document to which it is a party.

6.10 Taxes

Each of the Company and its Restricted Subsidiaries has filed or caused to be filed or has timely requested an extension to file or has received an approved extension to file all Federal and all other material tax returns which are required to have been filed, and has paid all material Taxes shown to be due and payable on said returns or extension requests or on any assessments made against it or any of its property and all other material Taxes imposed on it or any of its property by any Governmental Authority (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided in the books of the Company or its Restricted Subsidiaries, as the case may be); and no claims are being asserted in writing with respect to any such material Taxes (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided in the books of the Company or its Restricted Subsidiaries, as the case may be).

6.11 Subsidiaries

The Subsidiaries of the Company listed on Schedule 6.11(a) constitute all of the Domestic Subsidiaries of the Company as of the Execution Date.

6.12 Ownership of Property; Liens

Except as set forth in Schedule 6.12, the Company and each of its Restricted Subsidiaries has valid and subsisting Leasehold interests in all its respective material Real Property, and good title to or

valid and subsisting Leasehold interests in all of its respective material other property, except, in each case, as such failure to have good and valid title or valid and subsisting Leasehold interests could not reasonably be expected to have a Material Adverse Effect, and none of such property is subject, except as permitted hereunder, to any Lien (including, without limitation, and subject to Section 9.3, Federal, state and other Tax liens).

6.13 ERISA

No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to have a Material Adverse Effect. The present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Accounting Standards Codification 715-30-35-1A) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans, in each case by an amount that, if required to be paid by the Company and its Subsidiaries, would reasonably be expected to have a Material Adverse Effect.

6.14 Environmental Matters

(a) The Properties do not contain any Materials of Environmental Concern in concentrations which constitute a violation of, or could reasonably be expected to give rise to liability under, Environmental Laws that could reasonably be expected to have a Material Adverse Effect.

(b) The Properties and all operations at the Properties are in compliance with all applicable Environmental Laws, except for failure to be in compliance that could not reasonably be expected to have a Material Adverse Effect, and there is no contamination at, under or about the Properties that could reasonably be expected to have a Material Adverse Effect.

(c) Neither the Company nor any of its Restricted Subsidiaries has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to the Properties that could reasonably be expected to have a Material Adverse Effect, nor does the Company or any Restricted Subsidiary have knowledge that any such action is being contemplated, considered or threatened.

(d) There are no judicial proceedings or governmental or administrative actions pending or threatened under any Environmental Law to which the Company or any Restricted Subsidiary is or will be named as a party with respect to the Properties that could reasonably be expected to have a Material Adverse Effect, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders under any Environmental Law with respect to the Properties that could reasonably be expected to have a Material Adverse Effect.

6.15 Accuracy and Completeness of Financial Statements

(a) (i) The audited pro forma (after giving effect to the ESG Spin-Off Transaction) balance sheet of the Company and its Subsidiaries for the fiscal years ended January 31, 2018 and

January 31, 2017 and the related audited pro forma (after giving effect to the ESG Spin-Off Transaction) consolidated statements of earnings (loss), parent company equity and cash flows for each of the two (2) years in the period ended January 31, 2018, reported on by Deloitte & Touche LLP, and (ii) the unaudited pro forma (after giving effect to the ESG Spin-Off Transaction) balance sheet of the Company and its Subsidiaries for the three (3) months ended April 30, 2018 and April 30, 2017, in each case, as reflected in the Form 10, present fairly, in all material respects, the financial position (on a pro forma basis after giving effect to the ESG Spin-Off Transaction) of the Company and its Subsidiaries, and their results of operations and cash flows, for each of the two (2) years in the period ended in January 31, 2019, and (in the case of each such unaudited balance sheet) the financial position of the Company and its Subsidiaries for each of the three months ended in April 30, 2018 and April 30, 2017, in conformity with GAAP.

(b) The projections delivered pursuant to Section 7.1(b) were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, the Company's estimate of its future financial condition and performance.

6.16 Absence of Undisclosed Liabilities

Except as reflected in the Form 10 and except for the Loans, if any, incurred on the Funding Date, neither the Company nor any of its Restricted Subsidiaries has or is subject to any liabilities (absolute, accrued, contingent or otherwise), except liabilities or obligations which could not, individually or in the aggregate, reasonably be expected to constitute a Material Adverse Effect.

6.17 No Material Adverse Effect

Since December 31, 2017, other than as reflected in the Form 10, there has not been any event, occurrence, fact, condition, change, development or effect which individually or in the aggregate has had or could reasonably be expected to have a Material Adverse Effect.

6.18 Solvency

The Company is, individually and together with its Subsidiaries on a consolidated basis, (a) on the Execution Date and (b) immediately before and immediately after giving effect to any Extension of Credit to be made on and following the Funding Date, Solvent. No Credit Party intends to, nor will it permit any of its Subsidiaries to, nor does it believe that it or any of its Subsidiaries has or will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

6.19 Intellectual Property

The Company and each of its Restricted Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person. To the best knowledge of the

Company, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any of its Restricted Subsidiaries infringes upon any rights held by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Company, threatened, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

6.20 Creation and Perfection of Security Interests

(i) *Article 9 Collateral*. The Pledge and Security Agreement is effective to create in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral described therein to secure the Finance Obligations, and the Pledge and Security Agreement constitutes a fully perfected Lien on, and security interest in, all right, title and interest of the grantors

thereunder in such of the Collateral in which a security interest can be perfected under Article 9 of the UCC to secure the Finance Obligations, in each case prior and superior in right to any other Person, other than with respect to Permitted Liens.

(ii) *Intellectual Property*. The Pledge and Security Agreement, together with an intellectual property security agreement, in form and substance reasonably agreed by the Company and the Administrative Agent will, when filed in the United States Patent and Trademark Office and the United States Copyright Office, constitute a fully perfected Lien on, and security interest in, all right, title and interest of the grantors thereunder in the United States patents, trademarks, copyrights, licenses and other intellectual property rights covered in such intellectual property security agreement to secure the Finance Obligations, in each case prior and superior in right to any other Person (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a lien on registered trademarks, trademark applications and copyrights acquired by the Credit Parties after the Execution Date).

(iii) *Status of Liens*. Each Collateral Agent, for the ratable benefit of the Secured Parties, will at all times have the Liens provided for in the Collateral Documents and, subject to the filing by the Collateral Agent of continuation statements to the extent required by the UCC or such other continuation statements or filings required by applicable Laws of the relevant applicable jurisdiction, the Collateral Documents (subject to and in accordance with their respective provisions) will at all times constitute valid and continuing liens of record and first priority perfected security interests in all the Collateral referred to therein to secure the Finance Obligations, except as priority may be affected by Permitted Liens. As of the Execution Date, no filings or recordings are required in order to perfect the security interests created under the Collateral Documents, except for filings or recordings listed on Schedule IV to the Pledge and Security Agreement, all of which listed filings and recordings have been made.

6.21 Accuracy and Completeness of Disclosure

The Company has disclosed to the Administrative Agent and the Lenders all agreements, instruments and corporate, partnership, limited liability company or other restrictions to which it or any of its Restricted Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of the Company or any of its Restricted Subsidiaries to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Credit Document (in each case as modified or supplemented by other information so furnished), taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; **provided** that, with respect to projected financial information, the Company represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

6.22 Insurance

Schedule 6.22 sets forth a description of all insurance maintained by or on behalf of the Credit Parties and their Subsidiaries as of the Execution Date. As of the Execution Date, all premiums in respect of such insurance have been paid. The Company maintains, and has caused each Subsidiary to maintain, with financially sound and reputable insurance companies, insurance on all their real and personal property in such amounts, subject to such deductibles and self-insurance retentions and covering such properties and risks as are adequate and customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

6.23 Anti-Corruption Laws and Sanctions

Each Credit Party has implemented and maintains in effect policies and procedures designed to ensure compliance by each Credit Party, their Subsidiaries, and their respective directors, officers, employees and agents with Anti-Corruption Laws and Sanctions, and each Credit Party, their Subsidiaries and their respective directors, officers and employees and, to the knowledge of each Credit Party, its respective agents, are in compliance with Anti-Corruption Laws and Sanctions. None of (a) each Credit Party, any Subsidiary, or, to the knowledge of each Credit Party, any of their respective officers, employees or directors, or (b) to the knowledge of each Credit Party, any agent of such Credit Party or any Subsidiary that will act in any capacity in connection with or benefit from the Revolving Credit Facility established hereby, is a Sanctioned Person, has its assets in a Sanctioned Country, or carries out transactions or conducts any of its business with any Sanctioned Person or in any Sanctioned Country in a manner that breaches applicable Sanctions. No Loan, use of the proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Laws or Sanctions.

6.24 Patriot Act

Each Credit Party is in compliance, in all material respects, with the Uniting And Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA Patriot Act of 2001) (the "***Patriot Act***").

6.25 Burdensome Restrictions

No Credit Party is subject to any Burdensome Restrictions except Burdensome Restrictions permitted under Section 9.14.

6.26 Labor Matters

As of the Execution Date, there are no strikes, lockouts or slowdowns against any Credit Party or any Subsidiary pending or, to the knowledge of any Credit Party, threatened. The hours worked by and payments made to employees of the Credit Parties and their Subsidiaries have not been in violation, in any material respect, of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from any Credit Party or any Subsidiary, or for which any claim may be made against any Credit Party or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of such Credit Party or such Subsidiary.

6.27 Qualified Eligible Contract Participant

As of the date of this Agreement, each Credit Party is a Qualified ECP Guarantor.

6.28 EEA Financial Institutions

No Credit Party is an EEA Financial Institution.

7. CONDITIONS PRECEDENT

7.1 Conditions to Execution Date

This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 12.1):

(a) *Deliverables*. The Administrative Agent's receipt of the following, each of which shall be originals, telecopies or .pdf or similar electronic transmission (to be followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Credit Party, if applicable, each dated the Execution Date (or, in the case of certificates of governmental officials, a recent date before the Execution Date) and each in form and substance reasonably satisfactory to the Administrative Agent:

(i) *This Agreement*. Executed counterparts of this Agreement signed by the Lenders, the Company, the Issuing Lender, the Collateral Agent and the Administrative Agent (which may include telecopy or electronic transmission (including .pdf file) of a signed signature page of this Agreement) or written evidence reasonably satisfactory to the Administrative Agent that each such party has signed a counterpart signature page of this Agreement.

(ii) *Organization Documents*. To the extent not previously delivered to the Administrative Agent, true and correct copies of the Organization Documents of

the Company, certified as to authenticity by the Secretary or Assistant Secretary of the Company.

(iii) *Secretary's Certificate.* A secretary's certificate in the form attached as Exhibit B-1 executed and delivered by a Responsible Officer or secretary of the Company, certifying the Company's (A) officers' incumbency appended thereto, (B) authorizing resolutions or consents appended thereto and (C) Organization Documents, with the applicable insertions and attachments being satisfactory in form and substance to the Administrative Agent.

(iv) *Corporate Documents*. Copies of certificates from the Secretary of State or other appropriate authority of such jurisdiction, evidencing good standing of the Company in its jurisdiction of incorporation and in each state where the ownership, lease or operation of property or the conduct of business requires it to qualify as a foreign corporation except where the failure to so qualify could not reasonably be expected to have a Material Adverse Effect.

(b) *Financial Projections*. The Administrative Agent shall have received quarterly projections for the Company for the fiscal year ending January 31, 2019 and annual projections for each fiscal year thereafter, through and including the fiscal year ending January 31, 2023.

(c) *Fees*. The Administrative Agent shall have received (i) for the respective accounts of the Persons entitled to the same, all costs, expenses, fees and other compensation payable to the Lenders, the Agents and the Lead Arrangers on or prior to the Execution Date, to the extent invoiced to the Company at least three (3) Business Days prior to the Execution Date, including, without limitation, reasonable fees of one legal counsel to the Lenders and one local counsel in each appropriate jurisdiction, and (ii) any fees and expenses required to be paid as of the Execution Date by Section 12.5(a), to the extent such fees have been invoiced at least one (1) Business Day prior to the Execution Date.

(d) *Regulatory Authority Information*. The Company and each Subsidiary shall have provided the documentation and other information to the Lenders that is required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), in each case no later than five (5) days prior to the Execution Date to the extent reasonably requested by the Lenders at least ten (10) Business Days in advance of the Execution Date.

(e) *Field Examination*. The Administrative Agent or its designee shall have conducted a field examination of the Company and its Subsidiaries, the results of which shall be satisfactory to the Administrative Agent.

(f) *Appraisal*. The Administrative Agent shall have received an appraisal of the Credit Parties' Inventory from one or more firms acceptable to the Administrative Agent, which appraisal shall be satisfactory to the Administrative Agent. The firms and appraisers providing documentation related to paragraphs (f) and (g) of this Section 7.1 shall be engaged directly

by and shall have no direct or indirect interest, financial or otherwise, in the property subject to such review or the transactions contemplated hereby.

(g) *Consents*. All governmental and third party approvals necessary in connection with the entry into of this Agreement (including shareholder approvals, if any) shall have been obtained on reasonably satisfactory terms and shall be in full force and effect.

(h) *Due Diligence*. The Administrative Agent shall have received results satisfactory to it of business and legal due diligence investigation. In addition, the Administrative Agent shall have received and be satisfied with the financial statements referred to in Section 6.15(a).

(i) *Corporate Structure*. The corporate structure, capital structure, other material debt instruments, material accounts and governing documents of the Company and its Subsidiaries shall be acceptable to the Administrative Agent and its counsel.

(j) *Regulatory Matters*. All legal (including tax implications) and regulatory matters shall be satisfactory to the Administrative Agent and the Lenders, including but not limited to compliance with all applicable requirements of Regulations U, T and X of the Board of Governors of the Federal Reserve System.

(k) *Additional Matters*. All other documents and legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel. Any information submitted to any of the Lenders by or on behalf of the Company or any of its Subsidiaries or affiliates shall be accurate and complete in all material respects.

(l) *Execution Date*. The Execution Date shall have occurred on or before August 10, 2018. The Administrative Agent shall notify the Company and the Lenders of the Execution Date, and such notice shall be conclusive and binding.

7.2 Conditions to Funding Date

The obligation of each Lender to make its extensions of credit and for the Issuing Lender to issue any Letters of Credit, in each case to be made hereunder on the Funding Date shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 12.1):

(a) *Spin-Off Consummated*. Prior to the Funding Date, the ESG Spin-Off Transaction shall have been consummated pursuant to and in accordance with the ESG Spin-Off Transaction Agreements. No provision of any ESG Spin-Off Transaction Agreement shall have been amended or waived, and no consent shall have been given thereunder, in either case in a manner materially adverse to the Lenders or their interests, without the prior written consent of the Administrative Agent and the Required Lenders; **provided** that any change to the definition of "Company Material Adverse Effect" (as defined in the Merger Agreement) shall be deemed to be materially adverse to the Lenders and their interests.

(b) *Deliverables*. The Administrative Agent's receipt of the following, each of which shall be originals, telecopies or .pdf or similar electronic transmission (to be followed promptly by

originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Credit Party, if applicable, and each in form and substance reasonably satisfactory to the Administrative Agent, and, in the case of clause (i), clause (vii), clause (viii) with respect only to the Pledge and Security Agreement, and clause (x), the Required Lenders:

(i) *Guaranty and Credit Party Accession Agreement*: Executed counterparts of (A) a Credit Party Accession Agreement signed by each of the Subsidiary Guarantors and (B) the Guaranty signed by the Company, the Subsidiary Guarantors party thereto and the Collateral Agent and Administrative Agent.

(ii) *Organization Documents*. To the extent not previously delivered to the Administrative Agent, true and correct copies of the Organization Documents of each Credit Party, certified as to authenticity by the Secretary or Assistant Secretary of each such Credit Party.

(iii) *Secretary's Certificate.* A secretary's certificate in the form attached as Exhibit B- 1 executed and delivered by each Credit Party, certifying such Person's (A) officers' incumbency appended thereto, (B) authorizing resolutions or consents appended thereto and (C) Organization Documents, with the applicable insertions and attachments being satisfactory in form and substance to the Administrative Agent.

(iv) *Responsible Officer's Closing Certificate*. A certificate in the form attached as Exhibit B-2 executed and delivered by a Responsible Officer of the Company in a manner satisfactory to the Administrative Agent and dated as of the Funding Date.

(v) *Solvency Certificate*. A solvency certificate in the form of Exhibit I provided by the chief financial officer of the Company.

(vi) *Corporate Documents*. Copies of certificates from the Secretary of State or other appropriate authority of such jurisdiction, evidencing good standing of each Credit Party in its jurisdiction of incorporation and in each state where the ownership, lease or operation of property or the conduct of business requires it to qualify as a foreign corporation except where the failure to so qualify could not reasonably be expected to have a Material Adverse Effect.

(vii) *Borrowing Base Certificate*. The Administrative Agent and the Required Lenders shall have received at least two (2) days prior to the Funding Date a Borrowing Base Certificate (along with customary supporting documentation and supplemental reporting) which calculates the Borrowing Base as of the last day of the calendar month most recently ended on or prior to the date occurring twenty (20) days prior to the Funding Date.

(viii) *Collateral Documents*. Executed counterparts of the Pledge and Security Agreement, subject to Section 8.10, together with:

(A) an executed original of each Note timely requested by a Lender hereunder;

(B) to the extent not on file with the appropriate Governmental Authority, appropriate financing statements (Form UCC-1 or such other financing statements or similar notices as shall be required by local Law) authenticated and authorized for filing under the UCC or other applicable local Law of each jurisdiction in which the filing of a financing statement or giving of notice may be required, or reasonably requested by the Collateral Agent, to perfect the security interests intended to be created by the Collateral Documents;

(C) to the extent not already delivered, copies of reports from CT Corporation or another independent search service reasonably satisfactory to the Collateral Agent listing all effective financing statements, notices of tax, PBGC or judgment liens or similar notices that name any of the Company or any other Credit Party (under its present name and any previous name and, if requested by the Collateral Agent, under any trade names), as debtor or seller that are filed in the jurisdictions referred to in sub-clause (B) above (regardless of whether or not financing statements are then on file) or in any other jurisdiction having files which must be searched in order to determine fully the existence of the UCC security interests, notices of the filing of federal tax Liens (filed pursuant to Section 6323 of the Code), Liens of the PBGC (filed pursuant to Section 4068 of ERISA) or judgment Liens on any Collateral, together with copies of such financing statements, notices of tax, PBGC or judgment Liens or similar notices (none of which shall cover the Collateral except to the extent evidencing Permitted Liens or for which the Collateral Agent shall have received termination statements (Form UCC-3 or such other termination statements as shall be required by local Law) authenticated and authorized for filing);

(D) to the extent not already delivered to the Collateral Agent, searches of ownership of intellectual property in the appropriate governmental offices and such patent, trademark and/or copyright filings as may be requested by the Collateral Agent to the extent necessary or reasonably advisable to perfect the Collateral Agent's security interest in intellectual property Collateral;

(E) to the extent not previously delivered to the Collateral Agent, all of the Pledged Collateral, which Pledged Collateral shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, with signatures appropriately guaranteed, accompanied in each case by any required transfer tax stamps, all in form and substance reasonably satisfactory to the Collateral Agent; and

(F) evidence of the completion of all other filings and recordings of or with respect to the Collateral Documents and of all other actions as may be necessary or, in the opinion of the Collateral Agent, desirable to perfect the security interests intended to be created by the Collateral Documents

(including receipt of duly executed payoff letters, UCC-3 termination statements and landlords' and bailees' waiver and consent agreements).

(ix) *Intellectual Property Security Agreements*. To the extent not on file with the United States Patent and Trademark Office or the United States Copyright Office, as applicable, a short form intellectual property security agreement, in form and substance reasonably agreed by the Company and the Administrative Agent, duly executed by each Credit Party, together with evidence that all action that the Administrative Agent may deem necessary or desirable in order to perfect the Liens in intellectual property created under the Pledge and Security Agreement and under such short form assignments or grants of security interests has been taken.

(x) *Evidence of Insurance*. The Administrative Agent and the Required Lenders shall have received and be satisfied with (i) evidence of the insurance under all insurance policies to be maintained with respect to the properties of the Company and its Subsidiaries forming part of the Collateral, including endorsements naming the Collateral Agent on behalf of the Lenders, as an additional insured or loss payee, as the case may be and (ii) a review of the Credit Parties' insurance binders or other initial contractual documentation evidencing the insurance coverage and documentation related thereto that shall be entered into, and delivered to the Administrative Agent and the Required Lenders on or around the Funding Date.

(c) *Legal Opinions*. An opinion addressed to the Administrative Agent, the Collateral Agent and the Lenders of (A) Freshfields Bruckhaus Deringer US LLP, New York counsel to the Company and (B) Freshfields Bruckhaus Deringer US LLP , Delaware counsel to the Company in form and substance reasonably satisfactory to the Administrative Agent. Such opinions shall also cover such other matters incident to the transactions contemplated by this Agreement as the Administrative Agent shall reasonably require.

(d) *Equity Contribution*. Prior to or on the Funding Date, the Company shall have received a cash contribution to the Company's capital from KLX in an amount not less than $50,000,000.

(e) *First Priority Security Interest*. All actions necessary to establish that the Administrative Agent will have a perfected first priority security interest (subject only to Permitted Encumbrances to be prior to such first priority security interest) in the Collateral shall have been taken.

(f) *Consents*. All governmental and third party approvals necessary in connection with the ESG Spin-Off Transaction and the continuing operations of the Credit Parties and their Subsidiaries (including shareholder approvals, if any) shall have been obtained on reasonably satisfactory terms and shall be in full force and effect.

(g) *Availability*. The Company shall have pro forma minimum Availability under this Agreement of not less than $25,000,000 after giving effect to the ESG Spin-Off Transaction and any borrowings on the Funding Date.

(h) *Existing Indebtedness*. On the Funding Date, after giving effect to the transactions contemplated hereby, neither the Company nor any of its Subsidiaries shall have any Indebtedness for borrowed money other than pursuant to this Agreement or any other Credit Document, and the Administrative Agent shall have received evidence reasonably satisfactory to it of the prepayment in full (or release from) all obligations under existing loan facilities and the release and termination of all liens in respect of Indebtedness for borrowed money.

(i) *Fees; Expenses; Transfer and Assumption*. The Company shall have paid any fees and expenses required to be paid as of the Funding Date by Section 5.9, Section 5.10, Section 5.11, and Section 12.5(a). The Administrative Agent shall have received, for the respective accounts of the Persons entitled to the same, all costs, expenses, fees and other compensation payable to the Lenders, the Agents and the Lead Arrangers on or prior to the Funding Date under Section 12.5(a), to the extent invoiced to the Company at least three (3) days prior to the Funding Date. The Company shall

have paid any legal fees for the Agent's counsel as required under Section 12.5(a) to the extent such fees have been invoiced at least one (1) Business Day prior to the Funding Date. KLX shall have transferred to the Company all of KLX's rights and benefits, and the Company shall have assumed all of KLX's obligations and liabilities (whenever arising), under the Fee Letter and the Engagement Letter referred to therein (all pursuant to a written instrument reasonably satisfactory to JPMCB), whereupon KLX shall be released from all of its obligations and liabilities (whenever arising) under the Fee Letter and the Engagement Letter referred to therein to the extent such obligations and liabilities are assumed by the Company.

(j) *Execution Date*. The Execution Date shall have occurred on or before August 10, 2018.

(k) *Funding Date*. The Funding Date shall have occurred on or before December 31, 2018.

7.3 Conditions to All Loans and Letters of Credit

The obligation of each Lender to make any Loan and the obligation of each Issuing Lender to issue any Letter of Credit is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date:

(a) *Representations and Warranties*. Each of the representations set forth in Article 6, or which are contained in any other Credit Document shall, to the extent already qualified by materiality, be true and correct in all respects, and, if not so already qualified, shall be true and correct in all material respects, in any case on and as of the date such Loan is made (or such Letter of Credit is issued) as if made on and as of such date (unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(b) *No Default or Event of Default*. No Default or Event of Default shall be in existence on such date or after giving effect to the Loan to be made or the Letter of Credit to be issued on such Borrowing Date.

(c) *Notice*. The Administrative Agent and, if applicable, the applicable Issuing Lender shall have received a notice of borrowing request or credit extension in accordance with the requirements of Article 5.

(d) *Availability*. On the date or after giving effect to any Extension of Credit to be made on such Borrowing Date, the Aggregate Revolving Credit Extensions of Credit shall not exceed the lesser of the Revolving Credit Commitment and the Borrowing Base then in effect.

Each borrowing by the Company hereunder and the issuance of each Letter of Credit by each Issuing Lender hereunder shall constitute a representation and warranty by the Company as of the date of such borrowing or issuance that the conditions in paragraphs (a) and (b) of this Section 7.3 have been satisfied.

8. AFFIRMATIVE COVENANTS

The Company hereby agrees that, so long as the Commitments remain in effect, any Loan or Revolving L/C Obligation remains outstanding and unpaid, any amount remains available to be drawn under any Letter of Credit or any other amount is owing to any Lender (other than Unmatured Surviving Obligations), any Agent or any Issuing Lender hereunder, it shall, and, in the case of the agreements contained in Sections 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.13 and 8.14, shall cause each of its Restricted Subsidiaries to:

8.1 Financial Statements

Furnish to the Administrative Agent (with sufficient copies for each Lender):

(a) *Audited Annual Financial Statements*. As soon as available, but in any event within ninety (90) days after the end of each fiscal year of the Company, commencing with the fiscal year ending January 31, 2019, a copy of the consolidated balance sheet of the Company and its Consolidated Subsidiaries as at the end of such year and the related consolidated statements of income, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a going concern or like qualification or exception, or qualification arising out of the scope of the audit, by certified public accountants of nationally recognized standing acceptable to the Required Lenders.

(b) *Quarterly Financial Statements*. As soon as available, but in any event not later than forty-five (45) days after the end of each of the first three quarterly periods of each fiscal year of the Company, commencing with the quarterly period ending July 31, 2018, the unaudited consolidated balance sheet of the Company and its Consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income, shareholders' equity and cash flows of the Company and its Consolidated Subsidiaries for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer on behalf of the Company as being fairly stated in all material respects (subject to normal year-end audit adjustments).

(c) *Annual Budget*. As soon as available, but in any event within sixty (60) days after the beginning of each fiscal year of the Company to which such budget relates, an annual operating budget of the Company and its Subsidiaries, on a consolidated basis, as adopted by the board of directors of the Company, consisting of projected balance sheets, income statements and cash flow statements for the immediately succeeding fiscal year and reasonably detailed on a quarterly basis.

Following delivery of the information required pursuant to paragraphs (a) or (b) above (but not more frequently than quarterly), the Company will cause its and its Subsidiaries' appropriate officers to participate in a conference call for Lenders to discuss the financial condition and results of operations of the Company and its Subsidiaries for the most recently-ended period for which financial statements have been delivered; **provided** that the requirement to participate in any such conference call for the applicable quarter shall be deemed satisfied if the Company conducts a customary public earnings call for such fiscal quarter.

All financial statements shall be prepared in reasonable detail in accordance with GAAP in all material respects (**provided** that interim statements may be condensed and may exclude detailed footnote disclosure) applied consistently throughout the periods reflected therein and with prior periods (except as concurred to by such officer and disclosed therein and except that interim financial statements need not be restated for changes in accounting principles which require retroactive application, and operations which have been discontinued (as such term is used in Statement of Financial Accounting Standards No. 144) during the current year need not be shown in interim financial statements as such either for the current period or comparable prior period). In the event the Company changes its accounting methods because of changes in GAAP, the Company shall also provide, if necessary for the determination of compliance with this Section 8.1 and Sections 5.6, 5.7, 5.9, 8.2, 9.1, 9.2, 9.3, 9.7, 9.9, and 9.12, a statement of reconciliation conforming such financial statements to GAAP.

The Company represents and warrants that it and each of its Subsidiaries, in each case, either (a) has no registered or publicly traded securities outstanding or (b) files its financial statements with the SEC and/or makes its financial statements available to potential holders of its Rule 144A securities, and, accordingly, the Company hereby (i) authorizes the Administrative Agent to make the financial statements to be provided under Section 8.1(a), 8.1(b) and 8.1(c) above, along with the Credit Documents, available to Public-Siders and (ii) agrees that at the time such financial statements are provided hereunder, they shall already have been made available to holders of its securities. The Company will not request that any other material be posted to Public-Siders without expressly representing and warranting to the Administrative Agent in writing that such materials do not constitute material non-public information within the meaning of the federal securities laws or that the Company has no outstanding publicly traded securities, including Rule 144A securities. Notwithstanding anything herein to the contrary, in no event shall the Company request that the Administrative Agent make available to Public-Siders budgets or any certificates, reports or calculations with respect to the Company's compliance with the covenants contained herein or with respect to the Borrowing Base.

8.2 Certificates; Other Information

Furnish to the Administrative Agent (with sufficient copies for each Lender):

(a) *Auditors' Certificate*. Concurrently with the delivery of the consolidated financial statements referred to in Section 8.1(a), a letter from the independent certified public accountants reporting on such financial statements stating that in making the examination necessary to express their opinion on such financial statements that there is no Default or Event of Default under any financial covenants hereunder, except as specified in such letter.

(b) *Compliance Certificate*. Concurrently with the delivery of the financial statements referred to in paragraphs (a), (b) and (c) of Section 8.1 and with each calculation of the Fixed Charge Coverage Ratio pursuant to the financial covenant under Section 9.1, a certificate, in the form attached as Exhibit E, of a Responsible Officer on behalf of the Company: (i) stating that, to the best of such officer's knowledge, the Company and its Subsidiaries have observed or performed all of its covenants and other agreements, and satisfied every applicable condition, contained in this Agreement and the other Credit Documents to be observed, performed or satisfied by it, and that such officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate; (ii) showing in detail as of the end of the related fiscal period the figures and calculations supporting such statement in respect of paragraphs (e), (f), (g), and (i) of Section 9.2, paragraphs (i) and (j) of Section 9.6, paragraphs (b), (k) and (m) of Section 9.7, paragraphs (c) and (d) of Section 9.9 and paragraphs (a) and (b) of Section 9.12; (iii) stating that Availability exceeded the Availability Trigger for each day of the applicable period; (iv) showing in detail as of the end of the related fiscal period the calculations in reasonable detail for purposes of calculating the Fixed Charge Coverage Ratio for the fiscal quarter then ended (irrespectively of whether a Cash Dominion Event has occurred and is then continuing) certifying that the Company is in compliance with the provisions of Section 9.1, (v) if not specified in the financial statements delivered pursuant to Section 8.1, specifying on a consolidated basis the aggregate amount of interest paid or accrued by the Company and its Subsidiaries, and the aggregate amount of depreciation, depletion and amortization charged on the books of the Company and its Subsidiaries, during such accounting period; (vi) listing all Indebtedness (other than Indebtedness hereunder) in each case incurred since the date of the previous consolidated balance sheet of the Company delivered pursuant to Section 8.1(a) or (b); (vii) setting forth in reasonable detail the reconciliation of Consolidated EBITDA to Consolidated Net Income of the Company; and (viii) with respect only to each certificate delivered concurrently with the financial statements referred to in Section 8.1(a), the extent to which any Credit Party shall have acquired any new, direct Foreign Subsidiaries after the Execution Date.

(c) *Accountants' Management Letters*. Promptly upon receipt thereof, copies of all final reports submitted to the Company by independent certified public accountants in connection with each annual, interim or special audit of the books of the Company made by such accountants.

(d) *Reports to Holders of Debt Securities*. Promptly, after the furnishing thereof, copies of any statement or report furnished to holders generally of any debt securities constituting Material Indebtedness of the Company or any Restricted Subsidiary thereof pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Lenders pursuant to Section 8.1 or any other paragraph of this Section

8.2 and not otherwise filed with the Securities and Exchange Commission or any Governmental Authority succeeding to any of its functions.

(e) *Other Information*. Promptly after any request therefor, (i) such additional financial or other information regarding the operations, business affairs and financial condition of the Company or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender, through the Administrative Agent, may reasonably request and (ii) information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

(f) *Borrowing Base Certificates*. On or before the 15th Business Day of each month from and after the Execution Date, a Borrowing Base Certificate as of the last day of the immediately preceding month, with such supporting materials as the Administrative Agent shall reasonably request. Notwithstanding the foregoing, after the occurrence and during the continuance of a Cash Dominion Event, within three (3) Business Days of the end of each calendar week, the Company shall furnish a Borrowing Base Certificate calculated as of the close of business on the last Business Day of

the immediately preceding calendar week. At any time and from time to time, the Company is entitled to calculate the Borrowing Base on a pro forma basis to give effect to a Permitted Acquisition (including an acquisition of inventory or accounts receivable), and to adjust the Borrowing Base accordingly, prior to the completion of any field examination and appraisal; **provided** that (A) to the extent that the Borrowing Base is adjusted by adding Eligible Accounts, Eligible Unbilled Accounts and Eligible Inventory acquired in such Permitted Acquisition, all such Eligible Accounts, Eligible Unbilled Accounts and Eligible Inventory shall not be added to the Borrowing Base until the date that the appropriate field examination and appraisal in respect of such Eligible Accounts, Eligible Unbilled Accounts and Eligible Inventory is delivered to the Administrative Agent or its designated representative. The Borrowing Base Certificate shall also be delivered at such times required pursuant to Section 9.6 in connection with a disposition, if applicable.

(g) *Collateral Reporting*. On or before the 15th Business Day of each month from and after the Execution Date, and at such other times as may be requested by the Administrative Agent, as of the period then ended, all delivered electronically in a text formatted file acceptable to the Administrative Agent;

(i) a detailed aging of the Company's Accounts, including all invoices aged by invoice date and due date (with an explanation of the terms offered), prepared in a manner reasonably acceptable to the Administrative Agent, together with a summary specifying the name, address and balance due for each Account Debtor;

(ii) a schedule detailing the Company's Inventory, in form satisfactory to the Administrative Agent, (1) by location (showing Inventory in transit and any Inventory located with a third party under any consignment, bailee arrangement or warehouse agreement), by class (raw material, work-in-process and finished goods), by product type, and by volume on hand, which Inventory shall be valued at the lower of cost (determined on a first-in, first-out basis) or market and adjusted

for Reserves as the Administrative Agent has previously indicated to the Company are deemed by the Administrative Agent to be appropriate, and (2) including a report of any variances or other results of Inventory counts performed by the Company since the last Inventory schedule (including information regarding sales or other reductions, additions, returns, credits issued by the Company and complaints and claims made against the Company);

(iii) a worksheet of calculations prepared by the Company to determine Eligible Accounts, Eligible Unbilled Accounts and Eligible Inventory, such worksheets detailing the Accounts and Inventory excluded from Eligible Accounts, Eligible Unbilled Accounts and Eligible Inventory and the reason for such exclusion;

(iv) a reconciliation of the Company's Accounts and Inventory between (A) the amounts shown in the Company's general ledger and financial statements and the reports delivered pursuant to clauses (i) and (ii) above and (B) the amounts and dates shown in the reports delivered pursuant to clauses (i) and (ii) above and the Borrowing Base Certificate delivered pursuant to paragraph (f) above as of such date; and

(v) a reconciliation of the loan balance per the Company's general ledger to the loan balance under this Agreement.

(h) *New Term Debt*. No less than fifteen (15) days prior to the incurrence of any New Term Debt, the Company shall deliver to the Administrative Agent a certificate of the Company signed by a Responsible Officer of the Company certifying as to the satisfaction of the conditions described in Section 9.2(g), together with a reasonably detailed description of the material terms and conditions of such New Term Debt or drafts of documentation relating thereto, stating that the Company has determined in good faith that such terms and conditions satisfy the requirements of Section 9.2(g), and such certificate shall be conclusive unless the Administrative Agent notifies the Company within such five (5) Business Day period that it disagrees with such determination (including a description in reasonable detail of the basis upon which it disagrees).

(i) *Regulation U Forms*. In connection with any reduction of the Revolving Credit Commitments pursuant to Section 5.4(a), and otherwise upon the request of the Administrative Agent or any Lender, if any Credit Party owns any "margin stock" under Regulation U, the Company shall deliver to the Administrative Agent or such Lender an updated Form U-1, together with such other related documentation as the Administrative Agent or such Lender shall reasonably request, in order to enable the Administrative Agent and the Lenders to comply with any of the requirements under Regulations T, U or X of the Federal Reserve Board.

Information required to be delivered pursuant to Section 8.1 or 8.2 shall be deemed to have been delivered if such information shall have been delivered by the Company to the Administrative Agent for posting by the Administrative Agent on an IntraLinks or similar site to which each Lender has been granted access. Information delivered pursuant to Section 8.1 or 8.2 may also be

delivered by electronic communications pursuant to procedures approved by the Administrative Agent.

The Company hereby acknowledges that (i) the Administrative Agent and/or the Lead Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Company hereunder (collectively, "***Company Materials***") by posting the Company Materials on IntraLinks or another similar electronic system (the "***Platform***") and (ii) certain of the Lenders (each, a "***Public Lender***") may have personnel who do not wish to receive material non-public information with respect to the Company or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Company hereby agrees that so long as the Company is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities it will use commercially reasonable efforts to identify that portion of the Company Materials that may be distributed to the Public Lenders and that: (A) all such Company Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (B) by marking Company Materials "PUBLIC", the Company shall be deemed to have authorized the Administrative Agent, the Lead Arrangers and the Lenders to treat such Company Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Company or its securities for purposes of United States Federal and state securities laws (**provided**, however, that to the extent such Company Materials constitute Information, they shall be treated as set forth in Section 12.13); (C) all Company Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information"; and (D) the Administrative Agent and

the Lead Arrangers shall be entitled to treat any Company Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information".

8.3 Payment of Other Obligations

Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of its obligations and liabilities of whatever nature, except (i) when the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Company or any of its Restricted Subsidiaries, as the case may be and (ii) for trade and other accounts payable in the ordinary course of business in accordance with customary trade terms and which are not overdue for a period of more than sixty (60) days (or any longer period if longer payment terms are accepted in the ordinary course of business) or, if overdue for more than sixty (60) days (or such longer period), as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of the Company and its Restricted Subsidiaries, as the case may be.

8.4 Continuation of Business and Maintenance of Existence and Material Rights and Privileges

Continue to engage in business of the same general type as now conducted by it or as contemplated by the Form 10 and those reasonably related or incidental thereto, and preserve, renew and keep

in full force and effect its corporate, partnership or limited liability company existence and take all reasonable action to maintain all rights, privileges, franchises, accreditations, certifications, authorizations, licenses, permits, approvals and registrations, necessary or desirable in the normal conduct of its business except for rights, privileges, franchises, accreditations, certifications, authorizations, licenses, permits, approvals and registrations the loss of which could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, and except as otherwise permitted by Sections 9.6, 9.7 and 9.9.

8.5 Compliance with All Applicable Laws and Regulations and Material Contractual Obligations

Comply with all applicable Requirements of Law (including, without limitation, any and all Environmental Laws, tax, and ERISA laws) and Contractual Obligations except to the extent that the failure to comply therewith could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. Without limiting the foregoing, the Company (i) shall retire and cancel each share of its common stock repurchased in any Qualified Stock Repurchase promptly following the consummation of such repurchase and ensure that all such shares revert to the status of authorized and unissued shares and (ii) shall not sell, reissue, transfer, pledge or otherwise assign or dispose of any such shares to any other Person after such repurchase.

8.6 Maintenance of Property; Insurance

Keep all property useful and necessary in its business in good working order and condition (ordinary wear and tear excepted), and maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and with only such deductibles as are usually maintained by, and against at least such risks as are usually insured against in the same general area by, companies engaged in the same or a similar business (in any event including general liability, contractual liability, personal injury, workers' compensation, employers' liability, automobile liability and physical damage coverage, all risk property, business interruption, fidelity and crime insurance); **provided** that the Company and its Restricted Subsidiaries may implement programs of self-insurance in the ordinary course of business and in accordance with industry standards for a company of similar size so long as reserves are maintained in accordance with GAAP for the liabilities associated therewith.

8.7 Maintenance of Books and Records

Keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities which permit financial statements to be prepared in conformity with GAAP and all Requirements of Law.

8.8 Right of the Lenders to Inspect Property and Books and Records

Permit representatives of any Lender upon reasonable notice during business hours and with a Responsible Officer present to visit and inspect any of its properties and examine and make abstracts from any of its books and records (including in connection with periodic field examinations) at any reasonable time and as often as may reasonably be desired upon reasonable notice, and to discuss the business, operations, properties and financial and other condition of the Company and its Restricted Subsidiaries with officers and employees thereof, and with their

independent certified public accountants; **provided** that, only the Administrative Agent on behalf of the Lenders may exercise rights of the Lenders under this Section 8.8 and the Administrative Agent shall not exercise such rights more often than one time during any calendar year absent the existence of an Event of Default; **provided**, further, that when an Event of Default exists, the Administrative Agent (or any of its representatives or independent contractors) may do any of the foregoing at any time during normal business hours and upon reasonable advance notice, and any Lender (or any of its representatives or independent contractors) may accompany the Administrative Agent (or its representatives or independent contractors). The Administrative Agent and the Lenders shall give the Company the opportunity to participate in any discussions with the Company's independent certified public accountants.

8.9 Notices

(a) Promptly give notice to the Administrative Agent and each Lender:

(i) of the occurrence of any Default or Event of Default;

(ii) of any (A) default or event of default under any instrument or other agreement, guarantee or collateral document of the Company or any of its Restricted Subsidiaries which default or event of default has not been waived and could reasonably be expected to have a Material Adverse Effect, or any other default or event of default under any such instrument, agreement, guarantee or other collateral document which, but for the proviso to paragraph (e) of Section 10.1, would have constituted a Default or Event of Default under this Agreement, or (B) litigation, investigation or proceeding which may exist at any time between the Company or any of its Restricted Subsidiaries and any Governmental Authority, or receipt of any notice of any environmental claim or assessment against the Company or any of its Restricted Subsidiaries by any Governmental Authority, which in any such case could reasonably be expected to have a Material Adverse Effect;

(iii) of any litigation or proceeding affecting the Company or any of its Restricted Subsidiaries (A) in which more than $5,000,000 of the amount claimed is not covered by insurance or (B) in which injunctive or similar relief is sought which if obtained could reasonably be expected to have a Material Adverse Effect;

(iv) as soon as practicable after, and in any event within thirty (30) days after the Company knows thereof, of any ERISA Event that shall have occurred that, either alone or together with any other ERISA Event, results in liability of the Company or any Subsidiary in an aggregate amount which would reasonably be expected to have a Material Adverse Effect and in addition to such notice, deliver to the Administrative Agent and each Lender whichever of the following may be applicable: (x) a certificate of a Responsible Officer on behalf of the Company setting forth details as to such Reportable Event and the action that the Company or such Commonly Controlled Entity proposes to take with respect thereto, together with a copy of any notice of such Reportable Event that may be required to be filed with PBGC, or (y) any notice delivered by PBGC evidencing its intent to institute

such proceedings or any notice to PBGC that such Plan is to be terminated, as the case may be;

(v) of any material change in accounting policies or financial reporting practices by any Credit Party with respect to the Company's Accounts and Inventory or which otherwise would reasonably be expected to affect the calculation of the Borrowing Base or Reserves; and

(vi) of a material adverse change known by the Company or any of its Restricted Subsidiaries in the business, financial condition, assets, liabilities, properties or results of operations of the Company and its Restricted Subsidiaries taken as a whole.

(b) Each notice pursuant to this Section 8.9 shall be accompanied by a statement of a Responsible Officer on behalf of the Company setting forth details of the occurrence referred to therein and (in the cases of clauses (i) through (v) in paragraph (a) above) stating what action the Company proposes to take with respect thereto.

8.10 Subsidiary Guaranties and Collateral

(a) *Subsidiary Guarantors*. The Company will deliver, and will cause each Subsidiary Guarantor to deliver, either (i) a counterpart of the Guaranty duly executed and delivered on behalf of such Person or (ii) in the case of any Person that becomes a Subsidiary Guarantor after the Execution Date, a supplement to the Guaranty in the form specified therein and a joinder and/or supplement to the Pledge and Security Agreement, in each case duly executed and delivered on behalf of such Person, together with opinions and documents of the type referred to in Sections 7.1(a)(ii), 7.1(a)(iii), 7.1(d), 7.1(h), 7.1(j) and 7.2(d) with respect to such Person.

(b) *Additional Subsidiaries*. If any additional Subsidiary is formed or acquired (or otherwise becomes a Subsidiary) after the Execution Date, then the Company will, as promptly as practicable and, in any event, within sixty (60) days (or such longer period as the Administrative Agent, acting reasonably (and without any requirement for Lender consent), may agree to in writing (including electronic mail)) after such Subsidiary is formed or acquired, notify the Administrative Agent (i) whether the Company intends to designate such Subsidiary as an Unrestricted Subsidiary, in which case such Subsidiary shall be deemed to be an Unrestricted Subsidiary from the date of its formation or acquisition for purposes of Section 9.7 or (ii) if the Subsidiary is a Restricted Subsidiary and such Subsidiary is not otherwise exempt from being a Subsidiary Guarantor pursuant to the definition thereof, that such Subsidiary is a Restricted Subsidiary that is also a Subsidiary Guarantor and, in the case of this clause (ii), the Company shall cause the requirements of this Section 8.10 to be satisfied with respect to such additional Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Credit Party.

The Company will cause the management, business and affairs of each of the Company and its Restricted Subsidiaries to be conducted in such a manner (including, without

limitation, by keeping separate books of account, furnishing separate financial statements of Unrestricted Subsidiaries to creditors and potential creditors thereof and by not permitting Properties of the Company and its Restricted Subsidiaries to be commingled) so that each Unrestricted Subsidiary that is a corporation will be treated as a corporate entity separate and distinct from the Company and the Restricted Subsidiaries;

(c) *Pledge of Equity Interests*. Each Credit Party shall pledge the capital stock, or other Equity Interests and intercompany indebtedness, owned by it (unless such a pledge is expressly not required by this Agreement or the Pledge and Security Agreements) pursuant to the Pledge and Security Agreements, it being understood and agreed that, notwithstanding anything that may be to the contrary herein (other than Section 9.7(k)), the Pledge and Security Agreement shall not require the Company or any Credit Party to pledge:

(i) more than 65% of the outstanding voting capital stock of, or other voting equity interests in, any Subsidiary that is a CFC or CFC Holdco;

(ii) any of the outstanding capital stock of, or other equity interests, in any Subsidiary where such pledge would (A) be prohibited by applicable law; **provided** that this sub-clause (A) shall in no way be construed to apply if such prohibition is unenforceable under Section 9-408 of the UCC, (B) result in material adverse tax consequences to the Company or any Credit Party, (C) in the case of any non-wholly owned Subsidiary or joint venture existing on the Execution Date, result in a breach of a joint venture agreement, operating agreement or other

similar document or agreement in the form existing on the Execution Date; **provided** that the Company or relevant Subsidiary shall have used its commercially reasonable efforts to obtain all consents or take such other actions as may be necessary to enable the pledge of such capital stock or other equity interests, (D) in the case of any non-wholly owned Subsidiary or joint venture created or acquired after the Execution Date, result in a breach of a joint venture agreement, operating agreement or other similar document or agreement, **provided** that the Company shall use its commercially reasonable efforts to obtain all consents or take such other actions as may be necessary to enable the pledge of such capital stock or other equity interests, or (E) cause the Company to incur costs associated with such pledge that are excessive in comparison to the benefits afforded to the Lenders, as reasonably determined by the Administrative Agent, and **provided** further that to the extent the Company or another Credit Party does not ultimately acquire 100% of the outstanding capital stock or other equity interests of any acquired or newly formed Subsidiary in any Permitted Acquisition, notwithstanding clause (ii)(D) above but except as provided in clauses (ii)(A),(B) and (E) above, the Collateral Agent shall receive a pledge of all outstanding capital stock or other equity interests of such entity held by the Company or other Credit Parties.

(d) *Additional Security*. Each Credit Party will cause, upon the occurrence of an Event of Default, all other assets and properties of such Credit Party as are not covered by the original Collateral Documents and as may be requested by the Administrative Agent or the Required Lenders in their sole reasonable discretion, to be subject at all times to first priority (subject only to Permitted Liens), perfected and, in the case of owned Real

Property, title insured, Liens in favor of the Collateral Agent pursuant to the Collateral Documents or such other security agreements, pledge agreements, mortgages or similar collateral documents as the Administrative Agent shall request in its sole reasonable discretion (collectively, the "***Additional Collateral Documents***").

In furtherance of the foregoing terms of this paragraph (d), upon the acquisition of any owned Real Property referred to in the preceding paragraph by any Credit Party, if such owned Real Property, in the judgment of the Administrative Agent, shall not already be subject to a perfected first priority deed of trust or mortgage lien in favor of the Collateral Agent for the benefit of the Secured Parties (subject only to Permitted Liens), then following the occurrence of an Event of Default which is continuing, if requested by the Administrative Agent or the Required Lenders in their sole discretion, such Credit Party shall, at the Company's expense:

(i) within thirty (30) days after such acquisition, furnish to the Administrative Agent a description of the owned Real Property so acquired in detail satisfactory to the Administrative Agent;

(ii) within sixty (60) days after such acquisition, cause the applicable Credit Party to duly execute and deliver to the Collateral Agent deeds of trust, trust deeds, deeds to secure debt, mortgages, flood notices and, if applicable, flood insurance, instruments of accession to the Collateral Documents and other security and pledge agreements, as specified by and in form and substance satisfactory to the Administrative Agent, securing payment of all the Finance Obligations of the applicable Credit Party under the Agreement and constituting Liens on all such owned Real Properties; **provided** that the Administrative Agent may, in its reasonable discretion, without any requirement for Lender consent, extend such time period from sixty (60) days up to a maximum of ninety (90) days;

(iii) within sixty (60) days after such acquisition, cause the applicable Credit Party to take whatever action (including the recording of mortgages, the filing of UCC financing statements, the giving of notices and the endorsement of notices on title documents) as may be necessary or advisable in the opinion of the Administrative Agent to vest in the Collateral Agent (or in any representative of such Collateral Agent designated by it) valid and subsisting Liens on such owned Real Property, enforceable against all third parties; **provided** that the Administrative Agent may, in its reasonable discretion, without any requirement for Lender consent, extend such time period from sixty (60) days up to a maximum of ninety (90) days;

(iv) within sixty (60) days after such acquisition, deliver to the Administrative Agent, upon the request of the Administrative Agent in its sole discretion, a signed copy of a favorable opinion, addressed to the Administrative Agent, the Collateral Agent, and the other Secured Parties, of counsel for the Credit Parties acceptable to the Administrative Agent as to the matters contained in clauses (ii) and (iii) above and as to such other matters as the Administrative Agent may reasonably request; **provided** that the Administrative Agent may, in its reasonable discretion, without

any requirement for Lender consent, extend such time period from sixty (60) days up to a maximum of ninety (90) days;

(v) as promptly as practicable after any acquisition of any such owned Real Property, deliver, upon the request of the Administrative Agent in its sole discretion, to the Collateral Agent with respect to such owned Real Property title reports, surveys and engineering, soils and other reports, and environmental assessment reports, each in scope, form and substance satisfactory to the Administrative Agent, **provided**, however, that to the extent that any Credit Party or any of its Subsidiaries shall have otherwise received any of the foregoing items with respect to such owned Real Property, such items shall, promptly after the receipt thereof, be delivered to the Administrative Agent; and

(vi) deliver such proof of organizational authority, incumbency of officers, opinions of counsel and other documents as is consistent with those delivered by each Credit Party pursuant to Section 7.1 on the Execution Date or as the Administrative Agent, the Collateral Agent or the Required Lenders shall have requested.

If, subsequent to the Execution Date, a Credit Party shall acquire any securities, instruments, chattel paper or other personal property required to be delivered to the Collateral Agent as Collateral hereunder or under any of the Collateral Documents, the Company shall promptly (and in any event within three (3) Business Days after any Responsible Officer of any Credit Party acquires knowledge of the same) notify the Collateral Agent of the same. Each of the Credit Parties shall adhere to the covenants regarding the location of personal property as set forth in the Collateral Documents.

If, subsequent to the Execution Date, a Credit Party shall acquire or obtain any Inventory that contains or bears intellectual property rights licensed to any Credit Party that may be sold or otherwise disposed of without (i) infringing the rights of such licensor, (ii) violating any contract with such

licensor, or (iii) incurring any liability with respect to payment of royalties other than royalties incurred pursuant to the sale of such Inventory under the current licensing agreement, then the Company shall provide an annex with each Borrowing Base Certificate delivered to the Administrative Agent pursuant to Section 8.2(f) immediately following the date that such property is acquired, notifying the Administrative Agent of such acquisition, which annex shall specify reasonable detail (including the location, title, patent number(s) and issue date) as to the property so acquired and the intellectual property rights licensed to the Credit Party in connection therewith.

(e) *Real Property Appraisals*. If the Collateral Agent or the Required Lenders determine that there is a Requirement of Law for them to have appraisals prepared in respect of the Real Property of the Company constituting Collateral pursuant to paragraph (d), the Company shall provide to the Collateral Agent appraisals which satisfy the applicable requirements set forth in 12 C.F.R., Part 32 - Subpart C or any successor or similar statute, rule, regulation, guideline or order, and which shall be in scope, form and substance, and from appraisers, reasonably satisfactory to the Required Lenders and shall be accompanied by a certification of the appraisal firm providing such appraisals that the appraisals comply with such requirements.

(f) *Certain Actions Following an Event of Default*. Upon the request of the Administrative Agent following the occurrence and during the continuance of an Event of Default, the Company shall, at the Company's expense:

(i) Within thirty (30) days after such request, furnish to the Administrative Agent a description of the real and personal properties of the Credit Parties and their respective Subsidiaries in detail satisfactory to the Administrative Agent;

(ii) within forty-five (45) days after such request, duly execute and deliver, and cause each Credit Party (if it has not already done so) to duly execute and deliver, to the Administrative Agent deeds of trust, trust deeds, deeds to secure debt, mortgages, instruments of accession to the Collateral Documents and other security and pledge agreements, as specified by and in form and substance satisfactory to the Administrative Agent (including delivery of all Pledged Collateral), securing payment of all the Finance Obligations of the Credit Parties under the Credit Documents and constituting Liens on all such properties;

(iii) within sixty (60) days after such request, take, and cause each Credit Party to take, whatever action (including the recording of mortgages, the filing of UCC financing statements, the giving of notices and the endorsement of notices on title documents) may be necessary or advisable in the opinion of the Administrative Agent or the Collateral Agent to vest in the Collateral Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on the properties purported to be subject to the deeds of trust, trust deeds, deeds to secure debt, mortgages, instruments of accession to the Collateral Documents and security and pledge agreements delivered pursuant to this Section 8.10, enforceable against all third parties in accordance with their terms;

(iv) within sixty (60) days after such request, deliver to the Administrative Agent and the Collateral Agent, upon the request of the Administrative Agent or the Collateral Agent in their sole discretion, a signed copy of a favorable opinion, addressed to the Administrative Agent, the Collateral Agent, and the other Secured Parties, of counsel for the Credit Parties acceptable to the Administrative Agent as to the matters contained in clauses (ii) and (iii) above, and as to such other matters as the Administrative Agent may reasonably request; and

(v) as promptly as practicable after such request, deliver, upon the request of the Administrative Agent in its sole discretion, to the Administrative Agent with respect to each parcel of Real Property owned or held by the Credit Parties, title reports, surveys and engineering, soils and other reports, and environmental assessment reports, each in scope, form and substance satisfactory to the Administrative Agent, **provided**, however, that to the extent that any Credit Party or any of its Subsidiaries shall have otherwise received any of the foregoing items with respect to such Real Property, such items shall, promptly after the receipt thereof, be delivered to the Administrative Agent.

(g) *Further Assurances*. At any time upon request of the Administrative Agent, promptly execute and deliver any and all further instruments and documents and take all such other action as the Administrative Agent, in the commercially reasonable exercise of its discretion, may deem necessary or desirable in obtaining the full benefits of, or (as applicable) in perfecting and preserving the Liens of, the Collateral Documents and any such guaranties, deeds of trust, trust deeds, deeds to secure debt, mortgages, instruments of accession to the Collateral Documents and other security and pledge agreements.

(h) *Time for Taking Certain Actions*. The Company agrees that if no deadline for taking any action required by this Section 8.10 is specified herein, such action shall be completed as soon as possible, but in no event later than thirty (30) days after such action is either requested to be taken by the Administrative Agent or the Required Lenders or required to be taken by the company or any of its Subsidiaries pursuant to the terms of this Section 8.10.

8.11 Compliance with Environmental Laws

Except, in each case, to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, comply, and cause all lessees and other Persons operating or occupying its properties to comply, with all applicable Environmental Laws and Environmental Permits; obtain and renew all Environmental Permits necessary for its operations and properties; and conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Materials of Environmental Concern from any of its properties, in accordance with the requirements of all Environmental Laws; **provided**, however, that neither the Company nor any of its Restricted Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

8.12 Appraisals; Field Examinations

Upon the Administrative Agent's request and in the Administrative Agent's Permitted Discretion, representatives designated by the Administrative Agent shall conduct field examinations and inventory appraisals, with respect to any Accounts or Inventory included in the calculation of the Borrowing Base, at reasonable business times and upon reasonable prior notice to the Company.

(a) One such field examination and one such appraisal will be conducted at the expense of the Credit Parties during each 12 month period, subject to Section 8.12(b).

(b) If Availability is less than the greater of (i) $10,000,000 and (ii) 20% of the Line Cap at any time during such 12 month period referred to in Section 8.12(a), then one additional field examination and one additional appraisal shall be conducted at the expense of the Credit Parties during such 12 month period.

(c) If an Event of Default has occurred and is continuing, then all field examinations and appraisals conducted while such Event of Default has occurred and is continuing shall be at the expense of the Credit Parties.

(d) For the avoidance of doubt, there shall be no limitation on the number or frequency of field examinations during such time as a Default or Event of Default has occurred and is continuing. If no Default or Event of Default has occurred and is continuing, the Administrative Agent may conduct one such field examinations and appraisals during any 3-month period.

(e) The Credit Parties shall reasonably cooperate with the Administrative Agent and such designated representatives in the conduct of such field examinations and inventory appraisals. Such appraisals shall be prepared in a form and on a basis reasonably satisfactory to the Administrative Agent, such appraisals to include information required by applicable law and by the internal policies of the Lenders. With respect to each appraisal made pursuant to this Section 8.12 after the Execution Date, (i) the Administrative Agent and the Company shall each be given a reasonable amount of time to review and comment on a draft form of the appraisal prior to its finalization and (ii) any adjustments to the Appraised Net Orderly Liquidation Value or the Borrowing Base hereunder as a result of such appraisal shall be reflected in the Borrowing Base Certificate delivered immediately succeeding such appraisal.

(f) Conduct a physical count of the Inventory either through periodic cycle counts or wall to wall counts consistent with past practices, so that all Inventory is subject to such counts at least once each year.

8.13 Further Assurances

Promptly upon request by the Administrative Agent, or any Lender through the Administrative Agent, (i) correct any material defect or error that may be discovered in any Credit Document or in the execution, acknowledgment, filing or recordation thereof, and (ii) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time in order to (A) carry out more effectively the purposes of the Credit Documents, (B) to the fullest extent permitted by applicable law, subject any Credit Party's properties, assets, rights or interests to the Liens now or hereafter intended to be covered by any of the Collateral Documents, (C) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created thereunder and (D) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Credit Document or under any other instrument executed in connection with any Credit Document to which any Credit Party is or is to be a party, and if and to the extent necessary, cause each of its Subsidiaries to do so.

8.14 Depositary Banks

Maintain one or more of the Lenders as its principal depository bank, including for the maintenance of operating, administrative, cash management, collection activity and other deposit accounts for the conduct of its business.

8.15 Anti-Corruption; Sanctions

Each Credit Party shall comply with and cause its Subsidiaries to comply with, and maintain in effect, policies and procedures designed to ensure compliance by each Credit Party, their Subsidiaries, and their respective directors, officers, employees and agents with Anti-Corruption Laws and Sanctions. Each Credit Party will not use the proceeds of any Loan, and will not allow such proceeds to be used (to such Credit Party's knowledge after due care and inquiry) in any way that will violate any Anti-Corruption Laws or Sanctions.

8.16 Accuracy of Information

The Credit Parties will ensure that no report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of the Company or any of its Subsidiaries to the Administrative Agent or any Lender in connection with this Agreement or any other Credit Document or any amendment or other modification hereof or thereof (in each case as modified or supplemented by other information so furnished), taken as a whole, shall contain any material misstatement of fact or shall omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; **provided** that, with respect to projected financial information, the Credit Parties will ensure only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

8.17 Casualty and Condemnations

The Company will (a) furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any material portion of the Collateral or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) ensure that the Proceeds of any such event (whether in the form of insurance

proceeds, condemnation awards or otherwise) are collected and applied in accordance with the applicable provision of this Agreement and the Collateral Documents.

8.18 Keepwell

Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Credit Party to honor all of its obligations under any Credit Document in respect of a Swap Obligation (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 8.18 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 8.18 or otherwise under any Credit Document voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Except as otherwise provided herein, the obligations of each Qualified ECP Guarantor under this Section 8.18 shall remain in full force and effect until the termination of all Swap Obligations. Each Qualified ECP Guarantor intends that this Section 8.18 constitute, and this Section 8.18 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Credit Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

9. NEGATIVE COVENANTS

The Company hereby agrees that it shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly so long as the Commitments remain in effect or any Loan or Revolving L/C Obligation remains outstanding and unpaid, any amount remains available to be drawn under any Letter of Credit or any other amount (other than any Unmatured Surviving Obligations) is owing to any Lender, any Agent or the Issuing Lenders hereunder (it being understood that each of the permitted exceptions to each covenant in this Article 9 is in addition to, and not overlapping with, any other of such permitted exceptions in such covenant except to the extent expressly provided):

9.1 Financial Covenant

Upon the occurrence and during the continuance of a Cash Dominion Event, the Company shall not permit the Fixed Charge Coverage Ratio to be less than 1.00:1.00, tested at any time based on the financial statements for the most recently ended fiscal quarter for which financial statements were required to be delivered pursuant to Section 8.1 and Section 8.2.

Commencing with the fiscal quarter of the Company ended as of April 30, 2018 (which shall constitute the "first fiscal quarter" of the Company for the purpose of this annualization), for the purpose of calculating the Fixed Charge Coverage Ratio, Fixed Charges, Consolidated EBITDA and Unfinanced Capital Expenditures shall be annualized in the following manner for the first three fiscal quarters of the Company: (i) for the first fiscal quarter of the Company ended as of April 30, 2018, Fixed Charges, Consolidated EBITDA and Unfinanced Capital Expenditures for such fiscal quarter shall be multiplied by 4, (ii) for the second fiscal quarter of the Company ending as of July 31, 2018, Fixed Charges, Consolidated EBITDA and Unfinanced Capital Expenditures for the first two fiscal quarters of the Company shall be multiplied by 2, and (iii) for the third fiscal quarter of the Company ending as of October 31, 2018, Fixed Charges, Consolidated EBITDA and Unfinanced Capital Expenditures for the first three fiscal quarters of the Company shall be multiplied by 4/3. From the fourth fiscal quarter of the Company ending as of January 31, 2019 and thereafter, the Fixed Charge Coverage Ratio shall be calculated based on the results for the immediately preceding four fiscal quarter period for which financial statements have been or are required to be delivered to the Administrative Agent.

9.2 Indebtedness

Create, incur, assume or suffer to exist any Indebtedness or Contingent Obligation, except:

(a) Indebtedness of the Company or any Restricted Subsidiary in connection with the Letters of Credit and this Agreement;

(b) Indebtedness of (i) the Company to any Restricted Subsidiary; **provided** that all such Indebtedness shall be subordinated to the Finance Obligations on the terms and conditions set forth in Exhibit F, and (ii) any Restricted Subsidiary to the Company or any other Restricted Subsidiary to the extent the Indebtedness referred to in this paragraph (b) evidences a loan or advance permitted under Section 9.7;

(c) Indebtedness in respect of non-speculative derivative contracts;

(d) Indebtedness consisting of reimbursement obligations under surety, indemnity, performance, release and appeal bonds and guarantees thereof and letters of credit required in the ordinary course of business or in connection with the enforcement of rights or claims of the Company or its Restricted Subsidiaries, in each case to the extent a Letter of Credit supports in whole or in part the obligations of the Company and its Restricted Subsidiaries with respect to such bonds, guarantees and letters of credit;

(e) Indebtedness of the Company or any Restricted Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including capital lease obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and any extension or renewal thereof; **provided** that (A) such Indebtedness is incurred prior to or within ninety (90) days after such acquisition or the completion of such construction or improvement, (B) the aggregate principal amount of Indebtedness permitted by this paragraph (e) shall not at any time exceed $20,000,000 and (C) such Indebtedness is not incurred or assumed in connection with any Permitted Acquisition or Permitted Foreign Acquisition;

(f) Indebtedness (A) owed under Section 3.01(c)(i) of the Distribution Agreement (as defined in the Merger Agreement) and (B) owed to a seller in a Permitted Acquisition, Permitted Foreign Acquisition or a Permitted Joint Venture or to a buyer in a disposition permitted under paragraph (e) or (f) of Section 9.6 that (i) relates to customary post-closing adjustments with respect to accounts receivable, accounts payable, net worth and/or similar items typically subject to post-closing adjustments in similar transactions, and are outstanding for a period of one (1) year or less following the creation thereof or (ii) relates to customary indemnities granted to the seller or buyer in the transaction, if, after giving effect to the incurrence

thereof and the application of the proceeds thereof on a pro forma basis, the Company is in compliance with the Required Ratio, as of the last day of the most recently ended fiscal quarter for which the relevant financial statements have been delivered pursuant to Section 8.1 or Section 8.2;

(g) other Indebtedness of the Company or any Subsidiary Guarantor in respect of one or more series of secured or unsecured notes or term loans that are issued in a public offering, Rule 144A or other private placement, or a bridge financing in lieu of the foregoing that converts into permanent New Term Debt, pursuant to an indenture or a note purchase agreement or otherwise (the "***New Term Debt***"); **provided that** (1) after giving effect to the incurrence thereof and the application of the proceeds thereof on a pro forma basis, the Company is in compliance with the Required Ratio, as of the last day of the most recently ended fiscal quarter for which the relevant financial statements have been delivered pursuant to Section 8.1 or Section 8.2 and (2) the following requirements are satisfied:

(i) such Indebtedness does not mature prior to the date that is the 180th day following the Revolving Credit Termination Date;

(ii) such Indebtedness shall not be subject to any scheduled amortization prior to maturity;

(iii) the agreements and terms governing such Indebtedness do not require mandatory prepayments to be made except customary asset sale or change of control provisions;

(iv) the agreements and instruments governing such Indebtedness shall not contain (A) (x) any financial covenant that is more restrictive than the financial covenant in this Agreement or (y) any other affirmative or negative covenants that are, taken as a whole, materially more restrictive than those set forth in this Agreement; provided that the inclusion of any covenant that is customary with respect to such type of Indebtedness and that is not found in this Agreement shall not be deemed to be more restrictive for purposes of this sub-clause (A); (B) any restriction on the ability of the Company or any of its Restricted Subsidiaries to amend, modify, restate or otherwise supplement this Agreement or the other Credit Documents; (C) any restrictions on the ability of the Company or any of its Subsidiaries to guarantee the Finance Obligations (as such Finance Obligations may be amended, supplemented, modified, or amended and restated), provided that a requirement that any such Person also guarantee such Indebtedness shall not be deemed to be a violation of this sub-clause (C); (D) any restrictions on the ability of the Company or any of its Restricted Subsidiaries to pledge assets as security with respect to the Finance Obligations (as such Finance Obligations may be amended, supplemented, modified, or amended and restated); **provided** that, in accordance with clause (vi) below, a requirement that any Liens upon fixed assets of the Company or any Subsidiary Guarantor in favor of the Collateral Agent shall be subordinate to any lien upon such fixed assets securing the New Term Debt shall not be deemed to be a violation of this sub-clause (D); and (E) any restrictions on the ability of any Company or any of its Restricted Subsidiaries to incur Indebtedness under this Agreement or any other Credit Document;

(v) to the extent secured by any Lien on the ABL First Priority Collateral, such New Term Debt shall be secured on a junior lien basis to the Revolving Credit Facility and shall be subject to customary intercreditor arrangements and execution of an intercreditor agreement prepared by the Collateral Agent and in a form reasonably satisfactory to the Required Lenders;

(vi) to the extent such New Term Debt is secured by Liens on any fixed assets of the Company or any Subsidiary Guarantor that comprise a portion of the Collateral, any Liens in favor of the Collateral Agent upon such fixed assets shall, following the written request of the Company, pursuant to Section 6.15 of the Pledge and Security Agreement, be automatically subordinated to the liens on such fixed assets securing the New Term Debt pursuant to an intercreditor agreement prepared by the Collateral Agent and in a form reasonably satisfactory to the Required Lenders; and

(vii) to the extent secured, such New Term Debt shall not be (x) secured by any lien on any asset of the Company or any Subsidiary Guarantor that does not also secure the Revolving Credit Facility, except for any lien on any Real Property owned by the Company or any Subsidiary Guarantor, or (y) guaranteed by any Person other than

the Subsidiary Guarantors;

(h) Indebtedness of the Company or any of its Restricted Subsidiaries existing on the Execution Date and listed on Schedule 9.2(h) hereto including any extension or renewals or refinancing thereof, **provided** that, the principal amount thereof is not increased;

(i) unsecured Indebtedness of the Company or any Restricted Subsidiary: (i) the principal of which is not required to be repaid, in whole or in part, before the date that is the 180th day following the later of the Revolving Credit Termination Date, (ii) that is subordinated in right of payment to the Company's indebtedness, obligations and liabilities to the Lenders under the Credit Documents pursuant to payment and subordination provisions satisfactory in form and substance to the Administrative Agent, (iii) that is issued pursuant to credit documents having covenants and events of default that are no less favorable, including with respect to rights of acceleration, taken as a whole, to the Company than the terms hereof or are otherwise reasonably satisfactory in form and substance to the Administrative Agent, and (iv) that if, after giving effect to the incurrence thereof and the application of the proceeds thereof on a pro forma basis, the Company is in compliance with the Required Ratio, as of the last day of the most recently ended fiscal quarter for which the relevant financial statements have been delivered pursuant to Section 8.1 or Section 8.2;

(j) the following Contingent Obligations:

(i) guarantees of obligations to third parties made in the ordinary course of business in connection with relocation of employees of the Company or any of its Restricted Subsidiaries;

(ii) guarantees by the Company and its Restricted Subsidiaries of obligations incurred in the ordinary course of business for an aggregate amount not to exceed $5,000,000 at any time; **provided**, however, that any such guarantee granted by a Restricted Subsidiary shall only be given in accordance with Section 9.15;

(iii) Contingent Obligations existing on the Funding Date and described in Schedule 9.2(j) including any extensions or renewals thereof;

(iv) Contingent Obligations in respect of derivative contracts;

(v) Contingent Obligations pursuant to the Credit Documents;

(vi) guarantees by (A) the Company of Indebtedness of its Restricted Subsidiaries permitted under Section 9.2(f) and (B) the Company or any Restricted Subsidiary of other obligations of Restricted Subsidiaries not prohibited hereunder; and

(vii) guarantees by any Restricted Subsidiary of Indebtedness and other obligations of the Company or any Restricted Subsidiary; **provided** that the Indebtedness or obligations so guaranteed is either permitted pursuant to this Section 9.2 or not prohibited hereunder; and **provided** further that any such guarantees shall only be given in accordance with Section 9.15; and

(k) Indebtedness of Foreign Subsidiaries in respect of netting services, overdraft protections, employee credit card programs, automatic clearinghouse arrangements and similar arrangements in the ordinary course of business, in an aggregate principal amount not to exceed $5,000,000 at any time.

9.3 Limitation on Liens

Create, incur, assume or suffer to exist any Lien upon any of its property, assets, income or profits, whether now owned or hereafter acquired, or sign or file or suffer to exist under the UCC of any jurisdiction a financing statement that names the Company or any of its Restricted Subsidiaries as debtor, or assign any accounts or other right to receive income, except:

(a) Liens for Taxes, assessments or other governmental charges not yet due and payable or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company or such Restricted Subsidiary, as the case may be, in accordance with GAAP;

(b) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations which do not, individually or in the aggregate, materially impair the use of any of the assets or properties of the Company or any Restricted Subsidiary or which are not overdue by more than thirty (30) days or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company or such Restricted Subsidiary, as the case may be, in accordance with GAAP;

(c) pledges or deposits in connection with workmen's compensation, unemployment insurance and other social security legislation;

(d) easements, right-of-way, zoning and similar restrictions and other similar encumbrances or title defects incurred, or leases or subleases or licenses granted to others, in the ordinary course of business, which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or do not interfere with or adversely affect in any material respect the ordinary conduct of the business of the Company and its Restricted Subsidiaries taken as a whole;

(e) Liens in favor of the Collateral Agent for the benefit of the Secured Parties pursuant to the Credit Documents and bankers' liens arising by operation of law;

(f) Liens on assets of entities or Persons which become Restricted Subsidiaries of the Company after the date hereof; **provided** that such Liens exist at the time such entities or Persons become Restricted Subsidiaries and are not created in anticipation thereof;

(g) Liens on documents of title and the property covered thereby securing Indebtedness in respect of the Letters of Credit;

(h) Liens in existence on the Execution Date and described in Schedule 9.3 and renewals thereof in amounts not to exceed the amounts listed on such Schedule 9.3;

(i) Liens on assets acquired in connection with a Permitted Acquisition or a Permitted Foreign Acquisition; **provided** that such Liens (A) exist at the time of the Permitted Acquisition or Permitted Foreign Acquisition in question and are not created in anticipation thereof, and (B) are not extended to cover other assets of the Company or any of its Restricted Subsidiaries;

(j) any leases or licenses of any intellectual property or intangible assets or entering into any franchise agreement in the ordinary course of business;

(k) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, licenses, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(l) Liens securing Indebtedness owing to the Company or any Restricted Subsidiary under Section 9.2(b)(ii);

(m) Liens on fixed or capital assets acquired, constructed or improved by the Company or any Restricted Subsidiary; **provided** that (i) such security interests secure only Indebtedness permitted by Section 9.2(e), (ii) such security interests and the Indebtedness secured thereby are incurred prior to or within ninety (90) days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets, (iv) such security interests shall not apply to any other property or assets of the Company or any Restricted Subsidiary, and (v) such security interests shall not interfere with the security and priority of the Liens granted to the Collateral Agent for the benefit of the Secured Parties;

(n) judgment liens in respect of judgments that do not constitute an Event of Default under Section 10.1(h);

(o) Liens arising from precautionary UCC filings or similar filings relating to (x) Operating Leases and (y) sub-leasing and/or chartering arrangements relating to aircrafts;

(p) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(q) Liens on insurance proceeds securing the payment of financed insurance premiums (**provided** that such Liens extend only to such insurance proceeds and not to any other property or assets);

(r) Liens to secure Indebtedness permitted under Section 9.2(g), **provided** that to the extent such Indebtedness is secured by Liens on the ABL First Priority Collateral, such Liens shall be on a junior lien basis to the Revolving Credit Facility and shall be subject to customary intercreditor arrangements and execution of an intercreditor agreement prepared by the Collateral Agent with respect to New Term Debt and in a form reasonably satisfactory to the Required Lenders; and

(s) Liens arising out of Sale and Leaseback Transactions permitted by Section 9.16.

No Liens shall be permitted to exist, directly or indirectly (i) on the Collateral (as defined in the Pledge and Security Agreements), other than Liens created under the Pledge and Security Agreements and under paragraphs (a) or (r) above, (ii) on any Real Property owned by the Company or any Subsidiaries, other than Liens created under paragraph (e) above, or (iii) except as permitted under paragraphs (a), (f), (i) and (j) above, on material trademarks.

9.4 Use of Proceeds

(a) The Company will not request any Loans or Letter of Credit, and the Company shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan or Letter 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, (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, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

(b) The proceeds of the Loans and the Letters of Credit will be used solely for financing the working capital or general corporate purposes of the Company or any of its Subsidiaries (including making payments to an Issuing Lender to reimburse the Issuing Lender for drawings made under the Letters of Credit). No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

9.5 Prohibition on Fundamental Changes

Enter into any transaction or acquisition of, or merger or consolidation or amalgamation with, any other Person (including any Subsidiary or Affiliate of the Company or any of its Subsidiaries), or transfer all or substantially all of its assets to any Subsidiary, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or engage in any type of business other than of the same general type now conducted by it or as contemplated by the Form 10, or with respect to the Company, reorganize in any foreign jurisdiction, except for:

(a) any merger of any Subsidiary into (i) the Company provided the Company is the surviving entity or (ii)(A) any Domestic Subsidiary or (B) in the case of a Foreign Subsidiary, into any other Foreign Subsidiary; provided, in each case, that if one of the parties of such merger is a Subsidiary Guarantor then, the surviving entity shall be or become a Subsidiary Guarantor;

(b) any merger of any Domestic Subsidiary into a Foreign Subsidiary in connection with an Investment permitted under Section 9.7;

(c) liquidation or dissolution of any Subsidiary, provided that (i) all assets of such Subsidiary are transferred to the Company or to a Wholly-Owned Domestic Subsidiary and (ii) if such Subsidiary is a Subsidiary Guarantor, all assets of such Subsidiary are transferred to the Company or to a Subsidiary Guarantor;

(d) any merger, consolidation or amalgamation of any non-Subsidiary Guarantor with a non-Subsidiary Guarantor; and

(e) transactions otherwise expressly permitted under this Agreement.

9.6 Prohibition on Sale of Assets

Convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including, without limitation, tax benefits, receivables and leasehold interests), whether now owned or hereafter acquired except:

(a) for the sale or other disposition of any tangible personal property that, in the reasonable judgment of the Company, has become uneconomic, obsolete or worn out, and which is disposed of in the ordinary course of business;

(b) for sales or other dispositions of inventory made in the ordinary course of business and dispositions, assignments or abandonment of intellectual property in the ordinary course of business;

(c) that any Restricted Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Company, and the Company and its Restricted Subsidiaries may make Investments permitted by Section 9.7;

(d) that (i) any Foreign Subsidiary of the Company may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or by merger, consolidation, transfer of assets, or otherwise) to the Company or a Wholly-Owned Subsidiary of the Company, (ii) any Subsidiary of the Company which is not a Credit Party may sell or otherwise dispose of, or part control of any or all of, the capital stock of, or other equity interests in, any Subsidiary of the Company to a Wholly-Owned Subsidiary of the Company, and (iii) any Subsidiary of the Company which is not a Credit Party may sell or otherwise dispose of, or part control of any or all of, the capital stock of, or other equity interests in, any Subsidiary of the Company to a Wholly-Owned Subsidiary of the Company which is a Credit Party; **provided** that in any case such transfer shall not cause a Domestic Subsidiary to become a Foreign Subsidiary;

(e) for the sale or other disposition by the Company or any of its Restricted Subsidiaries of any assets described on Schedule 9.6 hereto consummated after the Execution Date, **provided** that such sale or other disposition shall be made for fair value on an arm's-length basis;

(f) for the sale or other disposition by the Company or any of its Restricted Subsidiaries of other assets consummated after the Execution Date, **provided** that (i) such sale or other disposition shall be made for fair value on an arm's-length basis and (ii) the consideration for such sale or other disposition consists of cash and Cash Equivalents, assets (other than capital stock and equity interests) which can be employed in the same business as the Company and its Restricted Subsidiaries are engaged in or a related business and promissory notes and other debt obligations of the purchaser of the assets being sold or disposed of, **provided** that not more than 25% of the purchase price payable in connection

with any such sale or disposition shall be in the form of promissory notes or other debt obligations of the purchaser of such assets;

(g) any leases or licenses of property in the ordinary course of business;

(h) any leases or licenses of any intellectual property or intangible assets or entering into any franchise agreement in the ordinary course of business;

(i) sales, conveyances, transfers or other dispositions of personal property, leases and other assets of the Company and its Restricted Subsidiaries not permitted under paragraph (a), (b), (c), (d) or (e) above, having an aggregate fair market value not exceeding $5,000,000 in each fiscal year; and

(j) any disposition, transfer, sale or assignment permitted under Section 9.5 (other than any described in paragraph (e) of Section 9.5).

The Company and its Restricted Subsidiaries shall not convey, sell, lease, assign, transfer or otherwise dispose of any material trademarks except as permitted by paragraphs (e), (g), (h) and (j) above. On or prior to giving effect to any disposition of assets by the Company which would impact the calculation of the Borrowing Base in an amount in excess of $2,500,000, the Company shall have delivered an updated Borrowing Base Certificate setting forth the calculation of the Borrowing Base after giving effect to such disposition.

9.7 Limitation on Investments, Loans and Advances

Make any advance, loan, extension of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of, or any assets constituting a business unit of, or make or maintain any other investment (each an "***Investment***" and, collectively, "***Investments***") in, any Person, except (subject to the final sentence of this Section 9.7) the following:

(a) (i) loans or advances in respect of intercompany accounts attributable to the operation of the Company's cash management system, (ii) loans or advances by the Company or any Restricted Subsidiary to the Company or any Restricted Subsidiary for working capital needs so long as such loans or advances constitute Indebtedness of the primary obligor that is not subordinate to any other Indebtedness of such obligor and, if evidenced by a promissory note, instrument or other writing and owed to the Company or any Subsidiary Guarantor, shall be pledged to the Collateral Agent, and **provided** that the aggregate outstanding principal amount of all such loans, when aggregated with the aggregate amount of all Investments made by the Company and the Restricted Subsidiaries in its Subsidiaries pursuant to paragraph (b)(i) below, shall not exceed five percent (5%) of the Consolidated Total Assets, (iii) loans or advances to the Company or any Subsidiary Guarantor which are subordinated to the Finance Obligations on the terms and conditions set forth in Exhibit F and (iv) loans or advances by any Subsidiary that is not a Credit Party to any other Subsidiary that is not a Credit Party;

(b) (i) Investments by the Company or a Subsidiary Guarantor in Domestic Subsidiaries of the Company that are not Credit Parties in an aggregate amount, when taken together with the aggregate amount of all outstanding loans and advances made pursuant to paragraph (a)(ii)

above, not exceeding five percent (5%) of the Consolidated Total Assets; (ii) Investments by the Company or a Domestic Subsidiary in Foreign Subsidiaries of the Company in an aggregate amount not exceeding $2,500,000 for all such Investments made or committed to be made from and after the Execution Date plus an amount equal to any returns of capital or sales proceeds actually received in cash in respect of any such Investments (which amount shall not exceed the amount of such investment valued at cost at the time such investment was made); and (iii) Investments by any Subsidiary that is not a Credit Party in any other Subsidiary that is not a Credit Party;

(c) Investments by the Company or any of its Restricted Subsidiaries in Restricted Subsidiaries of the Company which are Credit Parties;

(d) any Domestic Subsidiary of the Company which is not a Credit Party may make Investments in the Company or any Domestic Subsidiary (by way of capital contribution or otherwise), and any Foreign Subsidiary of the Company may make Investments in the Company or any other Foreign Subsidiary (by way of capital contribution or otherwise);

(e) the Company or any Restricted Subsidiary may invest in, acquire and hold cash and Cash Equivalents, subject to Control Agreements in favor of the Collateral Agent for the benefit of the Lenders or otherwise subject to a perfected security interest in favor of the Collateral Agent for the benefit of

the Lenders;

(f) the Company or any of its Restricted Subsidiaries may make travel and entertainment advances and relocation loans in the ordinary course of business to officers, employees and agents of the Company or any such Restricted Subsidiary, in an aggregate outstanding amount not exceeding $250,000 at any time for all such advances and relocation loans;

(g) the Company or any of its Restricted Subsidiaries may make payroll advances in the ordinary course of business;

(h) the Company or any of its Restricted Subsidiaries may acquire and hold receivables owing to it, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms (**provided** that nothing in this paragraph (h) shall prevent the Company or any Restricted Subsidiary from offering such concessionary trade terms, or from receiving such Investments in connection with the bankruptcy or reorganization of their respective suppliers or customers or the settlement of disputes with such customers or suppliers arising in the ordinary course of business, as management deems reasonable in the circumstances);

(i) the Company and its Restricted Subsidiaries may hold Investments received as considerations in connection with asset sales permitted by Section 9.6 or to which the Required Lenders consent;

(j) Investments, loans and advances of the Company or any Restricted Subsidiary existing on the Execution Date and described on Schedule 9.7 hereto;

(k) so long as the Payment Conditions are satisfied immediately before any transaction under this paragraph (k) and after giving effect to such transaction, the Company and its

Restricted Subsidiaries may make Permitted Acquisitions, Permitted Foreign Acquisitions and Investments in Permitted Joint Ventures, **provided** that (i) if any Person shall become a Domestic Subsidiary of the Company by virtue of a Permitted Acquisition, then, unless all or substantially all of the assets of such Person are transferred to the Company (by merger of such Person with and into the Company or otherwise) within ninety (90) days after the date such Person first become a Domestic Subsidiary of the Company, the Company shall cause such Person to become a Credit Party and shall cause each such Person to comply with the requirements set forth in Section 8.10, and (ii) no Permitted Foreign Acquisition or Permitted Joint Venture may be made of, with or in consideration of any assets which before or after giving effect to such Investment are (or are required to be) Collateral other than as required under Section 8.10;

(l) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business; and

(m) additional Investments (other than Permitted Acquisitions, Permitted Foreign Acquisitions and Investments in Permitted Joint Ventures), **provided** that both immediately before such Investment is made and immediately after giving effect thereto, the Payment Conditions shall be satisfied.

9.8 Amendments to Documents

No Credit Party will, nor will they permit any of their respective Restricted Subsidiaries to, amend, modify or waive any of its rights under its certificate of incorporation, bylaws or other organizational documents, in each case if the effect of such amendment, modification or waiver would be materially adverse to the Lenders.

9.9 Restricted Payments

No Credit Party will declare or pay any dividends on any shares of any class of stock, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement or other acquisition of any shares of any class of stock, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Company or any of its Restricted Subsidiaries, or pay any management fee to any Affiliate, or redeem, repurchase or otherwise acquire any of its Equity Interests at any time outstanding (collectively, "***Restricted Payments***"), except that:

(a) Restricted Subsidiaries may pay dividends directly or indirectly to the Company or to Wholly-Owned Domestic Subsidiaries that are Restricted Subsidiaries (or on a pro rata basis to the owners of such Restricted Subsidiary's Equity Interests) and Foreign Subsidiaries may pay dividends directly or indirectly to Foreign Subsidiaries which are directly or indirectly wholly-owned by the Company or are Restricted Subsidiaries;

(b) the Company and its Restricted Subsidiaries may pay or make dividends or distributions to any holder of its capital stock in the form of additional shares of capital stock of the same class and type;

(c) the Company may effect Qualified Stock Repurchases if (i) no Default or Event of Default has occurred or would occur after giving effect thereto, and (ii) the Payment Conditions shall be satisfied immediately before such Qualified Stock Repurchase and immediately after giving pro forma effect thereto, calculated based on the last day of the most recently ended fiscal quarter immediately preceding the date of such Qualified Stock Repurchase, for which the relevant financial information has been delivered to the Administrative Agent pursuant to Section 8.1 or 8.2, as applicable; and

(d) the Company may declare and pay cash dividends or cash distributions to any holders of its Equity Interests, **provided** that both immediately before such payment is made and immediately after giving effect thereto, the Payment Conditions shall be satisfied; **provided further** that any such dividends or distributions made or paid in connection with any Permitted Acquisition, so long as both immediately before such payment is made and immediately after giving effect thereto, the Payment Conditions shall be satisfied.

9.10 Transaction with Affiliates

Enter into after the date hereof any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate except (a) for transactions which are otherwise permitted under this Agreement and which are in the ordinary course of the Company's or a Subsidiary's business and which are upon fair and reasonable terms no less favorable to the Company or such Subsidiary than it would obtain in a hypothetical comparable arm's length transaction with a Person not an Affiliate, or (b) as permitted under Section 9.2(b) and (i), Section 9.3(l), Section 9.2(j)(i), (iii), (vi) and (vii), Section 9.5, Section 9.6(c), (d) and (i), Section 9.7 and Section 9.9, (c) transactions among the Company and its Wholly-Owned Subsidiaries not prohibited under this Agreement or (d) as set forth on Schedule 9.10; **provided** that nothing in this Section 9.10 shall prohibit the Company or its Restricted Subsidiaries from engaging in the following transactions: (x) the performance of the Company's or any Restricted Subsidiary's obligations under any employment contract, collective bargaining agreement, employee benefit plan, related trust agreement or any other similar arrangement heretofore or hereafter entered into in the ordinary course of business, (y) the payment of compensation to employees, officers, directors or consultants in the ordinary course of business or (z) the maintenance of benefit programs or arrangements for employees, officers or directors, including, without limitation, vacation plans, health and life insurance plans, deferred compensation plans, and retirement or savings plans and similar plans, in each case, in the ordinary course of business.

9.11 Swap Contracts

No Credit Party will, nor will it permit any Subsidiary to, enter into any Swap Contract, except (a) Swap Contracts entered into to hedge or mitigate risks to which the Company or any Subsidiary has actual exposure (other than those in respect of Equity Interests or Indebtedness restricted pursuant to Section 9.12 of the Company or any Subsidiary) and (b) Swap Contracts entered into in order to effectively cap, collar or exchange interest rates (from floating to fixed rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Company or any Subsidiary.

9.12 Other Indebtedness

(a) Prepay, redeem, purchase, acquire, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Indebtedness, except for: (i) the repayment of the Obligations in accordance with this Agreement; (ii) the repayment to one or more Cash Management Banks of Cash Management Obligations in accordance with one or more Cash Management Agreements; (iii) the repayment to one or more Hedge Banks of Swap Obligations in accordance with one or more Swap Contracts; (iv) regularly scheduled or required repayments or redemptions of non-subordinated Indebtedness permitted under Section 9.2; and (v) the optional and mandatory prepayments and repayments of Indebtedness (including New Term Debt) permitted under Section 9.2 in accordance with their terms, **provided** that, in each case, both immediately before such payment is made and immediately after giving effect thereto, the Payment Conditions shall be satisfied.

(b) With respect to any financing documentation related to Material Indebtedness (permitted under this Agreement), the Company shall not, nor shall it permit any of its Restricted Subsidiaries to amend, modify or change such documentation in any manner materially adverse to the interests of the Lenders, it being understood that an amendment shall be deemed to be materially adverse to the interests of the Lenders if the effect of such amendment is (i) to cause such Material Indebtedness to mature prior to the date that is one-hundred and eighty (180) days following the Revolving Credit Termination Date, or (ii) to cause such Material Indebtedness to provide for any scheduled amortization or mandatory prepayments prior to the Revolving Credit Termination Date, other than customary asset sale or change of control provisions.

9.13 Fiscal Year

Permit the fiscal year of the Company to end on a day other than January 31, unless the Company shall have given at least forty-five (45) days prior written notice to the Administrative Agent.

9.14 Restrictive Agreements

No Credit Party will, nor will it permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of such Credit Party or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of such Credit Party or Subsidiary to pay dividends or other distributions with respect to any of its Equity Interests or to make or repay loans or advances to the Company or any other Subsidiary or to guarantee Indebtedness of the Company or any other Subsidiary; **provided** that (i) the foregoing shall not apply to restrictions and conditions imposed by any Requirement of Law or by any Credit Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 9.14 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, **provided** that such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) paragraph (a) of the foregoing shall not apply to

restrictions or conditions imposed by any agreement relating to secured Indebtedness expressly permitted by this Agreement and (v) paragraph (a) of the foregoing shall not apply to customary provisions in leases restricting the assignment thereof.

9.15 Limitation on Guarantees

The Company will not permit any Restricted Subsidiary to, directly, or indirectly, incur or assume any guarantee of any Indebtedness of any other entity, unless such Restricted Subsidiary is already a Credit Party or contemporaneously therewith, effective provision is made to guarantee the Finance Obligations equally and ratably with (or on a senior secured basis to, if applicable) such other Indebtedness for so long as such other Indebtedness is so guaranteed. Any guarantee required to be given under this Section 9.15 shall be pursuant to the Guaranty or another similar agreement in form and substance satisfactory to the Collateral Agent.

9.16 Sale and Leaseback Transactions

No Credit Party will, nor will any Credit Party permit any Subsidiary to, enter into any arrangement or arrangements, with any Person providing for the leasing by any Credit Party or any Subsidiary of real or personal property that has been or is to be sold or transferred by any Credit Party to such Person or to any other person to whom funds have been or are to be advanced by such person on the security of such property or rental obligations of such Credit Party (a "***Sale and Leaseback Transaction***"), except for any Sale and Leaseback Transaction which satisfies each of the following requirements:

(a) a Sale and Leaseback Transaction for the sale or transfer of any fixed or capital assets which are made for cash consideration in an amount not less than the fair value of such fixed or capital asset and which is consummated within ninety (90) days after such Credit Party acquires or completes the construction of such fixed or capital asset; and

(b) a Sale and Leaseback Transaction which does not cause the total aggregate liability under all Sale and Leaseback Transactions permitted under this Section 9.16 to exceed $10,000,000 at any time.

9.17 Unrestricted Subsidiaries

The Company will not and will not permit any of the Restricted Subsidiaries to, incur, assume, guarantee or be or become liable for any Indebtedness of any of the Unrestricted Subsidiaries, and will not permit any Unrestricted Subsidiary to hold any Equity Interest in, or any Indebtedness of, the Company or any Restricted Subsidiary.

9.18 Independence of Covenants

All covenants contained herein shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that such action or condition would be permitted by an exception to, or otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or condition exists.

10. EVENTS OF DEFAULT

10.1 Events of Default

Upon the occurrence of any of the following events:

(a) the Company shall fail (i) to pay any principal of any Loan when due in accordance with the terms hereof or thereof or to reimburse the Issuing Lender in accordance with Section 2.6 or (ii) to pay any interest on any Loan or any fees or other amount payable hereunder within three (3) Business Days after any such interest or other amount becomes due in accordance with the terms thereof or hereof; or

(b) any representation or warranty made or deemed made by any Credit Party in any Credit Document or which is contained in any certificate, guarantee, document or financial or other statement furnished under or in connection with this Agreement shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) the Company shall default in the observance or performance of any agreement contained in Sections 2.2, 8.1, 8.2, 8.8, 8.9, 8.10, 8.15, or Article 9 of this Agreement or Section 3.6 of the Pledge and Security Agreement, **provided** that, (i) with respect to any default in the observance or performance of any agreement contained in Sections 8.2(c) through (e), 8.8 and 8.9(a)(ii) through (iv), such default shall continue unremedied for a period of ten (10) days and (ii) with respect to any default in the observance or performance of any agreement contained in Section 8.2(f), such default shall continue unremedied for a period of five (5) days (or, during the requirement to provide Borrowing Base Certificates on a weekly basis, one (1) Business Day); or

(d) any Credit Party shall default in the observance or performance of any other term, covenant, or agreement contained in any Credit Document, and such default shall continue unremedied for a period of thirty (30) days; or

(e) the Company or any of its Restricted Subsidiaries shall (i) default in any payment of principal of or interest on any Indebtedness (other than the Loans, the Revolving L/C Obligations and any intercompany debt (which, if any such intercompany debt consists of loans or advances to the Company or to one or more Subsidiary Guarantors, is subordinated to the Finance Obligations on the terms and conditions set forth in Exhibit F)) or in the payment of any Contingent Obligation or in any payment obligation under any Sale and Leaseback Transaction (a "***Sale and Leaseback Obligation***"), beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness, Sale and Leaseback Obligation or Contingent Obligation was created; or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness, Sale and Leaseback Obligation or Contingent Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Sale and Leaseback Obligation or Contingent Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving

of notice if required, such Indebtedness to become due prior to its stated maturity, any applicable grace period having expired, or such Sale and Leaseback Obligation or Contingent Obligation to become payable, any applicable grace period having expired, **provided** that the aggregate principal amount of all such Indebtedness, Sale and Leaseback Obligations and Contingent Obligations which would then become due or payable as described in this Section 10.1(e) would equal or exceed $5,000,000; or

(f) (i) the Company or any of its Restricted Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief

entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Company or any such Restricted Subsidiary shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Company or any such Restricted Subsidiary any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the Company or any such Restricted Subsidiary any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Company or any such Restricted Subsidiary shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Company or any such Restricted Subsidiary shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) any failure to meet the minimum funding standard (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Single Employer Plan, (ii) a Reportable Event (other than a Reportable Event with respect to which the 30-day notice requirement under Section 4043 of ERISA has been waived) shall occur with respect to, or proceedings to have a trustee appointed shall commence with respect to, or a trustee shall be appointed to administer or to terminate, any Single Employer Plan, which Reportable Event or institution of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, and, in the case of a Reportable Event, such Reportable Event shall continue unremedied for ten (10) days after notice of such Reportable Event pursuant to Section 4043(a), (c) or (d) of ERISA is given and, in the case of the institution of proceedings, such proceedings shall continue for ten (10) days after commencement thereof or (iii) an ERISA Event shall have occurred that, either alone or together with any other ERISA Event, results in liability of the Company or any Material Subsidiary in an aggregate amount which would reasonably be expected to have a Material Adverse Effect; or

(h) one or more judgments or decrees shall be entered against the Company or any of its Restricted Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance or indemnity) of $2,500,000 or more to the extent that all such judgments or decrees shall remain unpaid or undischarged for a period of thirty (30) consecutive days without the same having been vacated, discharged, stayed or bonded pending appeal within the time required by the terms of such judgments or decrees; or

(i) except as contemplated by this Agreement or any other Credit Document, any Credit Document shall cease, for any reason, or in any material respect, to be in full force and effect or any party thereto shall so assert in writing; or

(j) except as contemplated by this Agreement or as provided in Section 12.1, (i) any Credit Party shall breach any covenant or agreement contained in any Collateral Document with the effect that such Collateral Document shall cease to be in full force and effect, (ii) any Credit Party shall assert in writing that any Collateral Document is no longer in full force or effect, (iii) any Lien granted by any Collateral Document shall cease to be enforceable or is no longer a first priority Lien or (iv) any guarantee under any Credit Document shall cease to be enforceable; or

(k) a Change of Control shall occur;

then, and in any such event, (i) if such event is an Event of Default with respect to the Company specified in clause (i) or (ii) of paragraph (f) above, automatically (A) the Commitments and the Issuing Lender's obligation to issue Letters of Credit shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Loans shall immediately become due and payable, (B) all obligations of the Company in respect of the Letters of Credit, although contingent and unmatured, shall become immediately due and payable and the Issuing Lender's obligation to issue Letters of Credit shall immediately terminate, and (C) the obligation of the Company to Cash Collateralize the Revolving L/C Obligations shall automatically become effective; and (ii) if such event is any other Event of Default, so long as any such Event of Default shall be continuing, either or both of the following actions may be taken: (A) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Company declare the Commitments and the Issuing Lender's obligation to issue Letters of Credit to be terminated forthwith, whereupon the Commitments and such obligation shall immediately terminate; and (B) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice of default to the Company (x) declare all or a portion of the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Loans to be due and payable forthwith, whereupon the same shall immediately become due and payable, and (y) declare all or a portion of the obligations of the Company in respect of the Letters of Credit, although contingent and unmatured, to be due and payable forthwith, whereupon the same shall immediately become due and payable and/or demand that the Company discharge any or all of the obligations supported by the Letters of Credit by paying or prepaying any amount due or to become due in respect of such obligations. All payments under this Article 10 on account of undrawn Letters of Credit shall be made by the Company directly to a Cash Collateral Account established by the Administrative Agent for such purpose for application to the Company's reimbursement obligations under

Section 2.6 as drafts are presented under the Letters of Credit, with the balance, if any, to be applied to the Company's obligations under this Agreement and the Loans as the Administrative Agent shall determine with the approval of the Required Lenders. Except as expressly provided above in this Article 10, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

11. The Administrative Agent; The Collateral Agent; The Issuing Lender

11.1 Appointment

(a) Each Lender hereby irrevocably designates and appoints JPMCB as the Administrative Agent under this Agreement and irrevocably authorizes JPMCB as Administrative Agent and Collateral Agent for such Lender and such Secured Party to take such action on its behalf under the provisions

of the Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent or the Collateral Agent by the terms of the Credit Documents, together with such other powers as are reasonably incidental thereto.

(b) Notwithstanding any provision to the contrary elsewhere in this Agreement, none of the Agents shall have any duties or responsibilities, except those expressly set forth herein, and no fiduciary relationship with any Lender, implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into the Credit Documents against any Agent. The Company and each other Credit Party acknowledges and agrees that the Agents, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, the other Credit Parties and their respective Affiliates, and neither any Agent nor any Lender has any obligation to disclose any of such interests to the Company or any other Credit Party or any of their respective Affiliates.

(c) Each Lead Arranger, in its capacity as such, shall have no right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, no Lead Arranger shall have nor be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the Lead Arrangers in their capacity as such as it makes with respect to the Agents in the preceding paragraph (b).

11.2 Delegation of Duties

The Administrative Agent may execute any of its duties under this Agreement and each of the other Credit Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Without limiting the foregoing, the Administrative Agent may appoint any of its affiliates as its agent to perform the functions of the Administrative Agent hereunder relating to the advancing of funds to the Company and distribution of funds to the Lenders and to perform such other related functions of the Administrative Agent hereunder as are reasonably incidental to such functions. Each Collateral Agent may execute any of its duties under this Agreement and each of the other Credit Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all

matters pertaining to such duties. Without limiting the foregoing, each Collateral Agent may appoint any of its affiliates as its agent to perform the functions of the Collateral Agent hereunder relating to the advancing of funds to the Company and distribution of funds to the Lenders and to perform such other related functions of the Collateral Agent hereunder as are reasonably incidental to such functions. None of the Agents shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care, except as otherwise provided in Section 11.3.

11.3 Exculpatory Provisions

Neither any Agent nor any of its officers, directors, employees, agents, attorneys-in-fact, Affiliates or Subsidiaries shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Credit Documents (except for its or such Person's own gross negligence or willful misconduct to the extent determined by a final, nonappealable judgment of a court of competent jurisdiction), or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Credit Party or any officer thereof contained in the Credit Documents or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, the Credit Documents or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of the Credit Documents or for any failure of any Credit Party to perform its obligations thereunder. None of the Agents shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, any Credit Document, or to inspect the properties, books or records of any Credit Party.

11.4 Reliance by Administrative Agent or Collateral Agent

Any Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Company), independent accountants and other experts selected by any Agent. The Agents may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Agents. The Agents shall be fully justified in failing or refusing to take any action under any Credit Document unless it shall first receive such advice or concurrence of the Required Lenders (or, where unanimous consent of the Lenders is expressly required hereunder, such Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agents shall in all cases be fully protected in acting, or in refraining from acting, under any Credit Document in accordance with a request of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Notes.

11.5 Notice of Default

None of the Agents shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless such Agent has received written notice from a Lender or the

Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a ***notice of default***. In the event that any Agent receives such a notice, such Agent shall promptly give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be directed by the Required Lenders; **provided** that (i) the Administrative Agent shall not be required to take any action that exposes the Administrative Agent to liability or that is contrary to this Agreement or applicable law and (ii) 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 or Event of Default as it shall deem advisable in the best interests of the Lenders.

11.6 Non-Reliance on Administrative Agent, Collateral Agent, Lead Arrangers and Other Lenders

Each Lender expressly acknowledges that none of the Agents or Lead Arrangers nor any of their respective officers, directors, employees, agents, attorneys-in-fact, Subsidiaries or Affiliates has made any representations or warranties to it and that no act by any Agent or any Lead Arranger hereafter taken,

including any review of the affairs of the Credit Parties, shall be deemed to constitute any representation or warranty by such Agent or any Lead Arranger to any Lender. Each Lender represents to each Agent and the Lead Arrangers that it has, independently and without reliance upon any Agent, any Lead Arranger or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Credit Parties and made its own decision to make its Loans hereunder, issue and participate in the Letters of Credit and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent, any Lead Arranger or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under the Credit Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Credit Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, none of the Agents or Lead Arrangers shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, financial condition, assets, liabilities, net assets, properties, results of operations, value, prospects and other condition or creditworthiness of the Credit Parties which may come into the possession of any Agent, or any Lead Arranger or any of their officers, directors, employees, agents, attorneys-in-fact, Affiliates or Subsidiaries.

11.7 Indemnification

The Lenders severally agree to indemnify each of the Agents in its capacity as such (to the extent not reimbursed by the Credit Parties and without limiting the obligation of the Credit Parties to do so), ratably according to the respective amounts of their respective Commitments (or, to the extent such Commitments have been terminated, according to the respective outstanding principal amounts of the Loans and obligations, and whether as Issuing Lender or a Participating Lender, with respect to Letters of Credit), in each case determined as of the time the applicable unreimbursed expense, obligation, loss or other amount is sought, from and against any and all

liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Loans) be imposed on, incurred by or asserted against any Agent in any way relating to or arising out of the Credit Documents or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by any Agent under or in connection with any of the foregoing; **provided** that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from any Agent's gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. The agreements contained in this Section 11.7 shall survive the payment of all amounts payable hereunder.

11.8 Administrative Agent and Collateral Agent in its Individual Capacity

The Agents and their Affiliates and Subsidiaries may make loans to, accept deposits from and generally engage in any kind of business with the Credit Parties as though each Agent were not each Agent hereunder. With respect to its Loans made or renewed by it and any Letter of Credit issued by or participated in by it, each of the Agents shall have the same rights and powers, duties and liabilities under the Credit Documents as any Lender and may exercise the same as though it were not an Agent and the terms ***Lender*** and ***Lenders*** shall include each Agent in its individual capacities.

11.9 Successor Administrative Agent or Collateral Agent

Any Agent may resign as Agent upon thirty (30) days' notice to the Lenders. If the Administrative Agent shall resign as Administrative Agent under the Credit Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders which successor agent shall be approved by the Company (which approval shall not be unreasonably withheld, **provided** that no such consent shall be required upon the occurrence and during the continuation of an Event of Default) and which appointment shall be agreed by such successor agent, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent and the term "***Administrative Agent***" shall mean such successor agent effective upon its appointment, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement. If the Collateral Agent shall resign as Collateral Agent under the Credit Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders which successor agent shall be approved by the Company (which approval shall not be unreasonably withheld) and which appointment shall be agreed by such successor agent, whereupon such successor agent shall succeed to the rights, powers and duties of a Collateral Agent and the term "***Collateral Agent***" shall mean such successor agent effective upon its appointment, and the former Collateral Agent's rights, powers and duties as Collateral Agent shall be terminated, without any other or further act or deed on the part of such former Collateral Agent or any of the parties to this Agreement. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article 11 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under the Credit Documents.

Any resignation by JPMCB as Administrative Agent pursuant to this Section shall also constitute its resignation as an Issuing Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of JPMCB as a retiring Issuing Lender, (ii) JPMCB, as a retiring Issuing Lender, shall be discharged from all of its duties and obligations in such capacities hereunder or under the other Credit Documents and (iii) a successor Issuing Lender shall issue letters of credit in substitution for the Letters of Credit, if any, issued by JPMCB outstanding at the time of such succession or make other arrangements satisfactory to JPMCB as a retiring Issuing Lender to effectively assume the obligations of JPMCB as issuer of such Letters of Credit.

11.10 Issuing Lender as Issuer of Letters of Credit

Each Lender hereby acknowledges that the provisions of this Article 11 shall apply to the Issuing Lender, in its capacity as issuer of any Letter of Credit, in the same manner as such provisions are expressly stated to apply to the Administrative Agent.

11.11 Certain ERISA Matters

(a) Each Lender (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 its respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Company, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments;

(ii) the 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 with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, and the conditions for exemptive relief thereunder are and will continue to be satisfied in connection therewith;

(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 Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, 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 Loans, 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 clause (i) in the immediately preceding paragraph (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in clause (iv) in the immediately preceding paragraph (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 its respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Company, that:

(i) none of the Administrative Agent or any of its respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto);

(ii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21, as amended from time to time) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least $50 million, in each case as described in 29 CFR § 2510.3-21(c)(1)(i)(A)-(E);

(iii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the obligations);

(iv) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Letters of Credit, the Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder; and

(v) no fee or other compensation is being paid directly to the Administrative Agent or any of its respective Affiliates for investment advice (as opposed to other services)

in connection with the Loans, the Letters of Credit, the Commitments or this Agreement.

(c) The Administrative Agent hereby informs the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

12. MISCELLANEOUS

12.1 Amendments and Waivers

No Credit Document nor any terms thereof may be amended, supplemented, waived or modified except in accordance with the provisions of this Section 12.1. With the written consent of the Required Lenders, the Administrative Agent and the respective Credit Parties may, from time to time, enter into written amendments, supplements or modifications to any Credit Document for the purpose of adding any provisions to such Credit Document to which they are parties or changing in any manner the rights of the Lenders or of any such Credit Party or any other Person thereunder or waiving, on such terms and conditions as the Administrative Agent may specify in such instrument, any of the requirements of any such Credit Document or any Default or Event of Default and its consequences; **provided**, however, that:

(i) no such waiver and no such amendment, supplement or modification shall (A) extend the Revolving Credit Termination Date or the scheduled maturity of any Loan or extend the expiry date of any Letter of Credit beyond the Revolving Credit Termination Date, or reduce the rate or extend the time of payment of interest on any Loan or Letter of Credit, or change the method of calculating interest on any Loan or Letter of Credit, or reduce the amount or extend the time of payment of any fee payable to the Lenders hereunder (**provided** that any amendment or modification of the financial covenants in this Agreement (or any defined term used therein) shall not constitute a reduction in the rate of interest or fees for such purpose), or reduce or forgive the principal amount thereof, or increase the amount of, or postpone the scheduled date of expiry of, any Commitment of any Lender, without the consent of each Lender directly affected thereby, or (B) amend, modify or waive any provision of this Section 12.1 or the definition of Required Lenders, or alter the manner in which payments of principal, interest, or other amounts

hereunder shall be applied as among the Lenders in the respective Facility (in which case, the written consent of each Lender in the respective Facility shall be required), or change the percentage of the Lenders required to waive a condition precedent under Sections 7.1 or 7.2, or amend, modify, eliminate or waive a condition precedent under or waive or amend any other provision in any of the Credit Documents which by their terms require all Lenders' consent or consent to the assignment or transfer by any Credit Party of any of its rights and obligations under any Credit Document, or release all or substantially all of the Collateral or subordinate Collateral Agent's Lien (other than, for the avoidance of doubt, a subordination pursuant to Section 9.2(g)(vi) of this Agreement) on any material portion of the Collateral in any transaction or series of transactions, or release all or substantially all of the value of the guarantees granted (or required to be granted) pursuant to this Agreement, in each case, without the written consent of each Lender (unless otherwise specified in sub-clause (B) of this clause (i));

(ii) no such waiver and no such amendment, supplement or modification shall amend, modify or waive any provision of Article 11 without the written consent of the Administrative Agent, the Collateral Agent and the Issuing Lender;

(iii) no such waiver and no such amendment, supplement or modification shall amend, modify or waive any provision of Section 5.18(e) in a manner that would alter the manner in which payments are shared, without the written consent of each Lender;

(iv) no such waiver and no such amendment, supplement or modification shall increase the advance rates set forth in the definition of "Borrowing Base" or add new categories of eligible assets or making other changes to the definition of "Borrowing Base" or any component definition thereof if as a result thereof the amounts available to be borrowed by the Company would be increased, without the prior written consent of each Revolving Credit Lender (other than any Defaulting Lender);

(v) the Administrative Agent and the Company acting together may, without the consent of any other Person, amend, modify or supplement this Agreement and any other Credit Document to cure any typographical error, mistake or defect, to comply with local law or the advice of local counsel or to cause one or more Credit Documents to be consistent with other Credit Documents.

Any such waiver and any such amendment, supplement or modification described in this Section 12.1 shall apply equally to each of the Lenders and shall be binding upon each Credit Party, the Lenders, each Agent and all future holders of the Loans. No waiver, amendment, supplement or modification of any Letter of Credit shall extend the expiry date thereof without the written consent of the Participating Lenders. In the case of any waiver, the Company, the Lenders and each Agent shall be restored to their former position and rights hereunder and under the outstanding Loans, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

If, in connection with any proposed amendment, waiver or consent requiring the consent of "each Lender" or "each Lender affected thereby", the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but has not been obtained being referred to herein as a "***Non-Consenting Lender***"), then the Company may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, **provided** that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Company, the Administrative Agent and the Issuing Lender shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an assignment under Section 12.6 and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of Section 12.6, and (ii) the Company shall pay to such Non-Consenting Lender in Same Day Funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by the Company hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Sections 5.20 or Section 5.23, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 5.21 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender.

12.2 Notices

(a) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three (3) Business Days after

being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when sent, confirmation of receipt received, addressed as follows in the case of each Credit Party and the Administrative Agent, and to the address on record with the Administrative Agent in the case of any Lender, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Loans:

The Company:	**KLX Energy Services Holdings, Inc.** 1300 Corporate Center Way Wellington, Florida 33414 Attention: Tom McCaffrey Telecopy: 561-791-5479 Email: Tom.McCaffrey@KLX.com

The Administrative Agent and Collateral Agent:	**JPMorgan Chase Bank, N.A.** c/o Portfolio Manager JPMorgan Chase Bank 2200 Ross Avenue, 9th Floor Mail Code: TX1-2905 Dallas, TX 75201 Telephone: (214) 965-3746 Fax: (214) 965-2594 Attention: Robby Cohenour Email: robby.cohenour@jpmorgan.com
Issuing Lenders:	c/o Portfolio Manager **JPMorgan Chase Bank** 2200 Ross Avenue, 9th Floor Mail Code: TX1-2905 Dallas, TX 75201 Telephone: (214) 965-3746 Fax: (214) 965-2594 Attention: Robby Cohenour Email: robby.cohenour@jpmorgan.com and **Wells Fargo Bank, National Association** 1100 Abernathy Road, Suite 1600 Atlanta, GA 30328 Fax: (855) 260-0212 Attention: Loan Portfolio Manager -KLX

provided that, in addition to delivery to the applicable recipients set forth above, each Borrowing Base Certificate and any related notices in respect of the Borrowing Base shall be delivered, by .pdf file to the following addresses: allison.o.veselka@jpmorgan.com, (B) robby.cohenour@jpmorgan.com, (C) andrew.g.ray@jpmorgan.com, (D) kody.j.nerios@jpmorgan.com, (E) elena.ruiz@jpmorgan.com (F) mw.mlbx@jpmorgan.com **provided**, further, that any notice, request or demand to or upon the Administrative Agent or the Lenders pursuant to Sections 2.3, 2.7, 5.1, 5.3, 5.4, 5.5, and 5.6 shall not be effective until received and **provided**, further, that the failure to provide the copies of notices to the Company provided for in this Section 12.2 shall not result in any liability to any Agent or any Lender.

(b) THE PLATFORM IS PROVIDED ***AS IS*** AND ***AS AVAILABLE***. THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMPANY MATERIALS OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE COMPANY MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING 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 ANY AGENT PARTY IN CONNECTION WITH THE COMPANY MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, "***Agent Parties***") or any Indemnified Person or its Related Parties have any liability to the Company, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Credit Party's or the Administrative Agent's, an Indemnified Person's or its Related Parties' transmission of Company Materials through electronic telecommunications or other information transmission systems, except for direct or economic (as such term is used in Title 18, United States Code, Section 1030(g)) (as opposed to special, indirect, consequential or punitive) losses, claims, damages, liabilities or expenses to the extent that such losses, claims, damages, liabilities or expenses (x) are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party, Indemnified Person or Related Party or (y) result from a claim brought by the Company or any other Credit Party against an Agent Party, an Indemnified Person or a Related Party for material breach of such Agent Party's, Indemnified Person's or Related Party's obligations hereunder or under any other Credit Document in respect of Company Materials made available through electronic telecommunications or other information transmission systems, if the Company or such Credit Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction; **provided**, however, that in no event shall any Agent Party, Indemnified Person or Related Party have any liability to the Company, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to such direct or ***economic*** damages).

12.3 No Waiver; Cumulative Remedies

No failure to exercise and no delay in exercising, on the part of any Agent or any Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

12.4 Survival of Representations and Warranties

All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement, the Letters of Credit and the Loans.

12.5 Payment of Expenses; Indemnification

(a) The Company agrees:

(i) to promptly pay or reimburse the Administrative Agent and the Lenders for all of their reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation, execution, delivery, administration, amendment, waiver

and modification of, the Credit Documents and any other documents prepared in connection herewith, and the consummation of the transactions contemplated hereby and thereby and the syndication of the Loans under this Agreement, including, without limitation, (i) the reasonable fees and disbursements of counsel to the Administrative Agent and one counsel to Wells Fargo Bank, National Association and (ii) appraisals and field examinations pursuant to Section 8.12 and the insurance reviews and the collateral monitoring services performed by the Administrative Agent or the Collateral Agent, in each case subject to receipt of supporting documentation in reasonable detail;

(ii) to promptly pay or reimburse each Lender and each Agent for all their costs and expenses incurred in connection with, and to pay, indemnify, and hold each Agent and each Lender harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever arising out of or in connection with, the enforcement or preservation of any rights (including in any workout proceedings, restructuring, standstill or forbearance providing relief to the Credit Parties) under any Credit Document and any such other documents, including, without limitation, reasonable out-of-pocket fees and disbursements of counsel to each Agent and each Lender (including, but not limited to, reasonable fees and expenses of one counsel to the Administrative Agent, one counsel to Wells Fargo Bank, National Association, and one counsel to other Lenders taken together, and one local counsel in each appropriate jurisdiction and expenses incurred in connection with travel, courier, reproduction, printing and delivery expenses), incurred in connection with the foregoing and in connection with advising the Administrative Agent with respect to its rights and responsibilities under this Agreement and the documentation relating thereto, subject to receipt of supporting documentation in reasonable detail (it being agreed that the Agents and the Lenders shall have the right to employ separate counsel and the Company shall bear the reasonable out-of-pocket fees, costs, and expenses of such separate counsel if (A) the use of the selected counsel would present such counsel with a conflict of interest or (B) the actual or potential defendants in, or targets of, any such action include both the Company and the Agents and/or a Lender, and such Agent or Lender shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Company or any other such Person);

(iii) to promptly pay, indemnify, and to hold each Agent and each Lender harmless from, any and all recording and filing fees and any and all liabilities with respect thereto, or resulting from any delay in paying such recording and filing fees, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, any Credit Document and any such other documents; and

(iv) to pay, indemnify, and hold each Agent and each Lender (each, an "***Indemnified Person***") and their respective affiliates, officers, directors, employees, trustees,

advisors and agents (the affiliates, officers, directors, employees, trustees, advisors and agents of any Indemnified Person are such Indemnified Person's "***Related Parties***") harmless from and against any and all other actual out-of-pocket liabilities, obligations, losses, damages (including punitive damages), penalties, fines, claims (whether brought by a third party or by the Company or any other Credit Party or any of the Company's or such Credit Party's directors, shareholders or creditors, and regardless of whether any Indemnified Person is a party thereto), actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, reasonable experts' and consultants' fees and reasonable fees and disbursements of counsel and third party claims for personal injury or real or personal property damage) which may be incurred by or asserted against any Agent, the Lenders or the Related Parties (x) arising out of or in connection with any investigation, litigation or proceeding related to this Agreement, the other Credit Documents, the proceeds of the Loans, or any of the other transactions contemplated hereby or thereby, whether or not any Agent or any of the Lenders is a party thereto, (y) with respect to any environmental matters, any environmental compliance expenses and remediation expenses in connection with the presence, suspected presence, release or suspected release of any Materials of Environmental Concern in or into the air, soil, groundwater, surface water or improvements at, on, about, under, or within the Properties, or any portion thereof, or elsewhere in connection with the transportation of Materials of Environmental Concern to or from the Properties, or (z) without limiting the generality of the foregoing, by reason of or in connection with the execution and delivery or transfer of, or payment or failure to make payments under, Letters of Credit (it being agreed that nothing in this Section 12.5(a)(iv)(z) is intended to limit the Company's obligations pursuant to Section 2.6);

(all the foregoing, collectively, the "***indemnified liabilities***"), **provided** that the Company shall have no obligation hereunder with respect to indemnified liabilities of any Indemnified Person or its Related Parties arising from the gross negligence or willful misconduct of such Indemnified Person or its Related Parties as determined by a final, non-appealable judgment of a court of competent jurisdiction.

(b) To the fullest extent permitted by applicable law, no Credit Party shall assert, and each Credit Party hereby waives, any claim against any Indemnified Person and its Related Parties 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 Loan or Letter of Credit or the use of the proceeds thereof.

(c) The agreements in this Section 12.5 shall survive repayment of the Loans and all other amounts payable hereunder.

(d) All amounts due under this Section 12.5 shall be payable promptly after written demand therefor.

12.6 Successors and Assigns; Participations; Purchasing Lenders

(a) This Agreement shall be binding upon and inure to the benefit of the Company, the Lenders, the Agents, all future holders of the Loans, and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender other than any Conduit Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other financial institutions, Approved Funds or Lender Affiliates ("***Participants***") participating interests in any Loan owing to such Lender, any participating interest of such Lender in the Letters of Credit, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Credit Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Credit Documents, the Company and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Credit Documents; **provided**, however, that such Lender shall not, without the consent of the Participant, agree to any amendment, waiver or other modification described in Section 12.1(a)(i) that affects such Participant. The Company agrees that if amounts outstanding under this Agreement and the Loans are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement and any Loan to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement or any Loan; **provided** that such Participant shall only be entitled to such right of setoff if it shall have agreed in the agreement pursuant to which it shall have acquired its participating interest to share with the Lenders the proceeds thereof, as provided in Section 12.7. The Company also agrees that each Participant shall be entitled to the benefits of Sections 5.12, 5.19, 5.20, 5.21 and 5.23 with respect to its participation in the Letters of Credit and in the Commitments and the Loans outstanding from time to time; **provided** that (x) no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred, (y) each Participant shall be subject to the provisions of paragraph (c) of Section 5.20 and (z) a Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 5.23 unless the Company is notified of the participation interest sold to such Participant and such Participant agrees, for the benefit of the Company, to comply with Section 5.23(g) 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 Company, 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 Loans 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 Commitment, Loans, Notes or 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, Loans, Notes or Letters 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.

(c) Any Lender other than any Conduit Lender (an "***Assignor***") may, in the ordinary course of its business and in accordance with applicable law, with the prior written consent of the Issuing Lender, at any time sell to any Lender, any Affiliate or Lender Affiliate thereof (including any Affiliate or Subsidiary of such transferor Lender) or any Approved Fund and, with the prior written consent of the Company (**provided** that the Company shall be deemed to have consented unless the Company shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof, and in any case subject to the penultimate sentence of this paragraph (c)) and the Administrative Agent (which in each case shall not be unreasonably withheld, conditioned, or delayed), sell to one or more additional banks or financial institutions, as one or more assignees thereof (together, an "***Assignee***"), all or any part of its rights and obligations under this Agreement, the Notes and the other Credit Documents and, with respect to the Letters of Credit, such Lender's L/C Participating Interest, pursuant to an Assignment and Assumption executed by such Assignee, such assigning Lender (and by the Company, the Administrative Agent and the Issuing Lender, to the extent their consent is required), and delivered to the Administrative Agent for its acceptance and recording in the Register; **provided** that (A) each such sale pursuant to this Section 12.6(c) of a Lender's rights and obligations (I) to a Person which is not then a Lender or an Affiliate or Lender Affiliate of a Lender shall be of the entire remaining amount of the assigning Lender's rights and obligations or, if less than such entire remaining amount, of Commitments and/or Loans of $5,000,000 or more unless otherwise agreed by the Company and the Administrative Agent; and (II) to a Person which is then a Lender or an Affiliate or Lender Affiliate of a Lender may be in any amount and shall not require the consent of the Company or the Administrative Agent, and (B) each Assignee which is a Foreign Lender shall comply with the provisions of Section 5.23(g); and **provided**, further that the foregoing shall not prohibit a Lender from selling participating interests in accordance with Section 12.6(b) in all or any portion of its Commitments and/or Loans (without duplication). For purposes of sub-clauses (A) and (B) of the first proviso contained in the preceding sentence, the amount

described therein shall be aggregated in respect of each Lender and its Lender Affiliates, if any. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Assumption, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Assumption, have the rights and obligations of a Lender hereunder with the Commitments and Loans as set forth therein, and (y) the assigning Lender thereunder shall, to the extent of the interest transferred, as reflected in such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such assigning Lender shall cease to be a party hereto). Such Assignment

and Assumption shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Assignee and the resulting adjustment of Commitment Percentages arising from the purchase by such Assignee of all or a portion of the rights and obligations of such assigning Lender under this Agreement. Notwithstanding anything herein to the contrary (and to the extent permitted by law), after the occurrence and during the continuance of an Event of Default any Lender may sell all or any part of its rights and obligations under this Agreement without the consent of the Company. Notwithstanding the foregoing, any Conduit Lender may assign at any time to its designating Lender hereunder without the consent of the Company or the Administrative Agent any or all of the Loans it may have funded hereunder and pursuant to its designation agreement and without regard to the limitations set forth in the first sentence of this Section 12.6(c).

(d) The Administrative Agent acting on behalf of and as a non-fiduciary agent for the Company, shall maintain at the address of the Administrative Agent referred to in Section 12.2 a copy of each Assignment and Assumption delivered to it and a register (the "***Register***") for the recordation of the names and addresses of the Lenders and the Commitment of, the principal amount of any Revolving Credit Loans, if any owing to, and if such Lender has any Revolving Credit Commitment, the L/C Participating Interests of, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Company, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as the owner of the Loans or L/C Participating Interests recorded therein for all purposes of this Agreement, notwithstanding any notice to the contrary. The Register shall be available for inspection by the Company or any Lender at any reasonable time and from time to time upon reasonable prior notice. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Upon its receipt of an Assignment and Assumption executed by an assigning Lender and an Assignee (and by the Company, the Issuing Lender and the Administrative Agent to the extent required hereby), together with payment to the Administrative Agent of a registration and processing fee of $3,500 (which fee the Company shall have no obligation to pay and which fee may be waived by the Administrative Agent in its discretion), the Administrative Agent shall (i) promptly accept such Assignment and Assumption and (ii) on the effective date determined pursuant thereto, record the information contained therein in the Register and give notice of such acceptance and recordation to the Lenders and the Company.

(f) If, pursuant to this Section 12.6, any interest in this Agreement or any Loan or Letter of Credit is transferred to any Person (such Person, a "***Transferee***") which would be a Foreign Lender upon the effectiveness of such transfer, the assigning Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, (i) to represent to the assigning Lender (for the benefit of the assigning Lender, the Administrative Agent and the Company) that under applicable law and treaties no Taxes will be required to be withheld by the Administrative Agent, the Company or the assigning Lender with respect to any payments to be made to such Transferee in respect of the Loans or L/C Participating Interests, (ii) to furnish to the assigning Lender (and, in the case of any Assignee registered

in the Register, the Administrative Agent and the Company) such Internal Revenue Service Forms required to be furnished pursuant to Section 5.23(g) and (iii) to agree (for the benefit of the assigning Lender, the Administrative Agent and the Company) to be bound by the provisions of Section 5.23(g).

(g) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section concerning assignments of Loans and Notes relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including, without limitation, any pledge or assignment (i) by a Lender of any Loan or Note to any Federal Reserve Bank or other central bank in accordance with applicable law and (ii) by a Lender or a Lender Affiliate which is a fund to its trustee in support of its obligations to its trustee; **provided** that any transfer of Loans or Notes upon, or in lieu of, enforcement of or the exercise of remedies under any such pledge shall be treated as an assignment thereof which shall not be made without compliance with the requirements of this Section 12.6.

(h) The Company, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (g) above.

(i) Each of the Company, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one (1) day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; **provided**, however (i) that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period forbearance and (ii) the foregoing shall not prohibit or limit the ability of any such Person to file claims against a Conduit Lender in connection with any such proceeding.

12.7 Adjustments; Set-off; Cashless Settlement

(a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or Lenders, if any Lender (a "***Benefitted Lender***") shall at any time receive any payment of all or part of any of its Revolving Credit Loans or L/C Participating Interests, as the case may be, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 10.1(f), or otherwise) in a greater proportion than any such payment to and collateral received by any other Lender, if any, in respect of such other Lender's Revolving Credit Loans or L/C Participating Interests, as the case may be, or interest thereon,

such Benefitted Lender shall purchase for cash from the other Lenders such portion of each such other Lender's Revolving Credit Loans or L/C Participating Interests, as the case may be, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral or proceeds ratably with

each of the Lenders; **provided**, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Company agrees that each Lender so purchasing a portion of another Lender's Loans and/or L/C Participating Interests may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion. The Administrative Agent shall promptly give the Company notice of any set-off, **provided** that the failure to give such notice shall not affect the validity of such set-off.

(b) Upon the occurrence and during the continuance of an Event of Default specified in Section 10.1(a) or 10.1(f), each Agent and each Lender are hereby irrevocably authorized at any time and from time to time without notice to the Company, any such notice being hereby waived by the Company, to set off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Agent or such Lender to or for the credit or the account of the Company or any part thereof in such amounts as such Agent or such Lender may elect, on account of the liabilities of the Company hereunder and under the other Credit Documents and claims of every nature and description of such Agent or such Lender against the Company in any currency, whether arising hereunder, or otherwise, under any other Credit Document as such Agent or such Lender may elect, whether or not such Agent or such Lender has made any demand for payment and although such liabilities and claims may be contingent or unmatured. Each Agent and each Lender shall notify the Company promptly of any such setoff made by it and the application made by it of the proceeds thereof, **provided** that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Agent and each Lender under this paragraph are in addition to other rights and remedies (including, without limitation, other rights of setoff) which such Agent or such Lender may have.

(c) Notwithstanding anything to the contrary contained in this Agreement, any Lender may exchange, continue or rollover all or a portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Company, the Administrative Agent and such Lender.

12.8 Counterparts

(a) This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Company and the Administrative Agent.

(b) Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed "pdf." or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart

of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include "Electronic Signatures", 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, physical delivery thereof 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.

12.9 Integration

This Agreement and the other Credit Documents represent the entire agreement of the Credit Parties, the Agents and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by any Agent or any Lender relative to the subject matter hereof or thereof not expressly set forth or referred to herein or in the other Credit Documents.

12.10 GOVERNING LAW; NO THIRD PARTY RIGHTS

THIS AGREEMENT AND THE LOANS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE LOANS SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THIS AGREEMENT IS SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND, EXCEPT AS SET FORTH IN SECTION 12.6, NO OTHER PERSONS SHALL HAVE ANY RIGHT, BENEFIT, PRIORITY OR INTEREST UNDER, OR BECAUSE OF THE EXISTENCE OF, THIS AGREEMENT.

12.11 SUBMISSION TO JURISDICTION; WAIVERS

(a) EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OF THE OTHER CREDIT DOCUMENTS, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE EXCLUSIVE GENERAL JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN, THE COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS, AND WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH

ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO SUCH PARTY AT ITS ADDRESS SET FORTH IN SECTION 12.2 OR AT SUCH OTHER ADDRESS OF WHICH THE ADMINISTRATIVE AGENT SHALL HAVE BEEN NOTIFIED PURSUANT THERETO; AND

(iv) AGREES THAT NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

(b) EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, 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 THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY 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 BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

12.12 Acknowledgements

The Company hereby acknowledges that:

(i) none of the Agents or any Lender has any fiduciary relationship to any Credit Party, and the relationship between the Agents and the Lenders, on the one hand, and the Credit Parties, on the other hand, is solely that of creditor and debtor; and

(ii) no joint venture exists among the Lenders or among any Credit Parties and the Lenders.

12.13 Confidentiality

(a) Each of the Administrative Agent, the Issuing Lender and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information

and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any Assignee of or Participant in, or any prospective Assignee of or Participant in, any of its rights or obligations under this Agreement or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction or securitization relating to the Company and its obligations, (vii) with the consent of the Company or (viii) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to the Administrative Agent, the Issuing Lender or any Lender on a nonconfidential basis from a source other than the Company. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Agents and the Lenders. For the purposes of this Section, "***Information***" means all information received from the Company relating to the Company or its business, other than any such information that is available to the Administrative Agent, the Issuing Lender or any Lender on a nonconfidential basis prior to disclosure by the Company; **provided** that, in the case of information received from the Company after the date hereof, such information is clearly identified at the time of delivery as confidential; **provided**, further, that, in the case of clauses (ii) and (iii) (other than in connection with routine regulatory examinations), unless specifically prohibited by applicable law, court order or the applicable regulatory authority, each Lender and the Administrative Agent shall use its commercially reasonable efforts to notify the Company of any such non-public information prior to disclosure hereof. 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.

(b) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 12.13(a) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE COMPANY AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(c) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE COMPANY OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-

LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE COMPANY, THE OTHER CREDIT PARTIES AND THEIR RELATED PARTIES OR THEIR

RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE COMPANY AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

12.14 USA Patriot Act

Each Lender hereby notifies the Company that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the ***Patriot Act***), it may be required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Lender to identify the Company in accordance with the Patriot Act.

12.15 Flood Insurance Provisions

In no event is any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulation) included in the definition of "Collateral" or "ABL First Priority Collateral" and no Building or Manufactured (Mobile) Home is hereby encumbered by this Agreement or any other Credit Document.

12.16 Severability

If any provision of this Agreement or any other Credit Document is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Credit Documents shall not be affected or impaired thereby and (ii) the parties hereto shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12.17 Acknowledgment and Consent to Bail-In of EEA 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 EEA 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 an EEA 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 an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA 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 EEA 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 EEA Resolution Authority.

[Signature Pages Follow]

The parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

The Company:

KLX ENERGY SERVICES HOLDINGS, INC.
a Delaware corporation

By: /s/ Thomas P. McCaffrey

Name: Thomas P. McCaffrey
Title: Vice President

Administrative Agent, Collateral Agent, Lender and an Issuing Lender:

JPMORGAN CHASE BANK, N.A.

By: /s/ Kody J. Nerios

Name: Kody J. Nerios
Title: Authorized Officer

Lender and an Issuing Lender:

WELLS FARGO BANK,

NATIONAL ASSOCIATION

By: /s/ Anand Sekaran

Name: Anand Sekaran
Title: AVP

Exhibit 99.1

, 2018

Dear KLX Inc. Stockholder:

We are pleased to inform you that on , 2018, the board of directors (the "Board") of KLX Inc. ("KLX") approved the distribution of common stock of KLX Energy Services Holdings, Inc. ("KLX Energy Services"), a wholly-owned subsidiary of KLX, to KLX stockholders as part of a taxable spin-off. Upon completion of the spin-off, KLX stockholders will own 100% of the outstanding shares of common stock of KLX Energy Services.

The spin-off of KLX Energy Services will be made as part of a plan approved by our Board to spin off KLX's energy services business into a stand-alone, publicly-traded company prior to the proposed merger (the "merger") of KLX with a wholly-owned subsidiary ("Merger Sub") of The Boeing Company ("Boeing") pursuant to an Agreement and Plan of Merger, dated as of April 30, 2018, as amended on June 1, 2018, and as it may be further amended from time to time (the "merger agreement"). In connection with the merger, stockholders of KLX will be entitled to receive $63.00 in cash per share, without interest, for every share of KLX common stock they own. Following the completion of the spin-off, and subject to the terms of the merger agreement, Merger Sub will merge with and into KLX, with KLX continuing as the surviving company in the merger as a wholly-owned indirect subsidiary of Boeing.

We will hold a special meeting of KLX stockholders to approve and adopt the merger agreement. No stockholder approval is required for the spin-off.

The spin-off will be completed by way of a pro rata distribution of KLX Energy Services common stock to our stockholders of record as of the close of business, Eastern time, on , 2018, the spin-off record date. Each KLX stockholder will receive shares of KLX Energy Services common stock for every shares of KLX common stock held by such stockholder on the record date. The distribution of these shares will be made in book-entry form, which means that no physical share certificates will be issued. Following the spin-off, stockholders may request that their shares of KLX Energy Services common stock be transferred to a brokerage or other account at any time. No fractional shares of KLX Energy Services common stock will be issued. Fractional shares of KLX Energy Services common stock to which KLX Energy Services stockholders of record would otherwise be entitled will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of the sales will be distributed ratably to those stockholders who would otherwise have received fractional shares of KLX Energy Services common stock.

We expect the distribution of KLX Energy Services common stock to be taxed as a dividend to the extent of KLX's current year and accumulated earnings and profits (as determined for U.S. federal income tax purposes), with any excess being treated as a return of capital and then as capital gain. The amount of those earnings and profits is not determinable at this time, because it will depend on KLX's income for the entire tax year in which the distribution occurs, with such taxable year ending on the earlier of the date of the merger or on January 31. We currently expect, however, that most, and possibly all, of the distribution will be treated as a return of capital, and so not taxed as a dividend. You should consult your own tax advisor as to the particular tax consequences of the distribution to you, including potential tax consequences under state, local and non-U.S. tax laws.

The distribution does not require stockholder approval, nor do you need to take any action to receive your shares of KLX Energy Services common stock. Immediately following the spin-off, you will own common stock of KLX (which, if the merger is completed as expected, will be exchanged for cash) and common stock of KLX Energy Services (which will be a new public company). We expect that KLX Energy Services common stock will be listed on the Nasdaq Global Select Market under the

symbol "KLXE." KLX common stock will continue to be traded on the Nasdaq Global Select Market until such time as the merger with Boeing is completed.

The enclosed information statement, which we are mailing to all KLX stockholders, describes the spin-off in detail and contains important information about KLX Energy Services, including its historical financial statements. We urge you to read this information statement carefully. In addition, stockholders seeking information concerning the merger are encouraged to read KLX's separate proxy statement and other recent reports filed with the SEC by KLX.

We want to thank you for your continued support of KLX. We look forward to your support of KLX Energy Services in the future.

Yours sincerely,

Amin Khoury
Chairman and Chief Executive Officer
KLX Inc.

KLX Energy Services Holdings, Inc.

1300 Corporate Center Way
Wellington, Florida 33414

, 2018

Dear Future KLX Energy Services Holdings, Inc. Stockholders:

It is our pleasure to welcome you as a stockholder of our company, KLX Energy Services Holdings, Inc. ("KLX Energy Services"). Following the distribution of all of the outstanding shares of KLX Energy Services common stock by KLX Inc. ("KLX"), KLX Energy Services will be an independent provider of completion, intervention and production services to the major onshore oil and gas producing regions of the United States, including the Southwest Region (the Permian Basin and Eagle Ford Shale), the Rocky Mountains Region (the Bakken formation, Williston, DJ, Uinta and Piceance Basins and Niobrara Shale) and the Northeast Region (the Marcellus and Utica Shales as well as the Mid-Continent STACK and SCOOP and Haynesville), serving the leading companies engaged in the exploration and development of North American onshore conventional and unconventional oil and natural gas reserves.

Our business strategy is to expand our leadership position in providing technical services and related tools and equipment for the North American onshore energy sector by: capitalizing on the large, highly fragmented and rapidly growing energy technical services market; continuing to innovate and enhance our technology-driven offerings; increasing penetration of our services and product line offerings within each of our geographical regions; growing our product and service offerings through internal development, strategic relationships and accretive acquisitions; extending market leadership through operational excellence; and maintaining a strong balance sheet to preserve operational and strategic flexibility.

We expect to list KLX Energy Services common stock on the Nasdaq Global Select Market under the symbol "KLXE" in connection with the distribution of KLX Energy Services common stock by KLX.

We invite you to learn more about KLX Energy Services by reviewing the enclosed information statement. We look forward to our future as an independent, publicly-traded company and to your support as a holder of KLX Energy Services common stock.

Sincerely,

Amin Khoury
Chairman and Chief Executive Officer
KLX Energy Services Holdings, Inc.

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Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SUBJECT TO COMPLETION, DATED AUGUST 15, 2018

INFORMATION STATEMENT

KLX Energy Services Holdings, Inc.

1300 Corporate Center Way

Wellington, Florida 33414

Common Stock

(par value $0.01 per share)

We are sending this information statement to you in connection with the distribution by KLX Inc. (collectively with its predecessors and consolidated subsidiaries, other than, for all periods following the distribution, KLX Energy Services and its consolidated subsidiaries, "KLX") to its stockholders of the shares of common stock of KLX Energy Services Holdings, Inc. ("KLX Energy Services"), a wholly-owned subsidiary of KLX that holds KLX's energy services business currently operated within KLX's Energy Services Group ("ESG") segment, following which KLX Energy Services will be an independent, publicly-traded company. As part of the separation, KLX will distribute all of the outstanding shares of KLX Energy Services common stock on a pro rata basis to the holders of KLX common stock in a taxable transaction. See "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Distribution." We refer to this pro rata distribution as the "distribution" and we refer to the separation as the "spin-off."

The spin-off is being conducted in connection with the proposed merger of KLX with a wholly-owned subsidiary ("Merger Sub") of The Boeing Company ("Boeing") that was previously announced on May 1, 2018 (the "merger"). Completion of the merger is not a condition to completion of the distribution, and the distribution is expected to occur prior to the effective time of the merger. Completion of the distribution is contingent upon a number of conditions described herein having been satisfied or waived (see "The Spin-Off—Conditions to the Spin-Off"). Completion of the distribution of KLX Energy Services common stock is one of a number of conditions that must be satisfied or waived prior to completion of the merger. Upon completion of the merger, Merger Sub will merge with and into KLX, with KLX continuing as the surviving company in the merger as a wholly-owned indirect subsidiary of Boeing.

Every shares of KLX common stock outstanding as of the close of business, Eastern time, on , 2018, the record date for the distribution, will entitle the holder thereof to receive shares of KLX Energy Services common stock. The distribution of shares will be made in book-entry form. KLX will not distribute any fractional shares of KLX Energy Services common stock. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds from the sales pro rata to each holder who would otherwise have been entitled to receive a fractional share in the spin-off. The distribution will be effective as of , Eastern time, on , 2018. Immediately after the distribution becomes effective, we will be an independent, publicly-traded company.

No vote or further action of KLX stockholders is required in connection with the spin-off. We are not asking you for a proxy in connection with the spin-off and you should not send us such a proxy nor should you send in any of your stock certificates at this time. KLX stockholders will not be required to pay any consideration for the shares of KLX Energy Services common stock they receive in the spin-off, and they will not be required to surrender or exchange shares of their KLX common stock or take any other action in connection with the spin-off. You will receive separate instructions for exchanging your shares of KLX common stock for cash in connection with the merger.

KLX currently owns all of the outstanding shares of KLX Energy Services common stock. Accordingly, there is no current trading market for KLX Energy Services common stock. We expect, however, that a limited trading market for KLX Energy Services common stock, commonly known as a "when-issued" trading market, will develop beginning on or shortly before the record date for the distribution, and we expect "regular-way" trading of KLX Energy Services common stock will begin the first trading day after the distribution date. We intend to list KLX Energy Services common stock on the Nasdaq Global Select Market under the ticker symbol "KLXE."

We are an "emerging growth company" as defined under the federal securities laws and, as such, we intend to elect to comply with certain reduced public company reporting requirements in our future filings. See "Summary—Implications of Being an Emerging Growth Company."

In reviewing this information statement, you should carefully consider the matters described in "Risk Factors" beginning on page 29 of this information statement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement is not an offer to sell, or a solicitation of an offer to buy, any securities.

The date of this information statement is , 2018.

This information statement was first mailed to KLX stockholders on or about , 2018.

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TRADEMARKS AND TRADE NAMES

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This information statement may also contain trademarks, service marks and trade names of third-parties, which are the property of their respective owners. Our use or display of third-parties' trademarks, service marks, trade names or products in this information statement is not intended to, and does not imply, a relationship with us or an endorsement or sponsorship by or of us. Solely for convenience, the trademarks, service marks and trade names referred to in this information statement may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

SUMMARY

This summary highlights information contained in this information statement and provides an overview of our company, our separation from KLX and the distribution of KLX Energy Services common stock by KLX to its stockholders. For a more complete understanding of our business and the spin-off, you should read this entire information statement carefully, particularly the discussion set forth under "Risk Factors," and our audited and unaudited historical financial statements, our unaudited pro forma condensed financial statements and the respective notes to those statements appearing elsewhere in this information statement. Except as otherwise indicated or unless the context otherwise requires, "KLX Energy Services," "we," "us" and "our" refer to KLX Energy Services Holdings, Inc. and its consolidated subsidiaries after giving effect to the separation and the distribution, and "KLX" refers to KLX Inc., its predecessors and its consolidated subsidiaries, other than, for all periods following the distribution, KLX Energy Services Holdings, Inc. and its consolidated subsidiaries.

Our Company

We are a leading provider of completion, intervention and production services and products (our "product service lines" or "PSLs") to the major onshore oil and gas producing regions of the United States. We offer a range of differentiated, complementary technical services and related tools and equipment in challenging environments that provide "mission critical" solutions for our customers throughout the life cycle of the well.

We serve many of the leading companies engaged in the exploration and development of North American onshore conventional and unconventional oil and natural gas reserves. Our customers include independent and major oil and gas companies and project management firms. We actively support these customer operations from 36 service facilities located in the key major shale basins. We manage our business in these basins on a geographic basis, including the Southwest Region (the Permian Basin and Eagle Ford Shale), the Rocky Mountains Region (the Bakken formation, Williston, DJ, Uinta and Piceance Basins and Niobrara Shale) and the Northeast Region (the Marcellus and Utica Shales as well as the Mid-Continent STACK and SCOOP and Haynesville). Our revenues, operating profits and identifiable assets are primarily attributable to these three reportable geographic segments. However, while we manage our business based upon these regional groupings, our assets and our technical personnel are deployed on a dynamic basis across all of our service facilities to optimize utilization and profitability.

We work with well operators to provide engineered solutions across the entire lifecycle of the well, by streamlining operations, reducing non-productive time and developing cost effective and often customized solutions and customized tools for our customers' most challenging service needs, which include technical, complex unconventional wells requiring extended reach horizontal laterals and greater completion intensity per well. We believe our growing reputation for delivering differential service outcomes has resulted in the number of our customer agreements growing by over 140%, from over 400 as of January 31, 2016 to over 1,000 as of January 31, 2018. These agreements enable us to work for many of the major and independent exploration and production ("E&P") companies in North America.

We offer a variety of targeted services that are differentiated by the technical competence and experience of our field service engineers and their deployment of a broad portfolio of specialized tools and equipment. Our innovative and adaptive approach to proprietary tool design has been employed by our in-house research and development ("R&D") organization and, in selected instances, by our technology partners to develop tools covered by 10 patents and 21 U.S. and foreign pending patent applications as well as 21 additional proprietary tools. Our technology partners include manufacturing and engineering companies that produce tools, which we design and utilize in our service offerings.

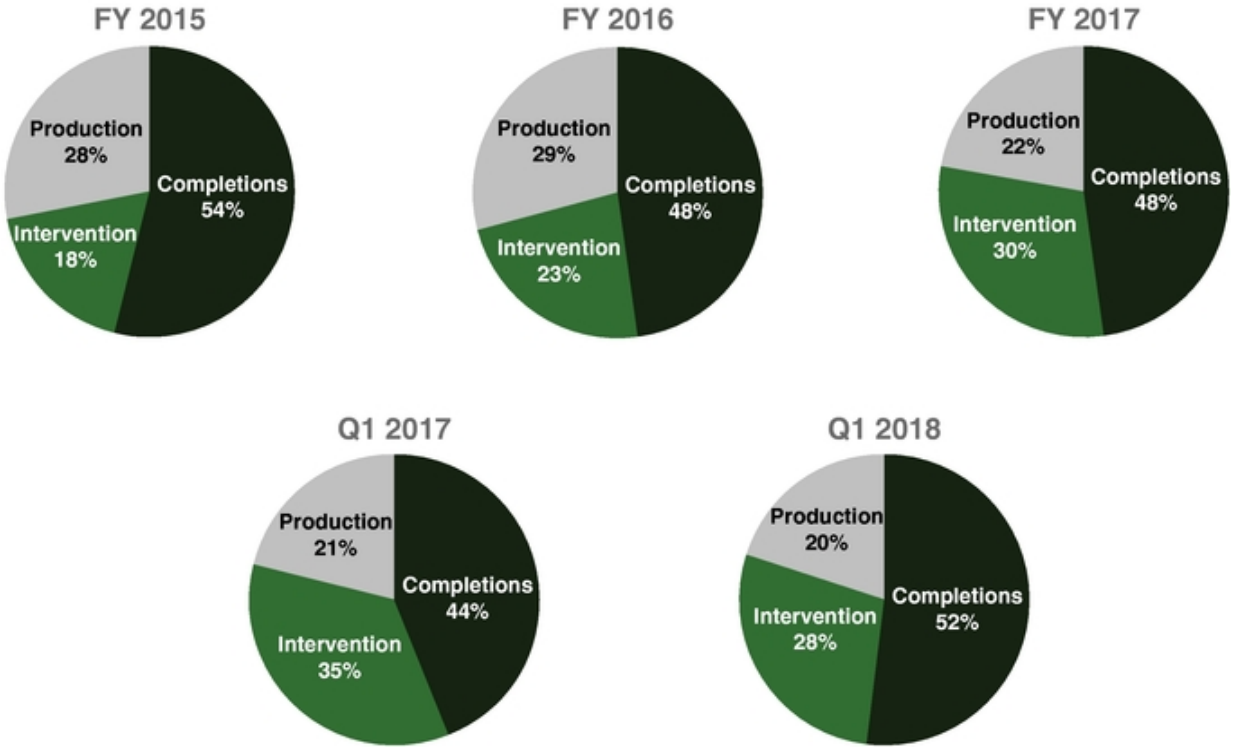
We utilize outside, dedicated manufacturers to produce our products, which, in many cases, our engineers have developed from the input and requests from our customers and customer-facing managers, thereby maintaining the integrity of our intellectual property while avoiding manufacturing startup and maintenance costs. We have found that doing so leverages our technical strengths as well as those of our technology partners. These services and related products, or PSLs, are modest in cost to the customer relative to its other well construction expenditures but have a high cost of failure and are, therefore, "mission critical" to our customers' outcomes. We believe our customers have come to depend on our decades of combined field experience to execute on some of the most challenging problems they face. We believe we are well positioned as a company for continued growth, as the oil and gas industry continues to drill and complete thousands of increasingly complex wells each year and as thousands of older legacy wells require remediation.

KLX Energy Services was formed from the combination and integration of seven private oilfield service companies acquired over the 2013 through 2014 time period. Each of the acquired businesses was regional in nature and brought one or two specific service capabilities to KLX Energy Services. Once the acquisitions were completed, we undertook a comprehensive integration of these businesses, to align our services, our people and our assets across all the geographic regions where we maintain a presence. We established a matrix management organizational structure, where each regional manager has the resources to provide a complete suite of services, supported by technical experts in our primary service categories. We have endeavored to create a "next generation" oilfield services company in terms of management controls, processes and operating metrics and have driven these processes down through the operating management structure in every region, which we believe differentiates us from many of our competitors. This allows us to offer our customers in all of our geographic regions discrete, comprehensive and differentiated services that leverage both the technical expertise of our skilled engineers and our in-house R&D team.

Our Services and Products

We offer high value-added services and related tools and equipment supporting the completion, intervention and production activities of our customers in each of our geographic reporting segments. The principal services we offer to support our customers throughout the lifecycle of the well include completions, well intervention and production services and products. The following charts set forth the

PSLs in graphical form expressed as a percentage of total revenues for the years ended January 31, 2018, 2017 and 2016 as well as for the three months ended April 30, 2018 and 2017:



Completions: Our completions activities are focused on services that help our customers drill, complete and stimulate extended reach horizontal laterals and more technical wellbores (the physical conduit from surface into the hydrocarbon reservoir). We are highly experienced in safely servicing deep, high-pressure, high-temperature wells in some of the most active onshore basins in the United States and provide premium perforating services for both wireline and tubing-conveyed applications. We believe we offer best-in-class service execution at the wellsite and innovative downhole technologies, positioning us to benefit from our ability to service the most technical, complex wells where the potential for increased operating leverage is high due to the large number of stages per well in addition to customer focus on execution rather than price. We provide plug-and-perf wireline operations, wireline logging services, frac stack services and equipment, high pressure blow out prevention ("BOP") equipment and downhole completions tools.

Our completions activities include a wide range of services:

- certified blow out preventers;
- frac valve and flowback services;
- wireline services;
- well testing and nipple-up services;
- downhole completion tools, including:
  - floatation collars;
  - toe sleeves;
  - liner hangers;
  - wet shoe subs;

- composite plugs;
- dissolvable plugs; and

- downhole extended-reach technology.

A portion of our completion services is delivered by our fleet of wireline trucks and associated tools. We currently operate 75 wireline trucks, approximately 60% of which are configured to run pump down or plug-and-perf operations. Our R&D organization also enables our operations to support our customers with cutting edge pump down operations that include greaseless wireline, addressable gun systems and addressable release tools, to provide our customers with the highest quality pump down services. We also maintain a full line of radial cement bond tools, compensated neutron porosity tools and casing evaluation tools to provide well evaluation services to our clients. We also utilize greaseless line and quiet truck wireline technology to meet the environmental concerns of our customers in markets that require this technology.

While our company does not provide hydraulic fracturing ("frac") services, we do provide equipment and services to support our customers' hydraulic fracturing operations, including a number of proprietary tools that deliver both increased efficiency and safety. We offer a full line of valves and corresponding services to assist clients with their pressure control needs during fracturing operations. These valves are assembled in predetermined configurations based on customer preference and installed on the wellhead to control flow and pressure during fracturing operations. We currently have over 120 frac trees and 20 manifolds deployed and serving clients in all of our geographic regions. We own a large, young fleet of valves serving the North American onshore oil and gas market. We have enhanced our frac valve fleet line through the internal development of next generation technology, including our proprietary, patent pending frac relief valve ("FRV"). Introduced in 2016, the FRV was built and designed to replace older "pop-off" systems. When tied into a frac core (pumps), the FRV gives customers a safer and more reliable method for relieving surface pressure in the event of an unforeseen overpressure event. By doing this, we believe we minimize operational risk, as well as greatly reduce health, safety and environmental ("HSE") concerns that are associated with fracturing operations.

Additional technologies that we currently deploy on behalf of our customers include our (i) patent pending floatation collar, which assists customers in getting completion (casing) to the bottom of extended reach wells when friction prevents getting casing to depth, (ii) proprietary IPA toe sleeve, which allows customers a consistent and reliable frac initiation sleeve at the toe of the completion, (iii) composite frac plug, a flow control device that is set in the wellbore at given intervals to divert fluid into the formation, and (iv) dissolvable plug.

Wellbore Interventions: Our intervention services consist of best-in-class technicians and equipment that are focused on providing customers engineered solutions to downhole complications. Intervention involves the application of specialized tools and procedures to retrieve lost equipment and remove other obstructions that either interfere with the completion of the well or are causing diminished production. The principal services we provide to remediate these complications include fishing, thru-tubing and pipe recovery. Given the unique geology and operating characteristics of each well, no two complications are the same, yet each complication our customers experience results in substantial disruption to their well operation and economics. As a result, resolution is "mission critical" to our customers and supports premium pricing for superior outcomes. Those outcomes rely principally on the skill and experience of the technicians dedicated to resolving the issues and the availability of exactly the right tools for every eventuality. We believe we have one of the leading teams of intervention specialists in the industry, supported by a comprehensive portfolio of intervention tools and equipment. Each of our geographic regions is fully staffed with top technicians and fully equipped with a comprehensive range and quantity of equipment given the wellbore profiles for the region.

We support our intervention group with a portfolio of tools consisting of both patented and proprietary technologies. Recent innovations currently deployed in the field include our: (i) HAVOK Extended Reach Tool ("ERT"); (ii) DXD Venturi Tool; (iii) HAVOK PDC Bearing Section; (iv) Hydraulic By-Pass Tool; and (v) Drill Mate (Mechanical By-Pass Valve). These tools were designed to improve upon conventional technology used by our competitors:

HAVOK ERT—The HAVOK ERT is the next generation of an extended reach tool known as a stroker tool, originally introduced by our in-house R&D team in 2016. An extended reach tool is a "secondary" downhole device that aids customers in getting the primary tools to bottom (depth) in a wellbore, which is increasingly required to support the completion and production of longer lateral wellbores resulting from today's horizontal drilling technologies. Our patented version of this ERT is designed to assist customers in reaching total depth with coiled tubing and stick pipe cleanout bottom hole assemblies ("BHA"). The tool creates a pressure pulse downhole through the use of an internal valve system that momentarily impedes the flow of fluid as it goes through the tool, creating oscillations. This valve system opens and closes within a desired operating range to optimize the pulse generation in the wellbore, which reduces friction, thus allowing customers to reach total depth during cleanout operations.

DXD Venturi Tool—The patent pending DXD (Debris Extraction Device) is an internally developed downhole tool that assists customers in removing unwanted debris from the wellbore. Utilizing fluid dynamics, the tool consists of a jet section that accelerates fluid across a nozzle. This increase in fluid velocity creates a pressure drop inside the tool, which draws fluid through an inlet. As the fluid is drawn into the system through the inlet, it picks up unwanted debris in the fluid flow, which is then caught in a series of chambers installed below the tool. The chambers then carry the debris out of the hole when the system is brought back to surface.

HAVOK PDC Bearing Section—The patented HAVOK PDC is one of the most robust bearing packs on the market. With a total of five parts, this bearing pack has greatly reduced the operating cost of our thru-tubing motors and provides us with a significant differentiator in the thru-tubing market. We began deploying the bearing pack in early 2017 and have experienced excellent results with the tool.

Hydraulic By-Pass Tool—Recently patented and released to operations, the hydraulic by-pass tool allows us to run our conventional motor assemblies and achieve substantially higher circulation rates without reducing the expected life of our conventional power section. The additional fluid being pumped and by-passed optimizes the downhole hydraulics for the operation and assists with proper debris removal.

Drill Mate (Mechanical By-Pass Valve)—The patented Drill Mate is a downhole tool that was developed to give customers a way to mechanically by-pass fluid during drill out or clean out operations. The tool is a two-piece system that opens and closes based upon the amount of weight being set on the mill or bit. During bottom milling with the tool, the tool is in the closed position, putting 100% of the flow through the motor BHA. As weight is removed from the mill or bit either by milling through the obstruction or picking up off bottom, the tool strokes open, thereby exposing by-pass ports that divert fluid through them. At this point, a customer can increase the amount of fluid being pumped through the BHA to assist in debris removal. This increase in fluid rate does not affect the life of the motor as the additional fluid is by-passed through the Drill Mate tool.

Production Solutions: We also provide services to enhance and maintain oil and gas production throughout the productive lives of our customers' wells. Our production services include maintenance-related intervention services as well as the provision of specifically required products and equipment. As with our completion and intervention service offerings, we have developed a portfolio of proprietary tools that we believe differentiates our production solutions service offering. The principal services and

equipment we provide across the production lifecycle of the well include (i) production BOPs, (ii) the provision of mechanical wireline services, (iii) slick line services, (iv) hydro-testing, (v) premium tubulars and (vi) other specialized production tools.

We believe our proprietary production tool portfolio creates a distinct competitive advantage for us in selling all of our production services. Key downhole production tools we have developed and that have been deployed with strong customer adoption include:

Punch Ram Tool—The punch ram tool gives customers the ability to safely and repeatedly release trapped pressure inside production tubulars during pulling operations. The alternative is to "hot-tap" the tubing, which is a high-risk operation that most operators are not willing to employ.

Frac Protect Rod Hang Off Tool—This tool is developed to give customers the ability to "hang off" a rod string rather than tripping it out of the hole and laying it down. The associated costs of tripping rods out of the hole coupled with the damage of laying them down and picking the string back up make this tool an excellent alternative option for customers. The hang off tool allows an operator to easily hang the rod string in the wellhead and still gives them the ability to tie into the tubing if need be to monitor pressure or pump fluid.

Our Competitive Strengths

Strong Footprint in Key Energy Producing Geographies. We provide a comprehensive range of technical services and related tools and equipment to North American E&P businesses that operate in geographies with strong drilling and production economics. We have an established business presence in the Permian Basin and Eagle Ford Shale, the Bakken formation, Williston, DJ, Uinta and Piceance Basins and Niobrara Shale and the Marcellus and Utica Shales as well as the Mid-Continent STACK and SCOOP and Haynesville. Our operations service Arkansas, Colorado, Louisiana, New Mexico, North Dakota, Ohio, Oklahoma, Montana, Pennsylvania, Texas, Utah, West Virginia and Wyoming. We believe we will best serve our customers, and therefore our stockholders, by maintaining a focus on domestic onshore oil and natural gas production areas that include both the highest concentrations of existing hydrocarbons and the largest prospective acreage for new drilling activity. We believe our well-developed geographic presence, together with our mission of being a best-in-class, leading provider of our specialized services and products, provides us with a competitive advantage. Further, we believe our thoughtful geographic presence and carefully selected range of services and products positions our business to generate superior returns on our deployed assets.

In-House R&D Capability Supports Continuous Improvement by Aligning New Tools with Field Engineers Serving Technically Demanding Wells. We invest in innovative technology and equipment designed for modern production techniques that increase efficiencies and production for our customers. North American unconventional onshore wells are increasingly characterized by extended lateral lengths, tighter spacing between hydraulic fracturing stages, increased cluster density and heightened proppant loads. Drilling and completion activities for wells in unconventional resource plays are extremely complex, and downhole challenges and operating costs increase as the complexity and lateral length of these wells increase. For these reasons, E&P companies with complex wells increasingly prefer service providers with the scale and resources to deliver best-in-class solutions that evolve in real time with the technology used for extraction. We believe we offer best-in-class service execution at the wellsite and innovative downhole technologies, positioning us to benefit from our ability to service the most technical, complex wells where the potential for increased operating leverage is high due to the large number of stages per well in addition to customer focus on execution rather than price. We have been awarded 10 U.S. patents, have 21 U.S. and foreign pending patent applications and utilize 21 additional proprietary tools, some of which have been developed in conjunction with our technology partners, which we believe differentiates us from our regional competition and also allows us to deliver

more focused service and better outcomes in our specialized services than larger national competitors who do not discretely dedicate their resources to the services we provide.

Broad Range of Certified Specialized Equipment with Long Lives. We own a broad range of completion, intervention and production tools and equipment for a variety of onshore services, including well stimulation and completion, wireline for access to the wellbore, fishing intervention at the wellsite and pressure control. We routinely refurbish and recertify our equipment to maintain the quality of our service and to provide a safe working environment for our personnel and our customers. For this purpose, we maintain dedicated on-site remanufacturing shops, which extend the economic lives of our equipment.

Executive Management Team: Proven Track Record of Building Industry-Leading Businesses. The Chairman and Chief Executive Officer and the Senior Vice President and Chief Financial Officer of our company have built multiple industry leading businesses from a combination of focused acquisitions, comprehensive integration and intensive management oversight. B/E Aerospace grew from a single acquisition in 1986 to become the leading aircraft cabin interiors equipment company in the world. This success was followed by the founding and growth of what was to become the KLX Aerospace Solutions Group, which was built from the initial acquisition of a niche aftermarket business in 2001 and subsequent acquisitions of nine additional companies over the next 16 years, thus growing into a leading independent company in its industry. This same focus on acquiring, disassembling and then re-building disparate businesses has been applied in the establishment and evolution of our company. Once our key PSLs and presence in the key U.S. onshore oil and gas production geographies were established through targeted acquisitions, our executive management instituted structural changes across our business, including the establishment of a matrix management system where our geographic regional managers are responsible for all aspects of their respective regional businesses, supported by PSL specialists. This enabled us to align all of our services and our technical resources across all of our geographic regions, ensuring our ability to provide a complete portfolio of services to our customers and the ability to drive asset utilization and best practices throughout our organization. We further optimize our operations through the implementation of common financial, IT, operational reporting and HSE management systems that allow our managers and executive leadership to utilize key performance indicators to manage the business on a dynamic basis.

Experienced Operating Management Team Across Geographic Regions and PSLs. Our management team has an average of more than 20 years of industry experience, having served as key managers in various energy service companies, including some of the largest energy service companies in the world. To more effectively support our regional managers, we have established a Houston-based group of industry experts responsible for maintaining a unified infrastructure to support our operations through standardized safety, environmental and maintenance processes and controls and financial and accounting policies and procedures.

National Scale and Infrastructure Supports Extensive Local Market Presence. We operate on a geographic basis with product line management and technical sales personnel supporting the managers of our three geographic reporting segments. These regional managers are responsible for the financial results of their regions, as well as operational execution, including cost control, policy compliance and training and other aspects of quality control. Each regional manager has extensive knowledge of their customer base, job requirements and working conditions in each of their local markets and are supported by a matrix management structure with our product line specialists to ensure that all services are offered to all our customers in each of our geographic regions on a "best practices" basis that leverages the full scope of our resources across the company. Our product-line managers are directly responsible for asset management, execution quality of the services provided, personnel technical training, technology, accident prevention and equipment maintenance, all of which are key drivers of our operating profitability. We have implemented comprehensive financial and asset tracking systems

across our geographic regions and our product lines to track the key performance indicators that allow our regional managers to better manage their financial results. This management structure enables us to closely monitor operating performance, maintain financial, accounting and asset management controls, prepare timely financial reports and manage contractual risk.

Standardized, Young Fleets of Specialized and Certified Equipment Create Competitive Advantages. While the acquisition of the seven businesses that now comprise our company brought with them an extensive, young fleet of equipment, we have continued to invest in both maintenance of that equipment and targeted additional investment that we believe allows us to sustain a competitive advantage in our assets employed, particularly when compared to smaller, regional competitors. During the downturn in the oil and gas markets in 2015 and 2016, we purchased approximately $125 million of equipment at a significant discount to the aggregate replacement cost, while actively spending on maintenance of existing equipment. We also protected our assets, often choosing to turn down business rather than accept rates insufficient to support equipment wear and variable cost. As a result, we believe we now offer our customers some of the newest, best equipment available for the services we provide, with an average age of less than three years and a breadth of tool inventory available across our geographic regions.

Returns-Focused Business Model with High Operational Leverage. We are focused on generating attractive returns on capital for our stockholders through the superior margins achieved by our differentiated services and the prudent application of our cash flow to targeted growth opportunities, which is intended to deliver high returns and short payback periods. Our services require less expensive equipment, which is also less expensive to maintain, and fewer people than many other oilfield service activities. In addition to the superior margins our differentiated services generate, we believe the rising level of completion intensity in our core operating areas contributes to improved margins and returns. This provides us significant operational leverage, and we believe positions us well to continue to generate attractive returns on capital as industry activity increases and the market for oilfield services improves. As part of our returns-focused approach to capital spending, we are focused on maintaining a capital efficient program with respect to the development of new products. We support our existing asset base with targeted investments in R&D, which we believe allows us to maintain a technical advantage over our competitors providing similar services using standard equipment.

A Strong Safety Culture Creates Competitive Advantages and Barriers to Entry. Health, safety and environmental standards, compliance and performance are increasingly required by our customers in order to be eligible for new business. We have a documented safety management system and conduct standardized safety and orientation training for all new employees, monthly safety meetings and annual safety trainings, which are tailored to address any unique requirements of our various product and service offerings. Compliance with the safety requirements set forth by the major oil companies typically requires suppliers to maintain an effective, dedicated HSE function. Our Vice President—HSE has more than 20 years of industry experience and acts as our in-house expert on applicable HSE requirements, developing and maintaining company-wide policies and procedures and internally monitoring compliance with our client's and regulatory entity's requirements. We align our policies and procedures and adopt industry best practices through consultation with internal and external advisors. Our HSE compliance is also monitored by third party, independent, for-profit providers of online contractor management databases, including ISN, PEC, Avetta and Browz. These organizations collect health, safety, environmental, procurement, quality and regulatory information such as HSE policies and procedures, incident logs, incident rates and safety meeting and training information, which is communicated to our customers. Maintaining an adequate rating with our customers through these organizations is a key requirement to work for many of our customers. We believe some of the companies we compete against lack the required infrastructure and financial resources to provide an effective safety program, thereby providing us a competitive advantage.

Our Business Strategy

Our business strategy is to expand our leadership position in providing technical services and related tools and equipment for the North American onshore energy sector. Key elements of our strategy include the following:

Capitalize on the Large, Highly Fragmented and Rapidly Growing Energy Technical Services Market. Shale oil and gas discoveries and new methods of extraction have unlocked vast untapped oil and gas reserves within the primary onshore producing basins of the United States, which have contributed to a drilling boom and created demand for products and services to support advanced drilling activities. This market segment is highly fragmented with hundreds of small companies providing technical and logistics services and related equipment to E&P companies. Through the acquisition, integration and investment in the seven businesses we acquired in 2013 and 2014, we have created an integrated service provider of national scale, providing highly differentiated services, supported by an active R&D effort integrated with our field personnel to provide real-time solutions to evolving customer requirements. Our competitors are often either single product-line local competitors with limited scale and resources or large companies for which the services we provide are not a core offering for them. We believe we will continue to grow market share and strengthen our brand recognition within our geographic regions of concentration by emphasizing our unique positioning as the "go-to" specialist for our services.

Continue to Innovate and Enhance Our Technology-Driven Offerings. We intend to continue to invest in and develop new technologies, techniques and equipment to provide our customers with the services and tools that most effectively complement the increasingly complex completion and production solutions employed by our customers. The growth of unconventional oil and gas resources drives the need for new technologies and equipment to increase recovery rates, lower production costs and accelerate field development. We operate in a competitive environment, where our customers demand technology-driven service and innovative tools suitable for the most modern production techniques. We believe we meet these consistently evolving requirements by maintaining constant communication with our customers in order to focus our in-house R&D efforts on innovations that address these identified needs.

Increase Penetration of our Services and Product Line Offerings within Each of Our Geographic Regions. We believe we have built strong relationships with our existing customers by offering a broad range of quality services and products in a safe, competent and consistent manner on a 24 hours a day, seven days a week availability basis. We believe opportunity exists to further penetrate and continue to gain market share in each of our geographic regions.

Grow Our Product and Service Offerings Through Internal Development, Strategic Relationships and Accretive Acquisitions. We anticipate that demand for our services in each of the onshore oil and gas producing basins in the United States will increase over the medium- and long-term. We plan to drive growth both organically and through accretive acquisitions. We believe that our organic growth strategies, which focus on continuing to provide customers with exceptional service and a comprehensive array of technology-based solutions, will enable us to grow our recurring revenue base by leveraging our existing infrastructure and customer network. Our organic growth initiatives target areas that we expect will provide the highest economic return while taking into consideration our strategic goals, such as growing or maintaining our key customer relationships. To complement our organic growth, we intend to continue to actively pursue targeted, accretive acquisitions of similar, highly differentiated high margin services that are complementary to our existing service offerings and technological expertise and that will enhance our portfolio of products and services, market positioning or geographic presence.

Extend Market Leadership Through Operational Excellence. We believe we have established KLX Energy Services as an industry leader in the niche sectors where we provide differentiated service offerings, through the combination of our highly skilled field engineers and technical teams, and the

availability of an extensive asset portfolio that is both well maintained and the focus of constant innovation by our R&D team. Our customers are increasingly sophisticated consumers of the services we seek to provide. Our customers require top level technical competence from experienced, well-trained personnel supported by advanced tools and equipment, which are maintained at the highest level, as well as reliable health and safety practices that can be delivered on a just-in-time basis. We compete against a large number of smaller, regional businesses who may not have the R&D support to develop proprietary tools to meet evolving customer needs and the capital investment capacity to offer the range of up-to-date equipment that we do across multiple geographies, nor the database and operating practices to meet the current HSE requirements. We compete based upon being a best-in-class leading provider of specialized services delivered on a consistent basis for both local customers and larger, multi-region oil and gas companies.

Maintain a Strong Balance Sheet to Preserve Operational and Strategic Flexibility. We expect our balance sheet as of the distribution date to include $50 million of cash and no borrowings or other funded debt obligations. We intend to opportunistically augment this liquidity with additional equity funding as appropriate, to support our resources to grow our business both organically and through discrete acquisitions, which we expect will complement and enhance our existing services. We believe internally generated free cash flow, augmented by access to the capital markets, will be sufficient to fund our operating growth for at least the 12 to 36 months following the distribution date. In addition, we have entered into a $100 million asset-based revolving credit facility (the "ABL Facility"), which we expect to remain undrawn for at least the next 12 months. Availability under the ABL Facility is tied to the aggregate amount of our accounts receivable and inventory that satisfy specified criteria and is expected to be at least $50 million on the distribution date. Depending on market conditions, we may incur other indebtedness in the future to make acquisitions and/or provide for additional cash on the balance sheet, which could be used for future acquisitions.

Industry Overview

The oil and gas industry has historically been both cyclical and seasonal. Activity levels are driven primarily by drilling rig counts, technological advances, well completions and workover activity, the geological characteristics of the producing wells and their effect on the services required to commence and maintain production levels and our customers' capital and operating budgets. All of these indicators are driven by commodity prices, which are affected by both domestic and global supply and demand factors. In particular, while U.S. natural gas prices are correlated with global oil price movements, they are also affected by local weather, transportation and consumption patterns.

While global supply and demand factors will continue to result in commodity price volatility, we believe the secular outlook for the on-shore North American oil and gas industry remains positive due to the following trends and factors:

Growth in Onshore Unconventional Resources. The development of new recovery technologies is leading to a shift toward the drilling and development of onshore unconventional oil and natural gas resources, which requires more wells to be drilled and active maintenance to sustain production and maximize recoveries. We believe the increased production requirements of these unconventional resources will continue to support increasing service activity as the industry rebalances its allocation of assets to meet future growth.

Numerous Technology Breakthroughs. Technologically driven breakthroughs, including (i) continued drilling activity supported by unconventional resources, (ii) the expanding use of horizontal drilling techniques and (iii) longer lateral lengths and the increasing number of stages per well, have created growing demand for top-level services and products to support these advanced drilling activities, many of which take place in remote areas with harsh environments.

Increasing Complexity of Technology. The increasing complexity of technology used in the oil and natural gas exploration and development process requires additional technicians on location during drilling. In particular, the increasing trend of pursuing horizontal and directional wells as opposed to vertical wells requires additional expertise on location and, typically, longer drilling times.

Large U.S. Oil and Gas Reserves. The United States is committed to a long-term goal of energy independence. Currently identified recoverable reserves of 276 billion barrels of shale oil and 2,355 trillion cubic feet of shale gas are contained within the United States, according to the EIA's Annual Energy Outlook 2017 Assumptions report.

Growing Demand for Natural Gas in the United States. We believe that natural gas will be in increasingly high demand in the United States over time because of its growing popularity as a cleaner burning fuel. The ongoing shift to the use of natural gas from coal-fired power plants and increased access to residential customers from new pipeline projects are expected to support increased demand for natural gas. In addition, the recent commencement of liquefied natural gas shipments from the United States to foreign markets is also expected to increase demand for natural gas production.

Continued Outsourcing of Ancillary Services. Almost all E&P companies outsource the services required by them to drill wells and maintain production. Drilling and completion activities require numerous services and products from time to time on an "as needed" basis. Although some of the services we provide have historically been handled in-house by drilling contractors, in many instances drilling contractors will elect to outsource these services because these services are ancillary to the primary activity of drilling and completing wells and represent only a minor portion of the total well drilling cost. Drilling contractors that outsource these services look for suppliers who have the expertise to provide increasingly more complex, high-quality and reliable services on a 24/7 basis.

Impact of Recent Industry Downturn. During the 2014 to mid-2016 industry downturn, the prices of oil and natural gas declined steeply, resulting in a dramatic reduction in drilling and completion activity by oil and gas producers in all regions of North America. Throughout all of 2015 and most of 2016, the oilfield services industry experienced a deep retrenchment where both capacity of services across the industry was cut and the pricing of services became deeply depressed. During this period, poorly capitalized businesses and many smaller competitors were unable to survive and went out of business. The industry began to see a stabilization in demand in late 2016, and with oil prices rising through the $40 per barrel range into the $60 per barrel range in 2017 and 2018, oil and gas producers renewed their commitment to their capital budgets, which resulted in a higher level of demand, improved pricing and a more stable operating environment for oilfield services businesses.

The Spin-Off

On , 2018, the board of directors of KLX approved the spin-off of KLX Energy Services from KLX. In connection with the spin-off, KLX Energy Services will become an independent, publicly-traded company. On July 13, 2018, we entered into a number of agreements with KLX, including the Distribution Agreement, the Employee Matters Agreement, the Transition Services Agreement and the IP Matters Agreement. These agreements will govern the relationship between us and KLX after completion of the spin-off and provide for, among other things, the distribution of KLX's energy services business (including, without limitation, all real and personal property, inventory, accounts receivable, intangible property, employees, intellectual property and related assets used in the business, along with the liabilities associated therewith) to its stockholders, releases of claims and indemnification by us and KLX in connection with our respective businesses, assignment of KLX Energy Services employees to us, treatment of outstanding KLX equity awards, certain transition services to be provided to us by KLX for a term beginning on the distribution date and ending not later than six months following the closing of the merger and the transfer of certain KLX trademarks from KLX to us. See "Certain Relationships and Related Party Transactions—Agreements with KLX Related to the Spin-Off." In addition, prior to the completion of the spin-off, KLX will contribute $50 million to KLX Energy Services. KLX Energy Services will make a payment to KLX for the

amount, if any, of negative free cash flows, as calculated pursuant to the Distribution Agreement, from the date of the merger agreement to the distribution date. Subject to any payments pursuant to the immediately preceding sentence, we will be entitled to all cash generated by the operation of the ESG business from May 1, 2018 through the distribution date. We have also entered into a $100 million ABL Facility, which will become available for borrowing upon the completion of the spin-off, for working capital and other general corporate purposes, none of which is expected to be outstanding on the distribution date. Availability under the ABL Facility is tied to the aggregate amount of our accounts receivable and inventory that satisfy specified criteria and is expected to be at least $50 million on the distribution date. Depending on market conditions, we may incur other indebtedness in the future to make acquisitions and/or provide for additional cash on the balance sheet, which could be used for future acquisitions.

The spin-off is being conducted in connection with the proposed merger of KLX with a wholly-owned subsidiary of Boeing that was previously announced on May 1, 2018. Completion of the merger is not a condition to completion of the distribution, and the distribution is expected to occur prior to the effective time of the merger. Completion of the distribution is contingent upon a number of conditions described herein having been satisfied or waived (see "The Spin-Off—Conditions to the Spin-Off"). Completion of the distribution of KLX Energy Services common stock is one of a number of conditions that must be satisfied or waived prior to completion of the merger. If the merger agreement is terminated prior to the consummation of the distribution, KLX will have the right not to complete the distribution if, at any time following such termination and prior to the distribution, the board of directors of KLX determines, in its sole discretion, that the spin-off is no longer in the best interests of KLX or its stockholders or that it is not advisable for KLX Energy Services to separate from KLX. We do not intend to complete the spin-off prior to KLX stockholders voting to adopt the merger agreement.

Pursuant to the Distribution Agreement, we will indemnify KLX to the extent that KLX determines that it has recognized any gain on the distribution, as calculated in the manner described in the Distribution Agreement. We will pay any such indemnity to KLX either, at our option, in cash, by issuing shares of our common stock to KLX or with a combination of cash and shares of our common stock.

Risk Factors

You should carefully read the section of this information statement entitled "Risk Factors" for an explanation of the risks and uncertainties we face. In particular, the following considerations may offset our competitive strengths or have a negative effect on our strategy or operating activities, which could cause a decrease in the price of our common stock and result in a loss of all or a portion of your investment:

- We serve customers who are involved in drilling for and production of oil and natural gas. Demand for services in the oil and natural gas industry is cyclical and experienced a significant downturn commencing in late 2014 that continued through 2015 and 2016, which significantly affected the performance of our business. Additional adverse developments affecting this industry could have a material adverse effect on our business, financial condition and results of operations.

- Our business involves many hazards and operational risks.

- Our inability to develop, obtain or implement new technology may cause us to become less competitive.

- We and our customers are subject to federal, state and local laws and regulations regarding issues of health, safety, climate change and the protection of the environment, under which we or our customers may become liable for penalties, damages or costs of remediation or other corrective measures. Changes in such laws or regulations could increase our or our customers' costs of doing business and adversely impact our business, financial condition and results of operations.

- We may be unable to retain personnel who are key to our operations.
- We may be unable to implement price increases or maintain existing prices on our services.
- If we lose significant customers, significant customers materially reduce their purchase orders or significant programs on which we rely are delayed, scaled back or eliminated, our business, financial condition and results of operations may be adversely affected.
- The ABL Facility has, and any indebtedness that we incur in the future may have, significant financial and operating restrictions that may have an adverse effect on our business, financial condition and results of operations.
- Our success may be affected by our ability to use and protect our proprietary technology as well as our ability to enter into license agreements.
- We may be subject to claims for personal injury and property damage or other litigation, which could materially adversely affect our business, financial condition and results of operations.

Implications of Being an Emerging Growth Company

We are an "emerging growth company." We intend to operate under the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, until we are no longer an emerging growth company, including, but not limited to, reporting fewer years of selected historical financial data than that reported by other public companies and reduced disclosure obligations regarding executive compensation in our periodic reports. See "Risk Factors—Risks Relating to Our Common Stock—Utilizing the reduced disclosure requirements applicable to 'emerging growth companies' may make our common stock less attractive to investors."

In addition, Section 107 of the JOBS Act provides that an emerging growth company can utilize the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the "Securities Act"), for adopting new or revised financial accounting standards. We intend to operate under the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, until we are no longer an emerging growth company. Our election to use the phase-in periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the longer phase-in periods under Section 107 of the JOBS Act and who will comply with new or revised financial accounting standards. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable pursuant to Section 107 of the JOBS Act.

We will cease to be an emerging growth company upon the earliest of:

- the last day of the fiscal year in which we have $1.07 billion or more in annual revenues;
- the end of the fiscal year following the fifth anniversary of the spin-off;
- the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or
- the date on which we are deemed to be a "large accelerated filer" (which is the last day of the fiscal year during which the total market value of our common equity securities held by non-affiliates is $700 million or more, calculated as of the end of the second quarter (July 31) of such fiscal year).

Other Information

KLX Energy Services Holdings, Inc. was incorporated in Delaware on June 28, 2018 and will serve as the holding company for our operating subsidiaries. KLX Energy Services LLC, our principal operating subsidiary, started operations in 2013. Our headquarters are located at 1300 Corporate Center Way, Wellington, Florida 33414. Our telephone number is (561) 383-5100. Our website address is www.klxenergy.com. Information contained on, or connected to, our website or KLX's website does not and will not constitute part of this information statement or the registration statement on Form 10 of which this information statement is a part.

Questions and Answers about the Spin-Off

The following provides a summary of certain of the terms of the spin-off. For a more detailed description of the matters described below, see "The Spin-Off."

Q: What is the spin-off?

A: The spin-off is the method by which KLX Energy Services Holdings, Inc. will separate from KLX Inc. To complete the spin-off, KLX will distribute to its stockholders all of the shares of KLX Energy Services common stock. We refer to this as the "distribution." Following the spin-off, KLX Energy Services will be a separate company from KLX, and KLX will not retain any ownership interest in KLX Energy Services, subject to the Tax Liability Adjustment (as defined herein). The spin-off is expected to occur prior to the effective time of the merger. If the merger is consummated as expected, each share of KLX common stock will be converted into the right to receive $63.00 in cash per share, without interest. The number of shares of KLX common stock you own will not change as a result of the spin-off.

Q: What is KLX Energy Services?

A: KLX Energy Services is a wholly-owned direct subsidiary of KLX whose shares will be distributed to KLX stockholders if we complete the spin-off. After we complete the spin-off, KLX Energy Services will be a public company and will continue providing completion, intervention and production services and products to the major onshore oil and gas producing regions of the United States.

Q: What will I receive in the spin-off?

A: As a holder of KLX common stock, in connection with the spin-off, you will retain your shares of KLX common stock and will receive shares of KLX Energy Services common stock for every shares of KLX common stock you own as of the record date. Your proportionate interest in KLX will not change as a result of the spin-off. However, if the merger is consummated as expected, each share of KLX common stock will be converted into the right to receive $63.00 in cash per share, without interest. For a more detailed description, see "The Spin-Off."

Q: When is the record date for the distribution?

A: The record date for the distribution will be the close of business, Eastern time, on , 2018.

Q: When will the distribution occur?

A: The distribution date of the spin-off is , 2018. KLX Energy Services expects that the distribution agent, acting on behalf of KLX, will require up to one week after the distribution date to fully distribute the shares of KLX Energy Services common stock to KLX stockholders. The ability to trade KLX Energy Services shares will not be affected during that time.

Q: Why has KLX decided to spin-off KLX Energy Services?

A: On December 22, 2017, KLX announced that its board of directors had initiated a formal process to explore strategic alternatives for KLX focused on maximizing stockholder value. After completing a comprehensive review of potential alternatives, the board of directors of KLX determined that the merger transaction with Boeing was advisable, fair to and in the best interests of KLX stockholders, that the board of directors of KLX would recommend that KLX stockholders approve the merger agreement and that the separation of KLX Energy Services from KLX and operating KLX

Energy Services as an independent, publicly-traded company presented the best available alternative for maximizing stockholder value with respect to KLX's energy services business.

Q: What are the risks associated with the spin-off?

A: There are a number of risks associated with the spin-off and ownership of KLX Energy Services common stock. We discuss these risks under "Risk Factors."

Q: Can KLX decide to cancel the spin-off even if all the conditions to the spin-off have been satisfied?

A: No. Unless the merger agreement has been terminated in accordance with its terms, KLX must effect the distribution of KLX Energy Services common stock if the conditions to the distribution have been satisfied or waived. The distribution of KLX Energy Services common stock as described in this information statement is subject to the satisfaction or waiver by KLX and KLX Energy Services of certain conditions. The spin-off cannot be completed until the applicable conditions are satisfied or waived, and completion of the spin-off is one of the conditions to completion of the merger. We cannot be certain when or if the conditions for the spin-off will be satisfied or waived. See "The Spin-Off—Conditions to the Spin-Off."

Q: What is being distributed in the spin-off?

A: Approximately 20.3 million shares of KLX Energy Services common stock will be distributed in the spin-off, based on the number of shares of KLX common stock expected to be outstanding as of the record date. The actual number of shares of KLX Energy Services common stock to be distributed will be calculated on , 2018, the record date. The shares of KLX Energy Services common stock to be distributed by KLX will constitute all of the issued and outstanding shares of KLX Energy Services common stock immediately prior to the distribution. Additional shares of KLX Energy Services common stock may be issued to KLX in certain situations. See "The Spin-Off." For more information on the shares being distributed in the spin-off, see "Description of Capital Stock—Common Stock."

Q: What do I have to do to participate in the spin-off?

A: You do not need to take any action, although we urge you to read this entire document carefully. No stockholder approval of the distribution is required or sought. You are not being asked for a proxy. No action is required on your part to receive your shares of KLX Energy Services common stock. You will not be required to pay anything for the new shares or to surrender any shares of KLX common stock in order to participate in the spin-off.

Q: How will fractional shares be treated in the spin-off?

A: Fractional shares of KLX Energy Services common stock will not be distributed. Fractional shares of KLX Energy Services common stock to which KLX stockholders of record would otherwise be entitled will be aggregated and sold in the public market by the distribution agent at prevailing market prices. The distribution agent, in its sole discretion, will determine when, how and through which broker-dealers, provided that such broker-dealers are not affiliates of KLX or KLX Energy Services, and at what prices to sell these shares. The aggregate net cash proceeds of the sales will be distributed ratably to those stockholders who would otherwise have received fractional shares of KLX Energy Services common stock. See "The Spin-Off—Treatment of Fractional Shares" for a more detailed explanation.

Q: How will the spin-off affect equity awards held by KLX employees?

A: At the time of the spin-off, then outstanding unvested KLX equity-based awards granted prior to the date of the spin-off will be equitably adjusted to reflect the dilutive impact of the spin-off, but

will otherwise not participate in the spin-off. Following the spin-off, all unvested KLX equity-based awards held by KLX employees and KLX Energy Services employees will continue to vest in accordance with their terms based on their respective holders' continued service with KLX or KLX Energy Services, as applicable. We will adopt the KLX Energy Services Holdings, Inc. Long-Term Incentive Plan ("LTIP"), effective as of a date shortly before the spin-off, to promote the long-term success of KLX Energy Services by providing eligible individuals with opportunities to obtain a proprietary interest in KLX Energy Services through the grant of equity-based awards. For more information on the treatment of equity awards, see "The Spin-Off—Treatment of Equity Awards." For a description of the KLX Energy Services LTIP, see "Executive Compensation—Description of the Long-Term Incentive Plan."

Q: What are the U.S. federal income tax consequences of the distribution to KLX stockholders?

A: For U.S. federal income tax purposes, the receipt of KLX Energy Services common stock in the spin-off should be treated as a distribution of property in an amount equal to the fair market value of the KLX Energy Services common stock received. In determining the fair market value of the KLX Energy Services common stock received, one reasonable approach would be to use the average of the high and low trading prices on the day of receipt. The distribution of KLX Energy Services common stock should be treated as ordinary dividend income to the extent considered paid out of KLX's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of our current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in its KLX common stock and thereafter as capital gain. The amount of those earnings and profits is not determinable at this time, because it will depend on KLX's income for the entire tax year in which the distribution occurs, with such taxable year ending on the earlier of the date of the merger or on January 31. However, based on current projections, we expect that most, and possibly all, of the distribution of KLX Energy Services common stock will be treated as a return of capital rather than a dividend. For a more detailed discussion, see "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Distribution" and "Risk Factors—Risks Relating to the Spin-Off and the Merger—The distribution of our common stock will not qualify for tax-free treatment."

Q: Will the KLX Energy Services common stock be listed on a stock exchange?

A: Yes. Although there is no current public market for KLX Energy Services common stock, before completion of the spin-off, KLX Energy Services intends to apply for authorization to list its common stock on Nasdaq under the symbol "KLXE." We anticipate that trading of KLX Energy Services common stock will commence on a "when-issued" basis beginning on or shortly before the record date. When-issued trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. When-issued trades generally settle within four trading days after the distribution date. On the first trading day following the distribution date, any when-issued trading of KLX Energy Services common stock will end and "regular-way" trading will begin. "Regular-way" trading refers to trading after a security has been issued and typically involves a transaction that settles on the second full trading day following the date of the transaction. See "The Spin-Off—Trading Market for Our Common Stock" for more information.

Q: Will my shares of KLX common stock continue to trade?

A: Yes. KLX common stock will continue to be listed and trade on Nasdaq under the symbol "KLXI" until the merger with Boeing is completed. Following the completion of the merger, KLX common stock will be delisted from Nasdaq. Each share of KLX common stock will be converted into the right to receive $63.00 per share, without interest.

Q: If I sell, on or before the distribution date, shares of KLX common stock that I held on the record date, am I still entitled to receive shares of KLX Energy Services common stock distributable with respect to the shares of KLX common stock I sold?

A: Beginning on or shortly before the record date and continuing through the distribution date for the spin-off, KLX common stock will begin to trade in two markets on Nasdaq: a "regular-way" market and an "ex-distribution" market. If you are a holder of record of shares of KLX common stock as of the record date for the distribution and choose to sell those shares in the regular-way market after the record date for the distribution and before the distribution date, you also will be selling the right to receive shares of KLX Energy Services common stock in connection with the spin-off. However, if you are a holder of record of shares of KLX common stock as of the record date for the distribution and choose to sell those shares in the ex-distribution market after the record date for the distribution and before the distribution date, you will not be selling the right to receive shares of KLX Energy Services common stock in connection with the spin-off, and you will still receive shares of KLX Energy Services common stock.

Q: Will the spin-off affect the trading price of my KLX stock?

A: Yes, we expect the trading price of shares of KLX common stock immediately following the distribution will be lower than immediately prior to the distribution because it will no longer reflect the value of KLX's Energy Services Group. However, we cannot provide you with any assurance as to the price at which shares of KLX common stock will trade following the spin-off.

Q: What are the financing plans for KLX Energy Services?

A: We expect that, in connection with the spin-off, KLX will contribute $50 million to us. We will make a payment to KLX for the amount, if any, of negative free cash flows, as calculated pursuant to the Distribution Agreement, from the date of the merger agreement to the distribution date. Subject to any payments pursuant to the immediately preceding sentence, we will be entitled to all cash generated by the operation of the ESG business from May 1, 2018 through the distribution date. In addition, we have entered into a $100 million ABL Facility, which will become available for borrowing upon the completion of the spin-off, for working capital and other general corporate purposes, none of which is expected to be outstanding on the distribution date, and we will have no funded debt. Availability under the ABL Facility is tied to the aggregate amount of our accounts receivable and inventory that satisfy specified criteria and is expected to be at least $50 million on the distribution date. Depending on market conditions, we may incur other indebtedness in the future to make acquisitions and/or provide for additional cash on the balance sheet, which could be used for future acquisitions.

Q: What will be the relationship between KLX and KLX Energy Services after the spin-off?

A: Following the spin-off, KLX Energy Services will be an independent, publicly-traded company, and KLX will have no continuing stock ownership interest in KLX Energy Services, subject to the Tax Liability Adjustment. Following the spin-off, but before the merger is closed, the Chairman and Chief Executive Officer and the President and Chief Operating Officer of KLX will also hold positions at KLX Energy Services, and the directors of KLX Energy Services will be the same as the directors of KLX. In addition, in connection with the spin-off, KLX Energy Services entered into the Distribution Agreement and several other agreements with KLX for the purpose of, among other things, the distribution of KLX's energy services business (and the assets and liabilities associated therewith) to its stockholders, releases of claims and indemnification by us and KLX in connection with our respective businesses, assignment of KLX Energy Services employees to us, treatment of outstanding KLX equity awards, certain transition services to be provided to us by KLX for a term beginning on the distribution date and ending not later than six months following the closing of the merger and the transfer of certain KLX trademarks from KLX to us. These agreements will also govern KLX Energy Services'

relationship with KLX following the spin-off. We describe these agreements in more detail under "Certain Relationships and Related Party Transactions."

Q: What will KLX Energy Services' dividend policy be after the spin-off?

A: KLX Energy Services does not currently intend to pay dividends. KLX Energy Services' dividend policy will be established by the board of directors of KLX Energy Services (the "Board") based on KLX Energy Services' financial condition, results of operations and capital requirements, as well as applicable law, regulatory constraints, industry practice and other business considerations that the Board considers relevant. In addition, the terms of the agreement governing our ABL Facility limit, and debt that we may incur in the future may limit or prohibit, the payments of dividends. For more information, see "Dividend Policy."

Q: Will I have appraisal rights in connection with the spin-off?

A: As a holder of KLX common stock, you will not have any appraisal rights in connection with the spin-off.

Q: Who will be the transfer agent for KLX Energy Services common stock after the spin-off?

A: After the distribution, we expect that the transfer agent for KLX Energy Services common stock will be Computershare.

Q: Who is the distribution agent for the spin-off?

A: We expect that the distribution agent in connection with the spin-off will be Computershare.

Q: Where can I get more information?

A: If you have any questions relating to the mechanics of the distribution, you should contact the distribution agent at:

Computershare Investor Services
P.O. Box 505000
Louisville, Kentucky 40233-5000
Phone: 1 (800) 733-5001

Before the spin-off, if you have any questions relating to the spin-off, you should contact KLX at:

KLX Inc.
1300 Corporate Center Way
Wellington, Florida 33414
Attention: Investor Relations
Phone: (561) 383-5100
www.klx.com

After the spin-off, if you have any questions relating to KLX Energy Services, you should contact KLX Energy Services at:

KLX Energy Services Holdings, Inc.
1300 Corporate Center Way
Wellington, Florida 33414
Attention: Investor Relations
Phone: (561) 383-5100
www.klxenergy.com

Summary of the Spin-Off

Distributing Company	KLX Inc., a Delaware corporation. After the distribution, KLX will not own any shares of KLX Energy Services common stock, subject to the Tax Liability Adjustment.
Distributed Company	KLX Energy Services Holdings, Inc., a newly-formed Delaware corporation and a wholly-owned direct subsidiary of KLX. After the spin-off, KLX Energy Services will be an independent, publicly-traded company.
Distributed Securities	All of the shares of KLX Energy Services common stock owned by KLX, which will be 100% of KLX Energy Services common stock issued and outstanding immediately prior to the distribution.
Record Date	The record date for the distribution is the close of business, Eastern time, on , 2018.
Distribution Date	The distribution date is , 2018.
Distribution Ratio	Each holder of KLX common stock will receive shares of KLX Energy Services common stock for every shares of KLX common stock held on the record date. The distribution will be made to all KLX stockholders of record on a pro rata basis.
The Distribution	On the distribution date, KLX will release the shares of KLX Energy Services common stock to the distribution agent to distribute to KLX stockholders. The shares will be distributed in book-entry form, which means that no physical share certificates will be issued. We expect that it will take the distribution agent up to one week to electronically issue shares of KLX Energy Services common stock to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. Any delay in the electronic issuance of KLX Energy Services shares by the distribution agent will not affect trading in KLX Energy Services common stock. Following the spin-off, stockholders who hold their shares in book-entry form may request that their shares be transferred to a brokerage or other account at any time. You will not be required to make any payment, surrender or exchange your shares of KLX common stock or take any other action to receive your shares of KLX Energy Services common stock.

Fractional Shares	The distribution agent will not distribute any fractional shares of KLX Energy Services common stock to KLX stockholders, but will instead aggregate all fractional shares of KLX Energy Services common stock to which KLX stockholders of record would otherwise be entitled and sell them in the public market. The distribution agent will then aggregate the net cash proceeds of the sales and distribute those proceeds ratably to those stockholders who would otherwise have received fractional shares. Stockholders' receipt of cash in lieu of fractional shares from these sales generally will result in a taxable gain or loss to those stockholders for U.S. federal income tax purposes, as described in more detail under "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Distribution."
Conditions to the Spin-Off	Completion of the spin-off is subject to the satisfaction or waiver by KLX of the following conditions: • the board of directors of KLX, in its sole and absolute discretion, shall have authorized and approved the spin-off and not withdrawn such authorization and approval, shall be satisfied that the distribution will be made out of surplus in accordance with Section 170 of the General Corporation Law of the State of Delaware (the "DGCL") and shall have declared the dividend of KLX Energy Services common stock to the holders of issued and outstanding shares of KLX common stock as of the record date; • the Form 10 shall have been declared effective by the Securities and Exchange Commission (the "SEC") and shall not be the subject of any stop order or proceedings seeking a stop order, all necessary permits and authorizations under the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), relating to the issuance and trading of shares of KLX Energy Services common stock shall have been obtained and be in effect, such shares of KLX Energy Services common stock shall have been approved for listing on Nasdaq and the period of time specified by applicable law for the mailing of an information statement shall have expired (assuming the information statement is mailed immediately after the KLX Energy Services registration statement is declared effective by the SEC, whether or not the information statement has in fact been mailed); • any approvals of non-U.S. governmental authorities required in connection with the spin-off or the distribution shall have been obtained; • no governmental authority having jurisdiction over KLX or KLX Energy Services shall have issued or entered any order after the date of the Distribution Agreement, and no applicable law shall have been enacted or promulgated after the date of the Distribution Agreement, in each case, that is then in effect and has the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the distribution or the other transactions contemplated hereby; and

	• the merger agreement shall not have been terminated pursuant to its terms. We are not aware of any material, federal or state regulatory requirements that must be complied with or any material approvals that must be obtained, other than the Required Notifications (as defined in the merger agreement) and compliance with SEC rules and regulations, approval for listing on Nasdaq and the declaration of effectiveness of the Registration Statement on Form 10, of which this information statement forms a part, by the SEC, in connection with the distribution. Unless the merger agreement has been terminated in accordance with its terms, KLX does not have the right to unilaterally decide to cancel the distribution of the KLX Energy Services common stock. However, if the merger agreement is terminated, under certain specified circumstances, KLX may be required to pay Boeing a termination fee of up to $175 million. The spin-off and the merger cannot be completed until the applicable conditions to each are satisfied or waived. We do not intend to complete the spin-off prior to KLX stockholders voting to adopt the merger agreement. For more information, see "The Spin-Off—Conditions to the Spin-Off."
Trading Market and Symbol	We have applied for authorization to list KLX Energy Services common stock on Nasdaq under the ticker symbol "KLXE." We anticipate that, beginning on or shortly before the record date, trading of shares of KLX Energy Services common stock will begin on a "when-issued" basis and will continue up to and including the distribution date, and we expect "regular-way" trading of KLX Energy Services common stock will begin the first trading day after the distribution date. We also anticipate that, beginning on or shortly before the record date, there will be two markets in KLX common stock: a regular-way market on which shares of KLX common stock will trade with an entitlement to shares of KLX Energy Services common stock to be distributed in the distribution, and an "ex-distribution" market on which shares of KLX common stock will trade without an entitlement to shares of KLX Energy Services common stock. For more information, see "The Spin-Off—Trading Market for Our Common Stock."

Material U.S. Federal Income Tax Consequences	The receipt of KLX Energy Services common stock in the spin-off should be treated for U.S. federal income tax purposes as a distribution equal to the fair market value of the KLX Energy Services common stock received. In determining the fair market value of the KLX Energy Services common stock received, we believe that one reasonable approach would be to use the average of the high and low trading prices on the day of receipt. The distribution of KLX Energy Services common stock should be treated as taxable ordinary dividend income to the extent considered paid out of KLX's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of both current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in its KLX common stock and thereafter as capital gain. The amount of those earnings and profits is not determinable at this time, because it will depend on KLX's income for the entire tax year in which the distribution occurs, with such taxable year ending on the earlier of the date of the merger or on January 31. However, based on current projections, we expect that most, and possibly all, of the distribution of KLX Energy Services common stock will be treated as a return of capital, which reduces basis, rather than a dividend. For more information regarding the potential U.S. federal income tax consequences to you of the distribution, see the sections entitled "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Distribution" and "Risk Factors—Risks Relating to the Spin-Off and the Merger—The distribution of our common stock will not qualify for tax-free treatment."

To the extent, if any, that KLX Energy Services' market value at the time of the distribution is greater than KLX's tax basis in KLX Energy Services, KLX Energy Services will indemnify KLX for tax on gain taken into account as a result of the distribution of KLX Energy Services common stock, determined as if no net operating losses or other tax attributes were available to shelter that gain and computed at an assumed tax rate of 24% (the "Tax Liability Adjustment"). KLX Energy Services may settle any such indemnity obligation at its option either in cash or by issuing additional shares of KLX Energy Services common stock to KLX (then expected to be owned by Boeing) at a value equal to the amount of such tax liability. If KLX recognizes gain on the distribution, so that KLX Energy Services has an indemnity obligation, KLX and KLX Energy Services expect to make an election for U.S. federal income tax purposes that would enable KLX Energy Services to increase the basis of its assets to KLX Energy Services' market value at the time of the distribution, thereby increasing the amount of amortization or depreciation deductions allowable to KLX Energy Services after the distribution of KLX Energy Services common stock. To the extent, however, that KLX Energy Services' market value at the time of the distribution is less than KLX's tax basis in KLX Energy Services, KLX will not recognize any loss, but KLX and KLX Energy Services expect to make an election that should prevent a reduction to fair market value of KLX Energy Services' tax basis in its assets in order to preserve KLX Energy Services' ability to claim the amortization or depreciation deductions that would have been available if the separation had not occurred. For a more detailed discussion, see "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Distribution" and "Risk Factors—Risks Relating to the Spin-Off and the Merger—The distribution of our common stock will not qualify for tax-free treatment."

Relationship with KLX after the Spin-Off	We entered into a Distribution Agreement and other agreements with KLX related to the spin-off. These agreements will govern our relationship with KLX after completion of the spin-off and provide for the distribution of KLX's energy services business (and the assets and liabilities associated therewith) to its stockholders and the releases of claims and indemnification by us and KLX in connection with our respective businesses. In addition, we entered into a Transition Services Agreement with KLX under which KLX will provide us with certain services on an interim basis following the distribution. We also entered into an Employee Matters Agreement that sets forth our agreements with KLX concerning certain employee compensation and benefit matters and an IP Matters Agreement that sets forth our agreements with KLX concerning certain intellectual property matters. We describe these arrangements in greater detail under "Certain Relationships and Related Party Transactions—Agreements with KLX Related to the Spin-Off" and describe some of the risks of these arrangements under "Risk Factors—Risks Relating to the Spin-Off and the Merger." Following the spin-off, but before the merger is closed, the Chairman and Chief Executive Officer and the President and Chief Operating Officer of KLX will also hold positions at KLX Energy Services, and the directors of KLX Energy Services will be the same as the directors of KLX.
Dividend Policy	KLX Energy Services does not currently intend to pay dividends. Our Board will establish our dividend policy based on our financial condition, results of operations and capital requirements, as well as applicable law, regulatory constraints, industry practice and other business considerations that the Board considers relevant. In addition, the terms of the agreement governing our ABL Facility limit, and any debt that we may incur in the future may limit or prohibit, the payments of dividends. For more information, see "Dividend Policy."
Financing	We have entered into a $100 million ABL Facility, which will become available for borrowing upon the completion of the spin-off, for working capital and other general corporate purposes, none of which is expected to be outstanding on the distribution date. Availability under the ABL Facility is tied to the aggregate amount of our accounts receivable and inventory that satisfy specified criteria and is expected to be at least $50 million on the distribution date. Depending on market conditions, we may incur other indebtedness in the future to make acquisitions and/or provide for additional cash on the balance sheet, which could be used for future acquisitions.
The Pre-Spin-Off Contribution	Prior to the completion of the spin-off, KLX will contribute $50 million to KLX Energy Services. KLX Energy Services will make a payment to KLX for the amount, if any, of negative free cash flows, as calculated pursuant to the Distribution Agreement, from the date of the merger agreement to the distribution date.

Distribution Agent	Computershare.
Risk Factors	We face both general and specific risks and uncertainties relating to our business, our relationship with KLX, our common stock and our being an independent, publicly-traded company. We also are subject to risks relating to this spin-off. You should carefully read the factors set forth in the section entitled "Risk Factors" in this information statement.

Summary Financial Information

The following table presents summary financial data for the periods indicated below. We derived the summary historical statements of earnings data for the three months ended April 30, 2018 and 2017 and the balance sheet data as of April 30, 2018 from our unaudited condensed financial statements included elsewhere in this information statement. We derived the summary historical balance sheet data as of April 30, 2017 from our unaudited condensed balance sheet that is not included in this information statement. We derived the summary historical financial data as of January 31, 2018 and 2017, and for each of the fiscal years in the three-year period ended January 31, 2018, from our audited financial statements included elsewhere in this information statement. We derived the summary historical financial data as of January 31, 2016 from KLX's accounting records. In our management's opinion, the unaudited condensed financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting only of ordinary recurring adjustments, necessary for a fair presentation of the information for the periods presented. The summary historical financial data as of and for the three months ended April 30, 2018 and 2017 are not necessarily indicative of the results that may be obtained for a full year.

The historical statements of earnings (loss) reflect allocations of general corporate expenses from KLX, including, but not limited to, executive management, finance, legal, information technology, human resources, employee benefits administration, treasury, risk management and other shared services. The allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenues generated, costs incurred, headcount or other measures. Our management and the management of KLX consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, KLX Energy Services. The allocations may not, however, reflect the expense we would have incurred as a stand-alone public company for the periods presented. Actual costs that may have been incurred if we had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. The financial statements included in this information statement may not necessarily reflect our financial position, results of operations and cash flows as if we had operated as a stand-alone public company during all periods presented. Accordingly, our historical results should not be relied upon as an indicator of our future performance.

In presenting the financial data in conformity with accounting principles generally accepted in the United States ("GAAP"), we are required to make estimates and assumptions that affect the amounts reported. See "Management's Discussion and Analysis of Financial Condition and Results of Operations —Critical Accounting Policies" included elsewhere in this information statement for detailed

discussion of the accounting policies that we believe require subjective and complex judgments that could potentially affect reported results.

	Year Ended January 31,			Three Months Ended April 30,	
	2018	2017	2016	2018	2017
	(in millions)			(in millions) (unaudited)	
Statements of Earnings Data					
Revenues	$ 320.5	$ 152.2	$ 251.2	$ 110.3	$ 63.5
Net (loss) earnings	(24.1)	(89.6)	(750.4)	5.8	(10.4)
Balance Sheet Data (end of period)					
Parent company equity	$ 224.6	$ 178.0	$ 192.1	$ 246.9	$ 190.4
Other Financial Data					
Adjusted gross profit (loss)	$ 51.7	$ (29.1)	$ (8.5)	$ 28.3	$ 7.6
Adjusted gross profit margin	16.1%	(19.1)%	(3.4)%	25.7%	12.0%
Adjusted operating (loss) earnings	$ (20.4)	$ (89.5)	$ (71.6)	$ 9.6	$ (10.4)
Adjusted operating margin	(6.4)%	(58.8)%	(28.5)%	8.7%	(16.4)%
Adjusted EBITDA	$ 25.6	$ (44.3)	$ (20.7)	$ 21.0	$ 0.8
Adjusted EBITDA margin	8.0%	(29.1)%	(8.2)%	19.0%	1.3%

The following table presents a reconciliation of the GAAP financial measures of net (loss) earnings to the non-GAAP financial measures of Adjusted operating (loss) earnings, Adjusted EBITDA and Adjusted gross profit:

	Year Ended January 31,			Three Months Ended April 30,	
	2018	2017	2016	2018	2017
		(in millions) (unaudited)		(in millions) (unaudited)	
Adjusted operating (loss) earnings and Adjusted EBITDA reconciliation					
Net (loss) earnings	$ (24.1)	$ (89.6)	$ (750.4)	$ 5.8	$ (10.4)
Income taxes	0.1	0.1	0.1	—	—
Operating (loss) earnings	(24.0)	(89.5)	(750.3)	5.8	(10.4)
Goodwill and long-lived asset impairment charges	—	—	640.2	—	—
One-time costs(1)	3.6	—	38.5	3.8	—
Adjusted operating (loss) earnings	(20.4)	(89.5)	(71.6)	9.6	(10.4)
Depreciation and amortization	33.5	36.2	46.6	8.8	8.4
Non-cash compensation	12.5	9.0	4.3	2.6	2.8
Adjusted EBITDA	$ 25.6	$ (44.3)	$ (20.7)	$ 21.0	$ 0.8
Adjusted gross profit reconciliation					
Net (loss) earnings	$ (24.1)	$ (89.6)	$ (750.4)	$ 5.8	$ (10.4)
Income taxes	0.1	0.1	0.1	—	—
Operating (loss) earnings	(24.0)	(89.5)	(750.3)	5.8	(10.4)
Selling, general and administrative and R&D expenses	75.4	60.4	78.5	22.5	18.0
Goodwill and long-lived asset impairment charges	—	—	640.2	—	—
Gross profit	51.4	(29.1)	(31.6)	28.3	7.6
One-time costs(1)	0.3	—	23.1	—	—
Adjusted gross profit	$ 51.7	$ (29.1)	$ (8.5)	$ 28.3	$ 7.6

(1) We incurred one-time costs for the year ended January 31, 2018 of $3.6 million, of which $3.3 million and $0.3 million were included in selling, general and administrative expense and cost of sales, respectively, primarily associated with KLX's strategic alternatives review and also a restructuring of the Eagle Ford Shale region, which was our only unprofitable region. One-time costs for the three months ended April 30, 2018 included $3.8 million of selling, general and administrative expense associated with KLX's strategic alternatives review. One-time costs for the year ended January 31, 2016 were $38.5 million, of which $15.4 million and $23.1 million were included in selling, general and administrative expense and cost of sales, respectively, primarily associated with business separation and start-up costs such as spin-off related costs, expansion initiatives, branding and IT implementation costs.

We use the above described adjusted measures to evaluate and assess the operational strength and performance of the business and of particular segments of the business. We believe the financial measures below are relevant and useful for investors because they allow investors to have a better understanding of our actual operating performance unaffected by the impact of the one-time costs. These financial measures should not be viewed as a substitute for, or superior to, operating earnings, net earnings or net cash flows provided by operating activities (each as defined under GAAP), the most directly comparable GAAP measures, as a measure of our operating performance.

RISK FACTORS

You should carefully consider each of the following risks and uncertainties, which we believe are the principal risks that we face and of which we are currently aware, and all of the other information in this information statement. Some of the risks and uncertainties described below relate to our business, while others relate to the spin-off. Other risks relate principally to the securities markets and ownership of our common stock. If any of the following events actually occur, our business, financial condition or results of operations could be materially adversely affected, the trading price of our common stock could decline and you could lose all or part of your investment. Additional risks and uncertainties that we do not presently know about or currently believe are not material may also adversely affect our business, financial condition and results of operations.

Risks Relating to Our Business

We serve customers who are involved in drilling for and production of oil and natural gas. Demand for services in the oil and natural gas industry is cyclical and experienced a significant downturn commencing in late 2014 that continued through 2015 and 2016, which significantly affected the performance of our business. Additional adverse developments affecting this industry could have a material adverse effect on our business, financial condition and results of operations.

Our revenues are primarily generated from customers who are engaged in drilling for and production of oil and natural gas. Demand for services in the oil and natural gas industry is cyclical, and we depend on our customers' willingness to make capital and operating expenditures to explore for, develop and produce oil and natural gas in the United States. Additionally, developments that adversely affect oil and natural gas drilling and production services could reduce our customers' willingness to make such expenditures and materially reduce our customers' demand for our services and associated product offerings, resulting in a material adverse effect on our business, financial condition and results of operations.

The predominant factor that would reduce demand for our services and associated product offerings would be a reduction in land-based drilling activity in the continental United States. The oil and gas industry experienced a significant downturn commencing in late 2014 that continued through 2015 and 2016. At the trough, our customers significantly cut back their capital expenditures resulting in both volume and pricing declines for oilfield services, and the number of domestic land drilling rigs decreased by over 75%. Commodity prices, and market expectations of potential changes in these prices, significantly affected activity levels in 2015 and 2016 as well as the volume and prices paid for our services. Worldwide political, economic and military events, as well as natural disasters and other factors beyond our control, contribute to oil and natural gas price levels and volatility and are likely to continue to do so in the future. Current levels in the price of natural gas, oil or natural gas liquids, as well as ongoing volatility, have had an adverse impact on the level of drilling, exploration and production activity, which could materially and adversely affect the demand for our services and the rates we are able to charge for our services. We negotiate the rates payable under our contracts based on prevailing market rates, and the rates we are able to charge will fluctuate with market conditions. Higher commodity prices may not necessarily translate into increased drilling activity because our customers' expectations of future prices also influence their activity. Lower demand for oilfield services could resume, which would adversely affect the rates that we are able to charge and the demand for our services. Additionally, we may incur costs and have downtime any time our customers' activities are refocused towards different drilling regions.

The domestic E&P industry in the United States underwent a substantial downturn in 2015 and much of 2016 with the beginning of a potential recovery commencing late in the third calendar quarter of 2016, placing unprecedented pressure on both our customers and competitors. We have reduced costs within our business without compromising the business platform we have built. This included a

significant reduction in capital expenditures in 2016, as well as other workforce rightsizing and ongoing cost initiatives.

Another factor that would reduce the level of drilling and production activity is increased government regulation of that activity. Our customers' drilling and production operations are subject to extensive federal, state, local and foreign laws and government regulations concerning: emissions of pollutants and greenhouse gases; hydraulic fracturing; the handling of oil and natural gas and byproducts thereof and other materials and substances used in connection with oil and natural gas operations, including drilling fluids and wastewater; well spacing; production limitations; plugging and abandonment of wells; unitization and pooling of properties; and taxation. More stringent legislation or regulation (including public pressure on governmental bodies and regulatory agencies to regulate the oil and natural gas industry), a moratorium on drilling or hydraulic fracturing, or increased taxation of oil and natural gas drilling activity could directly curtail such activity or increase the cost of drilling, resulting in reduced levels of drilling activity and therefore reduced demand for our services and associated product offerings.

Spending by E&P companies can also be impacted by conditions in the capital markets. Limitations on the availability of capital, or higher costs of capital, for financing expenditures may cause E&P companies to make additional reductions to capital budgets in the future. Cuts in capital spending would likely curtail drilling and completion programs as well as discretionary spending on well construction services, which may result in a reduction in the demand for our services, the rates we can charge and the utilization of our services. Moreover, reduced discovery rates of new oil and natural gas reserves, or a decrease in the development rate of reserves in our market areas, whether due to increased governmental regulation, including with respect to environmental matters, limitations on exploration and drilling activity or other factors, could also have an impact on our business, even in a stronger oil and natural gas price environment. An adverse development in any of these areas could have an adverse impact on our customers' operations or financial condition, which could in turn result in reduced demand for our services and associated product offerings.

We depend on our customers' willingness to undertake drilling and completion spending.

Other factors over which we have no control that could affect our customers' willingness to undertake drilling and completion spending activities include:

- the level of prices, and expectations about prices, for oil and natural gas;
- domestic and foreign supply of and demand for oil and natural gas;
- the level of domestic and global oil and natural gas production;
- the availability, pricing and perceived safety of pipeline, trucking, train storage and other transportation capacity;
- the supply of and demand for oilfield services and equipment;
- lead times associated with acquiring equipment and availability of qualified personnel;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- the expected rates of decline in production from existing and prospective wells;
- the discovery rates of new oil and natural gas reserves;
- federal, state and local regulation of hydraulic fracturing and other oilfield service activities, as well as E&P activities, including public pressure on governmental bodies and regulatory agencies to regulate our industry;

- adverse weather conditions, including hurricanes, that can affect oil and natural gas operations over a wide area;
- oil refining capacity;
- merger and divestiture activity among oil and gas producers;
- the availability of water resources and suitable proppants in sufficient quantities and on acceptable terms for use in hydraulic fracturing operations;
- the availability, capacity and cost of disposal and recycling services for used hydraulic fracturing fluids;
- the political environment in oil and natural gas producing regions, including uncertainty or instability resulting from civil disorder, terrorism or war;
- worldwide political, military and economic conditions;
- actions of the Organization of the Petroleum Exporting Countries, its members and other state-controlled oil companies relating to oil and natural gas price and production levels, including announcements of potential changes to such levels;
- advances in exploration, development and production technologies or in technologies affecting energy consumption;
- activities by non-governmental organizations to restrict the exploration, development and production of oil and natural gas; and
- the price and availability of alternative fuels and energy sources.

Conservation measures and technological advances could reduce demand for oil and natural gas.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices could reduce demand for oil and natural gas. We cannot predict the impact of the changing demand for oil and natural gas services, and any major changes may have a material adverse effect on our business, financial condition and results of operations.

Our business involves many hazards and operational risks.

Conditions inherent in the oil and natural gas industry can cause personal injury or loss of life, disruption or suspension in operations, damage to geological formations, damage to facilities, substantial revenue loss, business interruption and damage to, or destruction of, property, equipment and the environment. Our operations are subject to many hazards and risks, including the following:

- equipment defects;
- accidents resulting in serious bodily injury and the loss of life or property;
- damaged or lost equipment;
- liabilities from accidents or damage by our operators or equipment;
- pollution and other damage to the environment;
- well blow-outs and the uncontrolled flow of natural gas, oil or other well fluids into or through the environment, including onto or into the ground or into the atmosphere, groundwater, surface water or an underground formation;
- fires, explosions and cratering;

- mechanical or technological failures;
- loss of well control;
- spillage handling and disposing of materials;
- collapse of the boreholes;
- adverse weather conditions; and
- failure of our employees to comply with our internal environmental, health and safety guidelines.

If any of these hazards materialize, they could result in the suspension of operations, termination of contracts without compensation, damage to or destruction of our equipment and the property of others, or injury or death to our personnel or third-parties and could expose us to substantial liability or losses. Although we customarily include a waiver of consequential damages in our customer contracts, defects or other performance problems in the services that we offer or products we offer could result in our customers seeking to invalidate such waiver and seek damages from us for losses associated with these defects or other performance problems. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. Our customers may elect not to purchase our services if they view our safety record as unacceptable or otherwise experience material defects in our products or performance problems, which could cause us to lose customers and substantial revenue, and any litigation or claims, even if fully indemnified or insured, could negatively affect our reputation with our customers and the public and make it more difficult for us to compete effectively or obtain adequate insurance in the future. In addition, these risks may be greater for us upon the acquisition of another company that has not allocated significant resources and management focus to safety and has a poor safety record.

We maintain what we believe is customary and reasonable insurance to protect our business against most potential losses, but such insurance may not be adequate to cover our liabilities, especially as the inherent risks in our operations increase with increasing well complexity, and we are not fully insured against all risks inherent in our business. For example, although we are insured for environmental pollution resulting from certain environmental accidents that occur on a sudden and accidental basis, we may not be insured against all environmental accidents or events that might occur, some of which may result in toxic tort claims. If a significant accident or event occurs for which we are not adequately insured, it could adversely affect our financial condition and results of operations. Furthermore, we may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies may substantially increase. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage.

Our insurance has deductibles or self-insured retentions and contains certain coverage exclusions. The current trend in the insurance industry is towards larger deductibles and self-insured retentions. In addition, insurance may not be available in the future at rates that we consider reasonable and commercially justifiable, compelling us to have larger deductibles or self-insured retentions to effectively manage expenses. As a result, we could become subject to material uninsured liabilities or situations where we have high deductibles or self-insured retentions that expose us to liabilities that could have a material adverse effect on our business, financial condition and results of operations.

In recent years, oilfield services companies have been the subject of a significant volume of wage and hour-related litigation, including claims brought under the Federal Labor Standards Act, in which employee pay practices have been challenged. We have been named as defendants in these lawsuits, and we do not maintain insurance for alleged wage and hour-related litigation. Some of these cases remain outstanding and are in various states of negotiation and/or litigation. The frequency and significance of wage- or other employment-related claims may affect expenses, costs and relationships

with employees and regulators. Additionally, we could become subject to material uninsured liabilities that could have a material adverse effect on our business, financial condition and results of operations.

We have operated at a loss in the past, and there is no assurance of our profitability in the future.

Historically, we have experienced periods of low demand for our services and have incurred operating losses. In the future, we may not be able to reduce our costs or increase our revenues sufficiently to achieve or maintain profitability and generate positive operating income. Under such circumstances, we may incur further operating losses and experience negative operating cash flow.

Our business may be adversely affected by a deterioration in general economic conditions or a weakening of the broader energy industry.

The oil and gas industry has historically been both cyclical and seasonal. Activity levels are driven primarily by E&P company capital spending, well completions and workover activity, the geological characteristics of the producing wells and their effect on the services required to commence and maintain production levels, and our customers' capital and operating budgets. All of these indicators are driven by commodity prices, which are affected by both domestic and global supply and demand factors. In particular, while U.S. oil and natural gas prices are correlated with global oil price movements, they are also affected by local market weather and consumption patterns. A prolonged economic slowdown, a recession in the United States, adverse events relating to the energy industry and local, regional and national economic conditions and factors, particularly a slowdown in the E&P industry, could negatively impact our operations and therefore adversely affect our results. The risks associated with our business are more acute during periods of economic slowdown or recession because such periods may be accompanied by decreased spending by our customers.

We may need to obtain additional capital or financing to fund expansion of our asset base, which could increase our financial leverage, or we may not be able to finance our capital needs.

Prior to the spin-off, we were reliant on KLX as a segment of its business to fund our capital expenditures. After the spin-off, in order to expand our asset base, we may need to make significant capital expenditures. If we do not make sufficient or effective capital expenditures, we will be unable to organically expand our business operations.

We intend to fund our future capital expenditures primarily with cash flows from operating activities and existing cash balances. To the extent our cash and cash flows from operating activities are not sufficient, we could borrow under the ABL Facility. If our cash, cash flows from operating activities and borrowings under the ABL Facility are not sufficient to fund our capital expenditures, we would be required to fund these expenditures through the incurrence of additional debt or the issuance of debt or equity securities or pursue alternative financing plans, such as refinancing or restructuring future debt, selling assets or reducing or delaying acquisitions or capital investments, such as planned upgrades or acquisitions of equipment and refurbishments of equipment, even if previously publicly announced.

The terms of any future debt and equity instruments may restrict us from adopting some of these alternatives. If debt and equity capital or alternative financing plans are not available on favorable terms or at all, we would be required to curtail our capital spending, and our ability to sustain or improve our profits may be adversely affected. Our ability to refinance or restructure our debt will depend on the condition of the capital markets and our financial condition at such time, among other things. Any refinancing of our debt could be at higher interest rates and may require us to comply with onerous covenants, which could further restrict our business operations. In addition, incurring debt would result in interest expense and financial leverage, and issuing common stock may result in significant dilution to our current stockholders.

Shortages or increases in the costs of the equipment we use in our operations could adversely affect our operations in the future.

We generally do not have specialized tools, trucks or long-term contracts in place that provide for the delivery of equipment, including, but not limited to, replacement parts and other equipment. We could experience delays in the delivery of the equipment that we have ordered and its placement into service due to factors that are beyond our control. Demand by other oilfield services companies and numerous other factors beyond our control could adversely affect our ability to procure equipment that we have not yet ordered or cause the prices of such equipment to increase. Price increases, delays in delivery and interruptions in supply may require us to increase capital and repair expenditures and incur higher operating costs. Each of these could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on a small number of suppliers for key goods and services that we use in our operations.

We do not have long-term contracts with third-party suppliers of many of the goods and services used in large volumes in our operations, including manufacturers of technical services equipment and fishing tools, chargers and other tools and equipment used in our operations. Especially during periods in which oilfield services are in high demand, the availability of certain goods and services used in our industry decreases and the price of such goods and services increases. We are dependent on a small number of suppliers for key goods and services. During the twelve months ended January 31, 2018, based on total purchase cost, our ten largest suppliers of goods and services represented approximately 24% of all such purchases. Our reliance on such suppliers could increase the difficulty of obtaining such goods and services in the event of a shortage in our industry or cause us to pay higher prices. Price increases, delays in delivery and interruptions in supply may require us to incur higher operating costs. Each of these could have a material adverse effect on our business, financial condition and results of operations.

If suppliers are unable to supply us with the products in our operations in a timely manner, in adequate quantities and/or at a reasonable cost, we may be unable to meet the demands of our customers, which could have a material adverse effect on our business, financial condition and results of operations.

We depend on third-party companies to support our operations through the timely supply of products. Our suppliers may experience capacity constraints that may result in their inability to supply us with products in a timely fashion, with adequate quantities or at a desired price. Factors affecting suppliers can include labor disputes, general economic issues, and changes in raw material and energy costs. Natural disasters such as earthquakes or hurricanes, as well as political instability and terrorist activities, may negatively impact the production or delivery capabilities of our suppliers as well. These factors could lead to increased prices and/or the unfavorable allocation of products by our suppliers, which could reduce our revenues and profit margins and harm our customer relations. Significant disruptions in our supply chain could negatively impact our business, financial condition and results of operations.

Our inability to develop, obtain or implement new technology may cause us to become less competitive.

The energy services industry is subject to the introduction of new drilling, completion and well intervention techniques using new technologies, some of which may be subject to patent protection or costly to obtain. As competitors and others use or develop new technologies in the future, we may be placed at a competitive disadvantage if we fail to keep pace with technological advancements within our industry. Furthermore, we may face competitive pressure to implement or acquire certain new technologies at a substantial cost. Some of our competitors may have greater financial, technical and personnel resources that may allow them to enjoy technological advantages and implement new technologies before we can. We cannot be certain that we will be able to implement new technologies

on a timely basis or at an acceptable cost. Thus, limits on our ability to effectively use and implement new and emerging technologies may have a material adverse effect on our business, financial condition and results of operations.

Oilfield anti-indemnity provisions enacted by many states may restrict or prohibit a party's indemnification of us.

We typically enter into agreements with our customers governing the provision of our services, which usually include certain indemnification provisions for losses resulting from operations. These agreements may require each party to indemnify the other against certain claims regardless of the negligence or other fault of the indemnified party; however, many states place limitations on contractual indemnity provisions, particularly agreements that indemnify a party against the consequences of its own negligence. Furthermore, certain states, including Louisiana, New Mexico, Texas and Wyoming, have enacted statutes generally referred to as "oilfield anti-indemnity acts" expressly prohibiting certain indemnity agreements contained in or related to oilfield services agreements. Such oilfield anti-indemnity acts may restrict or void a party's indemnification of us, which could have a material adverse effect on our business, financial condition and results of operations.

Changes in trucking regulations may increase our transportation costs and negatively impact our business, financial condition and results of operations.

For the transportation and relocation of our oilfield services equipment, we operate trucks and other heavy equipment. Therefore, we are subject to regulation as a motor carrier by the U.S. Department of Transportation and by various state agencies, whose regulations include certain permit requirements of highway and safety authorities. These regulatory authorities exercise broad powers over our trucking operations, generally governing such matters as the authorization to engage in motor carrier operations, safety, equipment testing and specifications and insurance requirements. The trucking industry is subject to possible regulatory and legislative changes that may impact our operations, such as changes in fuel emissions limits, the hours of service regulations that govern the amount of time a driver may drive or work in any specific period, limits on vehicle weight and size and other matters.

In addition, regulations issued by environmental regulators can have an adverse impact on our trucking costs, and therefore, on our results of operations. Environmental Protection Agency (the "EPA") regulations limiting exhaust emissions became more restrictive in 2010. In 2010, an executive memorandum was signed directing the National Highway Traffic Safety Administration (the "NHTSA") and the EPA to develop new, stricter fuel efficiency standards for heavy trucks. In 2011, the NHTSA and the EPA adopted final rules that established fuel economy and greenhouse gas standards for medium- and heavy-duty vehicles. These standards apply to model years 2014 to 2018, which are required to achieve an approximate 20 percent reduction in fuel consumption by model year 2018. In October 2016, the NHTSA and the EPA published new, stricter standards that would apply to trailers beginning with model year 2018 and tractors beginning with model year 2021. As a result of these regulations, we may experience an increase in costs related to truck purchases or rentals and maintenance, an impairment of equipment productivity, a decrease in the residual value of these vehicles and an increase in operating expenses. Proposals to increase federal, state or local taxes, including taxes on motor fuels, are also made from time to time, and any such increase would increase our operating costs. We cannot predict whether, or in what form, any legislative or regulatory changes applicable to our trucking operations will be enacted and to what extent any such legislation or regulations could increase our costs or otherwise adversely affect our business, financial condition and results of operations.

Changes in laws or government regulations regarding hydraulic fracturing could increase our customers' costs of doing business, limit the areas in which our customers can operate and reduce oil and natural gas production by our customers, which could adversely impact our business, financial condition and results of operations.

The adoption of any future federal, state or local laws or implementation of regulations imposing reporting obligations on, or limiting or banning, the hydraulic fracturing process could make it more difficult for our customers to complete natural gas and oil wells. Any such regulations limiting or prohibiting hydraulic fracturing could reduce oil and natural gas exploration and production activities by our customers and, therefore, adversely affect our business, financial condition and results of operations. Such laws or regulations could also materially increase our costs of compliance and doing business by more strictly regulating how hydraulic fracturing wastes are handled or disposed. In addition, regulatory schemes implemented by quasi-governmental entities could be interpreted to prevent us from providing our services in certain jurisdictions, which could adversely affect our business, financial condition and results of operations.

Although hydraulic fracturing currently is generally exempt from regulation under the U.S. Safe Drinking Water Act's Underground Injection Control program and is typically regulated by state oil and natural gas commissions or similar agencies, several federal agencies have asserted regulatory authority over certain aspects of the hydraulic fracturing process. These include, among others, a number of regulations issued and other steps taken by the EPA over the last five years, including its New Source Performance Standards issued in 2012, its June 2016 rule prohibiting the discharge of wastewater from onshore unconventional oil and natural gas extraction facilities to publicly-owned wastewater treatment plants; and the federal Bureau of Land Management ("BLM") rule in March 2015 that established new or more stringent standards relating to hydraulic fracturing on federal and American Indian lands (which was the subject of litigation and which the BLM rescinded in December 2017). While the newly appointed EPA administrator and the Trump Administration more generally have indicated their interest in scaling back or rescinding regulations that inhibit the development of the U.S. oil and gas industry, it is difficult to predict the extent to which such policies will be implemented or the outcome of any litigation challenging such implementation, such as the suit the State of California's attorney general filed in January 2018 challenging the BLM's rescission of its March 2015 rule referred to above.

Moreover, some states and local governments have adopted, and other governmental entities are considering adopting, regulations that could impose more stringent requirements on hydraulic fracturing operations. For example, Texas, Colorado and North Dakota among others have adopted regulations that impose new or more stringent permitting, disclosure, disposal and well construction requirements on hydraulic fracturing operations. States could also elect to prohibit high volume hydraulic fracturing altogether, following the approach taken by the State of New York in 2015. Local land use restrictions, such as city ordinances, may restrict drilling in general and hydraulic fracturing in particular. Some state and federal regulatory agencies have also recently focused on a connection between the operation of injection wells used for oil and natural gas waste disposal and seismic activity. Similar concerns have been raised that hydraulic fracturing may also contribute to seismic activity. In March 2016, the United States Geological Survey identified six states with the most significant hazards from induced seismicity, including Oklahoma, Kansas, Texas, Colorado, New Mexico and Arkansas. In light of these concerns, some state regulatory agencies have modified their regulations or issued orders to address induced seismicity. For example, in December 2016, the Oklahoma Corporation Commission's Oil and Gas Conservation Division (the "OCC Division") and the Oklahoma Geologic Survey released well completion seismicity guidance, which requires operators to take certain prescriptive actions, including mitigation, following anomalous seismic activity within 1.25 miles of hydraulic fracturing operations, and in February 2017, the OCC Division issued an order limiting future increases in the volume of oil and natural gas wastewater injected into the ground in an effort to

reduce seismic activity in the state. Ongoing lawsuits have also alleged that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. Increased regulation and attention given to induced seismicity could lead to greater opposition to, and litigation concerning, oil and natural gas activities utilizing hydraulic fracturing or injection wells for waste disposal. The adoption of more stringent regulations regarding hydraulic fracturing and the outcome of litigation over hydraulic fracturing could adversely affect some of our customers and their demand for our products, which could have a material adverse effect on our business, financial condition and results of operations.

We and our customers are subject to federal, state and local laws and regulations regarding issues of health, safety, climate change and the protection of the environment, under which we or our customers may become liable for penalties, damages or costs of remediation or other corrective measures. Changes in such laws or regulations could increase our or our customers' costs of doing business and adversely impact our business, financial condition and results of operations.

Our operations and our customers' operations are subject to federal, state and local laws and regulations, including those relating to, among other things, protection of natural resources, wetlands, endangered species, the environment, health and safety, waste management, waste disposal and the transportation of waste and other materials. Many of the facilities that are used for our operations are leased, and such leases include varying levels of indemnity obligations to the respective landlords for environmental matters related to our use and occupation of such facilities. Our ongoing operations and our customers' operations may pose risks of environmental liability, including leakage from operations to surface or subsurface soils, surface water or groundwater. Some environmental laws and regulations may impose strict liability, joint and several liability, or both. Additionally, an increase in regulatory requirements affecting oil and gas exploration and completion activities could significantly delay or interrupt our customers' operations. Increased costs of regulatory compliance, claims for liability or sanctions for noncompliance and related costs could cause us or our customers to incur substantial costs or losses. Clean-up costs and other damages resulting from any contamination-related liabilities and costs associated with changes in and compliance with environmental laws and regulations could result in the reduction or discontinuation of our or our customers' operations and in a material adverse effect on our business, financial condition and results of operations.

The U.S. Congress has, from time to time, considered adopting legislation to reduce emissions of greenhouse gases, or GHGs, and almost one-half of the states have already taken legal measures to reduce emissions of GHGs. The EPA has finalized a series of GHG monitoring, reporting and emissions control rules for certain large sources of GHGs. While the Trump Administration has announced that the United States will withdraw from international commitments to reduce GHG emissions, it is not clear how this goal will be accomplished, and many state and local officials have announced their commitment to upholding such commitments. Although it is not possible at this time to estimate how potential future laws or regulations addressing GHG emissions could impact our business, any future federal, state or local laws or regulations that may be adopted to address GHG emissions in areas where our customers operate could require our customers to incur increased compliance and operating costs. Regulation of GHGs could also result in a reduction in demand for and production of oil and natural gas, which would result in a decrease in demand for our services. Moreover, incentives to conserve energy or use alternative energy sources could reduce demand for oil and natural gas.

Laws protecting the environment generally have become more stringent over time and could continue to do so, which could lead to material increases in our and our customers' costs for future environmental compliance and remediation.

We may be required to assume responsibility for environmental and other liabilities of companies we have acquired or will acquire.

We may incur liabilities in connection with environmental conditions currently unknown to us relating to our existing, prior or future operations or those of predecessor companies whose liabilities we may have assumed or acquired. We also could be subject to third-party and governmental claims with respect to environmental matters, including claims under the Comprehensive Environmental Response, Compensation and Liability Act in instances where we are identified as a potentially responsible party. We believe that indemnities provided to us in certain of our pre-existing acquisition agreements may cover certain environmental conditions existing at the time of the acquisition, subject to certain terms, limitations and conditions. However, if these indemnification provisions terminate or if the indemnifying parties do not fulfill their indemnification obligations, we may be subject to liability with respect to the environmental matters that those indemnification provisions address.

Delays by us or our customers in obtaining permits or the inability by us or our customers to obtain or renew permits could impair our business.

We and our customers are required to obtain permits from one or more governmental agencies in order to perform certain activities. Such permits are typically required by state agencies but can also be required by federal and local governmental agencies. The requirements for such permits vary depending on the type of operations, including the location where our customers' drilling and completion activities will be conducted. As with all governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued and the conditions that may be imposed in connection with the granting of the permit. Certain regulatory authorities have delayed or suspended the issuance of permits while the potential environmental impacts associated with issuing such permits can be studied and appropriate mitigation measures evaluated. Permitting delays, an inability to obtain or renew permits or revocation of our or our customers' current permits could cause a loss of revenue and could materially and adversely affect our business, financial condition and results of operations.

Increased labor costs or the unavailability of skilled workers could hurt our business, financial condition and results of operations.

We are dependent upon a pool of available skilled employees to operate and maintain our business. We compete with other oilfield services businesses and other similar employers to attract and retain qualified personnel with the technical skills and experience required to provide the highest quality service. The demand for skilled workers is high and the supply is limited, and a shortage in the labor pool of skilled workers or other general inflationary pressures or changes in applicable laws and regulations could make it more difficult for us to attract and retain personnel and could require us to enhance our wage and benefits packages thereby increasing our operating costs.

Although our employees are not covered by a collective bargaining agreement, union organizational efforts could occur and, if successful, could increase our labor costs. A significant increase in the wages paid by competing employers or the unionization of groups of our employees could result in increases in the wage rates that we must pay. Likewise, laws and regulations to which we are subject, such as the Fair Labor Standards Act, which governs such matters as minimum wage, overtime and other working conditions, can increase our labor costs or subject us to liabilities to our employees. Our operations are also exposed to risks of claims for alleged employment-related liabilities, including risks of claims related to alleged wrongful termination or discrimination, wage payment practices, retaliation claims and other human resource related matters. We cannot assure you that labor costs will not increase. Increases in our labor costs or unavailability of skilled workers could impair our capacity, diminish our profitability and have a material adverse effect on our business, financial condition and results of operations.

We may be unable to retain personnel who are key to our operations.

Our success, among other things, is dependent on our ability to attract, develop and retain highly qualified senior management and other key personnel. Competition for key personnel is intense, and our ability to attract and retain key personnel is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. The inability to hire, develop and retain these key employees may adversely affect our business, financial condition and results of operations.

We may be unable to implement price increases or maintain existing prices on our services.

We periodically seek to increase the prices on our services to offset rising costs and to generate higher returns for our stockholders. However, we operate in a very competitive industry and as a result, we are not always successful in raising, or maintaining, our existing prices. Additionally, during periods of increased market demand, a significant amount of new service capacity, including new well service rigs, wireline units and coiled tubing units, may enter the market, which also puts pressure on the pricing of our services and limits our ability to increase prices.

Even when we are able to increase our prices, we may not be able to do so at a rate that is sufficient to offset our rising costs. In periods of high demand for oilfield services, a tighter labor market may result in higher labor costs. During such periods, our labor costs could increase at a greater rate than our ability to raise prices for our services. Also, we may not be able to successfully increase prices without adversely affecting our activity levels. The inability to maintain our pricing and to increase our pricing as costs increase could have a material adverse effect on our business, financial condition and results of operations.

We operate in highly competitive markets and our failure to compete effectively may negatively impact our business, financial condition and results of operations.

The markets in which we operate are highly competitive. Price competition, equipment availability, location and suitability, experience of the workforce, safety records, reputation, operating integrity and the condition of equipment are all factors used by customers in awarding contracts. Our competitors are numerous and may have greater financial and technological resources than we do. Contracts are traditionally awarded on the basis of competitive bids or direct negotiations with customers. The competitive environment has intensified as recent mergers among E&P companies have reduced the number of available customers. The fact that certain oilfield services equipment is mobile and can be moved from one market to another in response to market conditions heightens the competition in the industry. In addition, any increase in the supply of hydraulic fracturing fleets could have a material adverse impact on market prices. This increased supply could also require higher capital investment to keep our services competitive.

Some of our competitors may have greater financial, technical, marketing and personnel resources than we do. The larger size of many of our competitors provides them with cost advantages as a result of their economies of scale and their ability to obtain volume discounts and purchase raw materials at lower prices. As a result, such competitors may have stronger bargaining power with their suppliers and have an advantage over us in pricing as well as securing a sufficient supply of raw materials during times of shortage. Many of our competitors also have better brand name recognition, stronger presence in certain geographic markets, more established distribution networks, larger customer bases, more in-depth knowledge of the target markets, and the ability to provide a much broader array of services. Some of our competitors may also be able to devote greater resources to the research and development, promotion and sale of their services and products and better withstand the evolving industry standards and changes in market conditions as compared to us. Our operations may be adversely affected if our competitors introduce new products or services with better features,

performance, prices or other characteristics than our products and services or expand into service areas where we operate. Our operations may also be adversely affected if our competitors are able to respond more quickly to new or emerging technologies and services and changes in customer requirements. Our future success and profitability will partly depend upon our ability to keep pace with our customers' demands for awarding contracts.

Competitive pressures could reduce our market share or require us to reduce the price of our services and products, particularly during industry downturns, either of which could harm our business, financial condition and results of operations. Significant increases in overall market capacity have also caused active price competition and led to lower pricing and utilization levels for our services and products. The competitive environment has intensified since the recent industry downturn that began in late 2014, which caused an oversupply of, and reduced demand for, oilfield services, and we have seen substantial reductions in the prices we can charge for our services. Any significant future increase in overall market capacity for completion, intervention and production services may adversely affect our business, financial condition and results of operations.

If we lose significant customers, significant customers materially reduce their purchase orders or significant programs on which we rely are delayed, scaled back or eliminated, our business, financial condition and results of operations may be adversely affected.

Our significant customers change from year to year, depending on the level of E&P activity and the use of our services. During the years ended January 31, 2018, 2017 and 2016, no single customer accounted for more than 10% of our revenues. Our top five customers for the year ended January 31, 2018 together accounted for approximately 20% of our revenues. A reduction in purchases of our products and services by or the loss of one of our larger customers for any reason, such as changes in drilling practices, loss of a customer as a result of the acquisition of such customer by a purchaser who uses a competitor, in-sourcing by customers, a transfer of business to a competitor, an economic downturn, insolvency of a customer, failure to adequately service our clients, decreased production or a strike, could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to effectively and efficiently manage our equipment fleet as we expand our business, which could have an adverse effect on our business, financial condition and results of operations.

We have substantially expanded the size, scope and nature of our business, resulting in an increase in the breadth of our product offerings and an expansion of our business geographically. Business expansion places increasing demands on us to increase the inventories that we carry and/or our equipment fleet. We must anticipate demand well out into the future in order to service our extensive customer base. The inability to effectively and efficiently manage our assets to meet current and future needs of our customers, which may vary widely from what is originally forecast due to a number of factors beyond our control, could have an adverse effect on our business, financial condition and results of operations.

Increased leverage could adversely impact our business, financial condition and results of operations.

We may incur debt under our ABL Facility or otherwise to finance our operations or for future growth, including funding acquisitions. A high degree of leverage could have important consequences to us. For example, it could:

- increase our vulnerability to adverse economic and industry conditions;
- require us to dedicate a substantial portion of cash from operations to the payment of debt service, thereby reducing the availability of cash to fund working capital, capital expenditures and other general corporate purposes;

- limit our ability to obtain additional financing for working capital, capital expenditures, general corporate purposes or acquisitions;
- place us at a disadvantage compared to our competitors that are less leveraged; and
- limit our flexibility in planning for, or reacting to, changes in our business and in our industry.

While we expect our ABL Facility to be undrawn for at least the next 12 months, we may in the future incur debt pursuant to our ABL Facility or other debt facilities we enter into. Our ability to borrow under the ABL Facility will depend upon availability thereunder, which is tied to the aggregate amount of our accounts receivable and inventory that satisfy specified criteria and is expected to be at least $50 million on the distribution date. Our ability to make payments on and refinance any future debt that we may incur will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that we cannot control. If we cannot service our future debt or repay or refinance our future debt as it becomes due, we may be forced to sell assets or take other disadvantageous actions, including (1) reducing financing in the future for working capital, capital expenditures and other general corporate purposes or (2) dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. In addition, if we incur significant future indebtedness, our ability to withstand competitive pressures and to react to changes in the oilfield services industries could be impaired. The lenders or other investors who hold future debt that we fail to service or on which we otherwise default could also accelerate amounts due, which could in such an instance potentially trigger a default or acceleration of other debt we may incur.

The ABL Facility has significant financial and operating restrictions that may have an adverse effect on our business, financial condition and results of operations.

The ABL Facility contains financial, operating and/or negative covenants that limit our ability to incur indebtedness, to create liens or other encumbrances, to make certain payments and investments, including dividend payments, to engage in transactions with affiliates, to engage in sale/leaseback transactions, to guarantee indebtedness and to sell or otherwise dispose of assets and merge or consolidate with other entities. Agreements governing our future indebtedness could also contain significant financial and operating restrictions. A failure to comply with the obligations contained in any such agreement governing our indebtedness could result in an event of default under such agreement, which could permit acceleration of the related debt, enforcement against any liens securing the related debt and acceleration of debt under other instruments that may contain cross acceleration or cross default provisions. We may not have, or may not be able to obtain, sufficient funds to make any required accelerated payments.

Our success may be affected by our ability to use and protect our proprietary technology as well as our ability to enter into license agreements.

Our success may be affected by our development and implementation of new product designs and improvements and by our ability to protect, obtain and maintain intellectual property assets related to these developments. We rely on a combination of patents and trade secret laws to establish and protect proprietary technology. We have received patents and have filed patent applications with respect to certain aspects of our technology, and we generally rely on patent protection with respect to our proprietary technology, as well as a combination of trade secrets, employee and third-party non-disclosure agreements and other protective measures to protect intellectual property rights pertaining to our products and technologies. We cannot assure you that competitors will not infringe upon, misappropriate, violate or challenge our intellectual property rights in the future. If we are not

able to adequately protect or enforce our intellectual property rights, such intellectual property rights may not provide significant value to our business, financial condition and results of operations.

Moreover, our rights in our confidential information, trade secrets and confidential know-how will not prevent third-parties from independently developing similar technologies or duplicating such technologies. Publicly available information (e.g., information in issued patents, published patent applications and scientific literature) can be used by third-parties to independently develop technology, and we cannot provide assurance that this independently developed technology will not be equivalent or superior to our proprietary technology. In addition, while we have patented some of our key technologies, we do not patent all of our proprietary technology, even when regarded as patentable. The process of seeking patent protection can be long and expensive. There can be no assurance that patents will be issued from currently pending or future applications or that, if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to us. Further, with respect to exclusive third-party arrangements, these arrangements could be terminated, which would result in our inability to provide the services and/or products covered by such arrangements.

We may be adversely affected by disputes regarding intellectual property rights and the value of our intellectual property rights is uncertain.

We may become involved in dispute resolution proceedings from time to time to protect and enforce our intellectual property rights. In these dispute resolution proceedings, a defendant may assert that our intellectual property rights are invalid or unenforceable. Third-parties from time to time may also initiate dispute resolution proceedings against us by asserting that our business infringes, impairs, misappropriates, dilutes or otherwise violates another party's intellectual property rights. We may not prevail in any such dispute resolution proceedings, and our intellectual property rights may be found invalid or unenforceable or our products and services may be found to infringe, impair, misappropriate, dilute or otherwise violate the intellectual property rights of others. The results or costs of any such dispute resolution proceedings may have an adverse effect on our business, financial condition and results of operations. Any dispute resolution proceeding concerning intellectual property could be protracted and costly, is inherently unpredictable and could have an adverse effect on our business, financial condition and results of operations, regardless of its outcome.

Any future acquisitions may not be successful in delivering expected performance post-acquisition, which could have a material adverse effect on our business, financial condition and results of operations.

Our business was created largely through a series of acquisitions. We regularly evaluate acquisition opportunities, frequently engage in acquisition discussions and conduct due diligence activities and, where appropriate, engage in acquisition negotiations, some of which could be material to us. Our ability to continue to achieve our goals may depend upon our ability to effectively identify attractive businesses, access financing sources on acceptable terms, negotiate favorable transaction terms and successfully integrate any businesses we acquire, achieve cost efficiencies and manage these businesses as part of our company.

Our acquisition activities may involve unanticipated delays, costs and other problems. If we encounter unanticipated problems with one of our acquisitions, our senior management may be required to divert attention away from other aspects of our business. We may lose key employees and customers of the acquired business, and we may be unable to commercially develop acquired technologies. We also risk entering markets in which we have limited prior experience. Additionally, we may fail to consummate proposed acquisitions or divestitures, after incurring expenses and devoting substantial resources, including management time, to such transactions. Acquisitions also pose the risk that we may be exposed to successor liability relating to actions by an acquired company and its management before the acquisition. The due diligence we conduct in connection with an acquisition,

and any contractual guarantees or indemnities that we receive from the sellers of acquired companies, may not be sufficient to protect us from, or compensate us for, actual liabilities that we assume or incur in connection with acquisitions we complete. Additionally, depending upon the acquisition opportunities available, we also may need to raise additional funds through the capital markets or arrange for additional bank financing in order to consummate such acquisitions or to fund capital expenditures necessary to integrate the acquired business. We also may not be able to raise the substantial capital required for acquisitions and integrations on satisfactory terms, if at all. In addition, if we elect to utilize shares of common stock or other equity securities as consideration for one or more acquisitions or business combinations, or if we issue common stock or other equity securities in order to finance one or more acquisitions, existing stockholders of our company could experience dilution in the value of their securities, which could be material.

The process of integrating an acquired business may involve unforeseen costs and delays or other operational, technical and financial difficulties and may require a disproportionate amount of management attention and financial and other resources. Our failure to achieve consolidation savings, to incorporate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our business, financial condition and results of operations. Furthermore, there is intense competition for acquisition opportunities in our industry. Competition for acquisitions may increase the cost of, or cause us to refrain from, completing acquisitions.

Our operations rely on an extensive network of information technology resources and a failure to maintain, upgrade and protect such systems could adversely impact our business, financial condition and results of operations. Our operations are subject to cyber security risks that could have a material adverse effect on our business, financial condition and results of operations.

Information technology plays a crucial role in all of our operations. To remain competitive, our hardware, software and related services must interact with our suppliers and customers efficiently, record and process our financial transactions accurately, and obtain the data and information to enable the analysis of trends and plans and the execution of our strategies. Our information technology systems are subject to possible breaches and other threats that could cause us harm. If our systems for protecting against cyber security risks prove not to be sufficient, we could be adversely affected by, among other things, loss or damage of intellectual property, proprietary information, or customer data; interruption of business operations; or additional costs to prevent, respond to, or mitigate cyber security attacks. These risks could have a material adverse effect on our business, financial condition and results of operations.

We have been expanding our available products and services, and our business may continue to grow at a rapid pace. Our inability to properly manage or support this growth may have a material adverse effect on our business, financial condition and results of operations.

We have been expanding our available products and services in recent periods and intend to continue to grow our business through the internal expansion of products and services and potential acquisitions. Our growth could place significant demands on our management team and our operational, administrative and financial resources. We may not be able to grow effectively or manage our growth successfully, and the failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Our assets require capital for maintenance, upgrades and refurbishment, and we may require capital expenditures for new equipment.

Our equipment requires periodic capital investment in maintenance, upgrades and refurbishment to maintain its competitiveness. Our equipment typically does not generate revenue while it is

undergoing maintenance, refurbishment or upgrades. Any maintenance, upgrade or refurbishment project for our assets could increase our indebtedness or reduce cash available for other opportunities. Further, such projects may require proportionally greater capital investments as a percentage of total asset value, which may make such projects difficult to finance on acceptable terms. To the extent we are unable to fund such projects, we may have less equipment available for service or our equipment may not be attractive to potential or current customers. Moreover, periods of low demand for our services or during challenging business conditions in the energy sector generally, we may be unable to make capital investments. Additionally, competition or advances in technology within our industry may require us to update our products and services. Such demands on our capital or reductions in demand and the increase in cost to maintain labor necessary for such maintenance and improvement, in each case, could have a material adverse effect on our business, financial condition and results of operations.

Competition among oilfield service and equipment providers is affected by each provider's reputation for safety and quality.

Our activities are subject to a wide range of national, state and local occupational health and safety laws and regulations. In addition, customers maintain their own compliance and reporting requirements. Failure to comply with these health and safety laws and regulations, or failure to comply with our customers' compliance or reporting requirements, could tarnish our reputation for safety and quality and have a material adverse effect on our competitive position.

Seasonal and adverse weather conditions adversely affect demand for services and operations.

Weather can have a significant impact on demand as consumption of energy is seasonal, and any variation from normal weather patterns, such as cooler or warmer summers and winters, can have a significant impact on demand. Adverse weather conditions, such as hurricanes, tropical storms and severe cold weather, may interrupt or curtail operations, our customers' operations, cause supply disruptions and result in a loss of revenue and damage to our equipment and facilities, which may or may not be insured. Specifically, we typically have experienced a pause by our customers around the holiday season in the fourth quarter, which may be compounded as our customers exhaust their annual capital spending budgets towards year end. Additionally, our operations are directly affected by weather conditions. During the winter months (first and fourth quarters) and periods of heavy snow, ice or rain, particularly in the northeastern U.S., Colorado, North Dakota and Wyoming, our customers may delay operations or we may not be able to operate or move our equipment between locations. Also, during the spring thaw, which normally starts in late March and continues through June, some areas impose transportation restrictions to prevent damage caused by the spring thaw. In addition, throughout the year heavy rains adversely affect activity levels, as well locations and dirt access roads can become impassible in wet conditions.

We may be subject to claims for personal injury and property damage or other litigation, which could materially adversely affect our business, financial condition and results of operations.

Our services are subject to inherent risks that can cause personal injury or loss of life, damage to or destruction of property, equipment or the environment or the suspension of our operations. As the wells we service continue to become more complex, our exposure to such inherent risks becomes greater as downhole risks increase exponentially with an increase in complexity and lateral length. Litigation arising from operations where our facilities are located, or our services are provided, may cause us to be named as a defendant in lawsuits asserting potentially large claims including claims for exemplary damages. For example, transportation of heavy equipment creates the potential for our trucks to become involved in roadway accidents, which in turn could result in personal injury or property damages lawsuits being filed against us.

Risks Relating to the Spin-Off and the Merger

The distribution of our common stock will not qualify for tax-free treatment.

The spin-off could qualify as tax-free to holders only if, among other requirements, a "continuity of interest" requirement is met. The planned acquisition of KLX by Boeing will prevent satisfaction of that requirement. Accordingly, and assuming that this acquisition occurs as planned, the spin-off will not qualify for tax-free treatment under Section 355 of the Code, and the receipt of the KLX Energy Services common stock should be treated as a distribution of property to KLX stockholders that does not qualify for tax-free treatment. The amount of that distribution will be the fair market value of the KLX Energy Services common stock received. In determining the fair market value of the KLX Energy Services common stock received, one reasonable method would be to use the average of the high and low trading prices on the day of receipt. The distribution of KLX Energy Services common stock should be treated as taxable ordinary dividend income to the extent considered paid out of KLX's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of both current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in its KLX common stock and thereafter as capital gain. The amount of those earnings and profits is not determinable at this time, because it will depend on KLX's income for the entire tax year in which the distribution occurs, with such taxable year ending on the earlier of the date of the merger or on January 31. However, based on current projections, we expect that most, and possibly all, of the distribution of KLX Energy Services common stock will be treated as a return of capital, which reduces basis, rather than a dividend. For more information regarding the potential U.S. federal income tax consequences to you of the distribution, see the section entitled "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Distribution."

To the extent, if any, that KLX Energy Services' market value at the time of the distribution is greater than KLX's tax basis in KLX Energy Services, KLX Energy Services will indemnify KLX for tax on gain taken into account as a result of the distribution of KLX Energy Services common stock, determined as if no net operating losses or other tax attributes were available to shelter that gain and computed at an assumed tax rate of 24%. KLX Energy Services may settle any such indemnity obligation at its option either in cash or by issuing additional shares of KLX Energy Services common stock to KLX (then expected to be owned by Boeing) at a value equal to the amount of such tax liability. If KLX recognizes gain on the distribution, so that KLX Energy Services has an indemnity obligation, KLX and KLX Energy Services expect to make an election for U.S. federal income tax purposes that would enable KLX Energy Services to increase the basis of its assets to KLX Energy Services' market value at the time of the distribution, thereby increasing the amount of amortization or depreciation deductions allowable to KLX Energy Services after the distribution of KLX Energy Services common stock. To the extent, however, that KLX Energy Services' market value at the time of the distribution is less than KLX's tax basis in KLX Energy Services, KLX will not recognize any loss, but KLX and KLX Energy Services expect to make an election that should prevent a reduction to fair market value of KLX Energy Services' tax basis in its assets in order to preserve KLX Energy Services' ability to claim the amortization or depreciation deductions that would have been available if the separation had not occurred. For a more detailed discussion, see "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Distribution."

We may not achieve some or all of the expected benefits of the spin-off, and the spin-off may adversely affect our business.

As discussed under "The Spin-Off—Background," we believe that the separation of KLX Energy Services from KLX and operating KLX Energy Services as an independent, publicly-traded company will enhance our long-term value. However, by separating from KLX, we may be more susceptible to market fluctuations and other adverse events than we would have been were we still a part of KLX.

Our performance may not meet our expectations for a variety of reasons. There also can be no assurance that the spin-off will not adversely affect our business.

We may incur greater costs as an independent company than we did when we were a part of KLX, which could decrease our profitability.

As a segment of KLX, we have historically been able to take advantage of KLX's size and purchasing power in procuring certain goods and services such as insurance, professional fees, healthcare benefits and technology such as computer software licenses. After the spin-off, as a separate, independent entity, we may be unable to obtain these goods, services and technologies at prices or on terms as favorable to us as those we obtained prior to the spin-off. We also rely on KLX to provide various financial, administrative and other corporate services. KLX will continue to provide certain of these services on a short-term transitional basis after the spin-off. However, we will be required to establish the necessary infrastructure and systems to supply these services on an ongoing basis. We may not be able to replace the services provided by KLX in a timely manner or on terms and conditions as favorable as those we receive from KLX. If functions previously performed by KLX cost us more than the amounts reflected in our historical financial statements, our profitability could decrease.

Our ability to meet our capital needs may be harmed by the loss of financial support from KLX.

The loss of financial support from KLX could harm our ability to meet our capital needs. KLX can currently provide certain capital that may be needed in excess of the amounts generated by our operating activities, including specifically for capital expenditures. After the spin-off, if we needed any funds in excess of the amounts generated by our operating activities, we would expect to obtain such funds through accessing the capital markets or by borrowing under our ABL Facility, and not from KLX. As an independent company, the cost of our financing may also depend on factors such as our performance, the costs of financing for participants in our industry generally and financial market conditions generally. Further, we cannot guarantee you that we will be able to obtain capital market financing or other credit on favorable terms, or at all, in the future. We cannot assure you that our ability to meet our capital needs will not be harmed by the loss of financial support from KLX.

We do not have an operating history as an independent company and our historical and pro forma financial information may not be a reliable indicator of our future results.

The historical financial information we have included in this information statement has been derived from KLX's consolidated financial statements and accounting records and does not necessarily reflect what our financial position, results of operations and cash flows would have been had we been a separate, stand-alone entity during the periods presented. KLX did not account for us, and we were not operated, as a single stand-alone company for the periods presented. Actual costs that may have been incurred if we had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. In addition, the historical information may not be indicative of what our results of operations, financial position and cash flows will be in the future. For example, following the spin-off, changes will occur in our cost structure, debt financing and interest expense, funding and operations, including changes in our tax structure and increased costs associated with becoming a public, stand-alone company.

Additionally, in preparing our unaudited pro forma condensed financial information, we based the pro forma adjustments on available information and assumptions that we believe are reasonable and factually supportable; however, our assumptions may prove not to be accurate. Also, our unaudited pro forma condensed financial information does not give effect to various ongoing additional costs we may incur in connection with being a public, stand-alone company. Accordingly, our unaudited pro forma condensed financial information does not reflect what our financial condition, results of operations or

cash flows would have been as a public, stand-alone company and is not necessarily indicative of our future financial condition or future results of operations. Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Condensed Financial Statements" and our historical financial statements and the notes to those statements included elsewhere in this information statement.

The spin-off may expose us to potential liabilities arising out of state and federal fraudulent conveyance laws and legal dividend requirements.

The spin-off is subject to review under various state and federal fraudulent conveyance laws. Fraudulent conveyance laws generally provide that an entity engages in a constructive fraudulent conveyance when (1) the entity transfers assets and does not receive fair consideration or reasonably equivalent value in return and (2) the entity (a) is insolvent at the time of the transfer or is rendered insolvent by the transfer, (b) has unreasonably small capital with which to carry on its business or (c) intends to incur or believes it will incur debts beyond its ability to repay its debts as they mature. An unpaid creditor or an entity acting on behalf of a creditor (including, without limitation, a trustee or debtor-in-possession in a bankruptcy by us or KLX or any of our respective subsidiaries) may bring a lawsuit alleging that the spin-off or any of the related transactions constituted a constructive fraudulent conveyance. If a court accepts these allegations, it could impose a number of remedies, including, without limitation, voiding our claims against KLX, requiring our stockholders to return to KLX some or all of the shares of our common stock issued in the spin-off, or providing KLX with a claim for money damages against us in an amount equal to the difference between the consideration received by KLX and the fair market value of our company at the time of the spin-off.

The measure of insolvency for purposes of the fraudulent conveyance laws will vary depending on which jurisdiction's law is applied. Generally, an entity would be considered insolvent if: (1) the present fair saleable value of its assets is less than the amount of its liabilities (including contingent liabilities); (2) the present fair saleable value of its assets is less than its probable liabilities on its debts as such debts become absolute and matured; (3) it cannot pay its debts and other liabilities (including contingent liabilities and other commitments) as they mature; or (4) it has unreasonably small capital for the business in which it is engaged. We cannot assure you what standard a court would apply to determine insolvency or that a court would determine that we, KLX or any of our respective subsidiaries were solvent at the time of or after giving effect to the spin-off.

The distribution of our common stock is also subject to review under state corporate distribution statutes. Under the DGCL, a corporation may only pay dividends to its stockholders either (1) out of its surplus (net assets minus capital) or (2) if there is no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Although KLX intends to make the distribution of our common stock entirely from surplus, we cannot assure you that a court will not later determine that some or all of the distribution to KLX stockholders was unlawful.

The board of directors of KLX expects that KLX and KLX Energy Services each will be solvent at the time of the spin-off (including immediately after the distribution of shares of KLX Energy Services common stock), will be able to repay its debts as they mature following the spin-off and will have sufficient capital to carry on its businesses and the spin-off, and the distribution will be made entirely out of surplus in accordance with Section 170 of the DGCL. The expectations of the board of directors of KLX in this regard are based on a number of assumptions, including its expectations as to the post-spin-off operating performance and cash flow of each of KLX and KLX Energy Services and its analysis of the post-spin-off assets and liabilities of each company. We cannot assure you, however, that a court would reach the same conclusions as the board of directors of KLX in determining whether KLX or we were insolvent at the time of, or after giving effect to, the spin-off or whether lawful funds were available for the separation and the distribution to KLX's stockholders.

A court could require that we assume responsibility for obligations allocated to KLX under the Distribution Agreement.

Under the Distribution Agreement, from and after the spin-off, each of KLX and we will be responsible for the debts, liabilities and other obligations related to the business or businesses which it owns and operates following the consummation of the spin-off. Although we do not expect to be liable for any obligations that are not allocated to us under the Distribution Agreement, a court could disregard the allocation agreed to between the parties and require that we assume responsibility for obligations allocated to KLX (including, for example, environmental liabilities), particularly if KLX were to refuse or were unable to pay or perform the allocated obligations. See "Certain Relationships and Related Party Transactions—Agreements with KLX Related to the Spin-Off—Distribution Agreement."

We might have been able to receive better terms from unaffiliated third-parties than the terms we receive in our agreements with KLX.

Our agreements with KLX related to the spin-off, including the Distribution Agreement, the Employee Matters Agreement, Transition Services Agreement, the IP Matters Agreement and any other agreements, were negotiated with KLX and Boeing in the context of our anticipated separation from KLX and the subsequent merger of KLX with Boeing. Although these agreements are intended to be on an arm's-length basis, they may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third-parties. The terms of the agreements being negotiated in the context of our separation concern, among other things, allocations of assets, liabilities, rights, indemnifications and other obligations among KLX and us. See "Certain Relationships and Related Party Transactions—Agreements with KLX Related to the Spin-Off" for more detail.

After the spin-off, certain of our executive officers and directors may have actual or potential conflicts of interest because of their current or former positions in KLX or their ownership of KLX equity.

Certain of the persons we expect will be our executive officers and directors will be former directors, officers or employees of KLX and thus have professional relationships with KLX's executive officers and directors prior to the closing of the merger. In addition, we expect that some of our executive officers will continue to serve as officers of KLX following the spin-off and prior to the consummation of the merger. In particular, after the spin-off but before the merger closes, our Chairman and Chief Executive Officer and Senior Vice President and Chief Financial Officer will also be officers of KLX and thus will not be able to focus all of their attention to the management of our business during this period. Furthermore, after the spin-off but before the merger closes, all of our directors will also be directors of KLX. In addition, several of our executive officers and directors have a financial interest in KLX as a result of their ownership of KLX stock and restricted stock. These relationships and financial interests may create, or may create the appearance of, conflicts of interest when these directors and officers face decisions that could have different implications for KLX than for us. These conflicts will be more pronounced during any period of time following the spin-off until the merger is consummated.

After the spin-off, KLX's insurers may deny coverage to us for losses associated with occurrences prior to the spin-off.

In connection with the separation, we will enter into agreements with KLX to address several matters associated with the spin-off, including insurance coverage. See "Certain Relationships and Related Party Transactions—Agreements with KLX Related to the Spin-Off." After the spin-off, KLX's insurers may deny coverage to us for losses associated with occurrences prior to the spin-off. Accordingly, we may be required to temporarily or permanently bear the costs of such lost coverage.

The spin-off and/or the merger may not be completed on the terms or timeline currently contemplated, if at all, and may have a material adverse effect on us whether or not the spin-off or the merger is completed.

KLX is actively engaged in planning for the spin-off and the merger. We currently anticipate that KLX will effect the spin-off as early as the third quarter of 2018 and the merger as soon as practicable thereafter, but we cannot be certain when or if the respective conditions for the spin-off and the merger will be satisfied or waived. The spin-off and the merger cannot be completed until the applicable conditions to each are satisfied or waived.

Unanticipated developments could delay or negatively impact the distribution, including those related to the filing and effectiveness of appropriate filings with the SEC, the listing of our common stock on a trading market and receiving any required regulatory approvals. We cannot assure you that the spin-off and/or the merger will be completed. See "The Spin-Off—Conditions to the Spin-Off." Effectuating the spin-off is one of the conditions to the merger.

Whether or not KLX completes the spin-off and/or the merger, our ongoing businesses may be adversely affected and we may be subject to certain risks and consequences as a result of KLX pursuing the spin-off and the merger, including, among others, the following:

- execution of the spin-off and the merger will require significant time and attention from KLX's management, which may distract them from the operation of our business and the execution of other initiatives that may have been beneficial to us;
- our employees may be distracted due to uncertainty about their future roles pending the completion of the spin-off and the merger;
- parties with which we have business relationships may experience uncertainty as to the future of such relationships and may delay or defer certain business decisions, seek alternative relationships with third-parties or alter their present business relationships with us;
- KLX and we will be required to pay significant costs and expenses relating to the spin-off and the merger, such as legal, accounting and other professional fees, whether or not the merger is completed; KLX is required to pay all of its own expenses related to the merger and up to $10 million of its and our expenses related to the spin-off and, subject to the consummation of the merger, we will reimburse KLX for certain expenses (such as legal, accounting and other professional fees) in excess of $10 million incurred by KLX and us in connection with the spin-off; we do not expect the costs and expenses relating to the spin-off to exceed $10 million; and
- we may experience negative reactions from the financial markets.

Any delays in the anticipated completion of the distribution may increase these risks. In addition, the merger agreement contains certain termination rights for both Boeing and KLX, including in the event the required stockholder approval is not obtained at a duly convened meeting of KLX stockholders or in the event the merger is not consummated on or before 5:00 p.m. (New York time) on April 30, 2019 (subject to extension on or before 5:00 p.m. (New York time) on July 30, 2019 in the event that all closing conditions are satisfied or waived, other than required notifications and approvals under certain antitrust laws).

Completion of the distribution of KLX Energy Services common stock is one of a number of conditions that must be satisfied or waived prior to the completion of the merger. Unless the merger agreement has been terminated, Boeing's consent is required to terminate the Distribution Agreement. If the merger agreement is terminated prior to the consummation of the distribution, KLX will have the right to terminate the Distribution Agreement and not to complete the distribution if, at any time following such termination and prior to the distribution, the board of directors of KLX determines, in its sole discretion, that the spin-off is no longer in the best interests of KLX or its stockholders or that

it is not advisable for KLX Energy Services to separate from KLX. We do not intend to complete the spin-off prior to KLX stockholders voting to adopt the merger agreement.

Risks Relating to Our Common Stock

There is no existing market for our common stock and we cannot be certain that an active trading market will develop or be sustained after the spin-off. If the price of our common stock fluctuates significantly following the spin-off, stockholders could incur substantial losses of any investment in our common stock.

There currently is no public market for our common stock. We cannot assure you that an active trading market for our common stock will develop as a result of the spin-off or be sustained in the future. The lack of an active market may make it more difficult for you to sell our common stock and could lead to the price of our common stock being depressed or more volatile. We cannot predict the prices at which our common stock may trade after the spin-off. The price of our common stock could fluctuate widely in response to:

- our quarterly and annual operating results;
- changes in earnings estimates by securities analysts;
- our ability to achieve results consistent with any publicly-issued earnings, estimates and targets that we share with the market;
- changes in our business;
- changes in the market's perception of our business;
- changes in the businesses, earnings estimates or market perceptions of our competitors or customers;
- changes in oil and gas prices or the E&P industry;
- changes in our key personnel;
- changes in general market or economic conditions; and
- changes in the legislative or regulatory environment.

In addition, the stock market has experienced extreme price and volume fluctuations in recent years that have significantly affected the quoted prices of the securities of many companies, including companies in our industry. The changes often appear to occur without regard to specific operating performance. The price of our common stock could fluctuate based upon factors that have little or nothing to do with us or our performance, and these fluctuations could materially reduce our stock price.

Substantial sales of our common stock may occur in connection with the spin-off, which could cause the price of our common stock to decline.

The shares of our common stock that KLX distributes to its stockholders are free to be sold immediately in the public market. KLX stockholders could sell our common stock received in the distribution if we do not fit their investment objectives or, in the case of index funds, if we are not part of the index in which they invest. Sales of significant amounts of our common stock or a perception in the market that such sales will occur may reduce the market price of our common stock.

Future sales of our common stock in the public market could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

We may sell shares of common stock in the future. We may also issue additional shares of common stock, including as consideration in one or more acquisitions or other business combination transactions. After the completion of the spin-off, we will have outstanding approximately 22.3 million shares of our common stock, including approximately 2 million shares of restricted stock, aggregating approximately 9% of our shares outstanding, to be granted to certain members of our management under our LTIP on the distribution date. The shares of restricted stock granted on the distribution date will vest ratably over four years from the distribution date, with one quarter of the shares vesting on each anniversary of the distribution date, subject to accelerated vesting under certain circumstances. See "Executive Compensation—Compensation Going Forward" for further information with respect to these restricted stock awards.

In connection with the spin-off, we intend to file a registration statement with the SEC on Form S-8 providing for the registration of shares of our common stock issued or reserved for issuance under our equity plans. Subject to the satisfaction of vesting conditions and the requirements of Rule 144, shares registered under the registration statement on Form S-8 will be available for resale immediately in the public market without restriction. With respect to shares of restricted stock granted to certain members of our management, we may file one or more resale prospectuses in order to allow such members of our management to freely resell their restricted stock once it has vested. In addition, certain members of our management will be entitled to registration rights with respect to their shares of restricted stock.

We cannot predict the size of future issuances of our common stock or securities convertible into common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock. Sales of or other transactions relating to shares of our common stock by our directors, officers or employees could cause a perception in the market place that adverse events or trends have occurred or may be occurring at our company or that it is otherwise an advantageous time to sell shares of our common stock. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Current Financial Condition."

We cannot assure you that we will pay dividends on our common stock, and our indebtedness could limit our ability to pay dividends on our common stock.

We do not currently intend to pay dividends. Our dividend policy will be established by our Board based on our financial condition, results of operations and capital requirements, as well as applicable law, regulatory constraints, industry practice and other business considerations that our Board considers relevant. In addition, the terms of the agreements governing the debt facilities that we incur in connection with the spin-off or in the future may limit or prohibit the payments of dividends. For more information, see "Dividend Policy." We cannot assure you that we will pay dividends in the future or continue to pay any dividends if we do commence the payment of dividends.

Additionally, our future indebtedness could have important consequences for holders of our common stock. If we cannot generate sufficient cash flow from operations to meet our future debt-payment obligations, then our Board's ability to declare dividends on our common stock will be impaired and we may be required to attempt to restructure or refinance such debt, raise additional capital or take other actions such as selling assets, reducing or delaying capital expenditures or reducing any proposed dividends. We cannot assure you that we will be able to effect any such actions or do so

on satisfactory terms, if at all, or that such actions would be permitted by the terms of our debt or our other credit and contractual arrangements.

Certain provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, and certain provisions of Delaware law, may prevent or delay an acquisition of our company or other strategic transactions, which could decrease the trading price of our common stock.

Prior to the distribution date, our Board and KLX, as our sole stockholder, will approve and adopt amended and restated versions of our certificate of incorporation and bylaws. Our amended and restated certificate of incorporation and amended and restated bylaws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our Board rather than to attempt a hostile takeover.

In addition, because we have not chosen to be exempt from Section 203 of the DGCL, this provision could also delay or effectively prevent a change of control that some stockholders may favor. In general, Section 203 provides that, subject to limited exceptions, persons that, together with their affiliates and associates, acquire ownership of 15 percent or more of the outstanding voting stock of a Delaware corporation shall not engage in any "business combination" with that corporation or its subsidiaries, including any merger or various other transactions, for a three-year period following the date on which that person became the owner of 15 percent or more of the corporation's outstanding voting stock.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board and by providing our Board with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or effectively prevent an acquisition that our Board determines is not in the best interests of our company and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. See "Description of Capital Stock" for a more detailed description of these provisions.

Our amended and restated bylaws designate courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a different judicial forum for intra-corporate disputes with us or our directors, officers, employees or agents.

Our amended and restated bylaws provide that, unless we otherwise consent in writing to selection of an alternative forum, the Court of Chancery in the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of KLX Energy Services, any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of KLX Energy Services to KLX Energy Services or KLX Energy Services' stockholders, any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, KLX Energy Services' certificate of incorporation or the bylaws, or any action asserting a claim governed by the internal affairs doctrine. This provision may limit a stockholder's ability to bring a claim in a different judicial forum, including one that it may find favorable or convenient for intra-corporate disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our amended and restated bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions.

Utilizing the reduced disclosure requirements applicable to "emerging growth companies" may make our common stock less attractive to investors.

We qualify as an "emerging growth company" and are therefore eligible to utilize certain reduced reporting and other requirements that are otherwise applicable generally to public companies. Pursuant to these reduced disclosure requirements, emerging growth companies are not required to, among other things, provide certain disclosures regarding executive compensation, hold stockholder advisory votes on executive compensation or obtain stockholder approval of any golden parachute payments not previously approved. In addition, emerging growth companies have longer phase-in periods for the adoption of new or revised financial accounting. We would cease to be an emerging growth company if we have more than $1.07 billion in annual revenue, have more than $700 million in market value of our common stock held by non-affiliates or issue more than $1.0 billion of non-convertible debt over a three-year period.

We intend to utilize the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, until we are no longer an emerging growth company. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable.

We cannot predict if investors will find our common stock less attractive if we elect to rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our common stock price may be more volatile.

If securities or industry analysts do not publish research reports or publish unfavorable research about our business, the price and trading volume of our common stock could decline.

The trading market for our common stock depends in part on the research reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our securities, the price of our securities would likely decline. If one or more of these analysts ceases to cover us or fails to publish regular reports on us, interest in the purchase of our securities could decrease, which could cause the price of our common stock and its trading volume to decline.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We make forward-looking statements throughout this information statement, including in, among others, the sections entitled "Summary," "Risk Factors," "The Spin-Off," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." These forward-looking statements reflect our current expectations and projections about our future results, performance and prospects and include all statements that are not historical in nature or are not current facts. We have tried to identify these forward-looking statements by using forward-looking words including "believe," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," "continue," "may," "might," "should," "could," "will" or the negative of these terms or similar expressions.

These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause our actual results, performance and prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These factors include the risks, uncertainties, assumptions and other factors discussed under "Risk Factors," including the following factors:

- regulation of and dependence upon the energy industry;
- the cyclical nature of the energy industry;
- market prices for fuel, oil and natural gas;
- competitive conditions;
- legislative or regulatory changes and potential liability under federal and state laws and regulations;
- decreases in the rate at which oil or natural gas reserves are discovered or developed;
- the impact of technological advances on the demand for our products and services;
- delays of customers obtaining permits for their operations;
- hazards and operational risks that may not be fully covered by insurance;
- the write-off of a significant portion of intangible assets;
- the need to obtain additional capital or financing, and the availability and/or cost of obtaining such capital or financing;
- limitations that our organizational documents, debt instruments and U.S. federal income tax requirements may have on our financial flexibility, our ability to engage in strategic transactions or our ability to declare and pay cash dividends on our common stock;
- our credit profile;
- changes in supply and demand of equipment;
- oilfield anti-indemnity provisions;
- severe weather;
- reliance on information technology resources and the inability to implement new technology;
- increased labor costs or the unavailability of skilled workers;
- the inability to successfully consummate acquisitions or inability to manage potential growth; and
- the inability to achieve some or all of the benefits of the spin-off.

In light of these risks and uncertainties, you are cautioned not to put undue reliance on any forward-looking statements in this information statement. These statements should be considered only after carefully reading this entire information statement. Except as required under the federal securities laws and rules and regulations of the SEC, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional risks that we may currently deem immaterial or that are not presently known to us could also cause the forward-looking events discussed in this information statement not to occur.

MARKET AND INDUSTRY DATA

This information statement includes market and certain other industry data, including market share and market size data, that we obtained from internal research and surveys, publicly available information and industry publications and surveys. Some data is also based on our good faith estimates. These estimates have been derived from our management's knowledge and experience in the markets in which we operate, as well as information obtained from internal research and surveys, our customers, distributors, suppliers, trade and business organizations and other contacts in the markets in which we operate. Although we believe that these sources are generally reliable, we have not independently verified data from these sources or obtained third-party verification of market share data. Data regarding market position and market share within our industry is intended to provide general guidance but is inherently imprecise and is subject to risks as described elsewhere herein under "Risk Factors."

THE SPIN-OFF

Background

On December 22, 2017, KLX announced that its board of directors had initiated a formal process to explore strategic alternatives for KLX focused on maximizing stockholder value. After completing a comprehensive review of potential alternatives, the board of directors of KLX determined (1) that the merger transaction with Boeing was advisable, fair to and in the best interests of KLX stockholders, (2) that they would recommend that KLX stockholders approve the merger agreement and (3) that the separation of KLX's energy services business from KLX and operating KLX Energy Services, a wholly-owned subsidiary of KLX that holds KLX's energy services business, as an independent, publicly-traded company presented the best available alternative for maximizing stockholder value with respect to KLX's energy services business.

In the course of its review of strategic alternatives, the board of directors of KLX engaged in extensive discussions with respect to how best to maximize the value of KLX's assets, including exploring a potential sale of its energy services business. In light of the disappointing bids received for the energy services business relative to public market valuations for comparable companies, especially in the context of the positive outlook for the energy services business, the board of directors of KLX determined that an alternative to the sale of the energy services business in the form of the spin-off could potentially deliver more value to KLX stockholders. The board of directors of KLX considered several drawbacks to the timing of potentially selling the energy services business, given rapidly improving market conditions in the energy industry, the public market valuations of comparable companies based upon forecasted 2018 and 2019 financial performance and the positive outlook of the energy services business. These factors were considered by the board of directors of KLX and weighed against the bids received to purchase the energy services business that, in each case, KLX management did not believe captured the current going concern value of the energy services business or its prospects. This juxtaposition further informed the board of directors of KLX's conclusion that the spin-off provided greater value to stockholders when compared with a sale of the energy services business at that time.

On , 2018, the board of directors of KLX approved the spin-off of KLX Energy Services from KLX. In connection with the spin-off, KLX Energy Services will become an independent, publicly-traded company. On July 13, 2018, we entered into a number of agreements with KLX, including the Distribution Agreement, the Employee Matters Agreement, the Transition Services Agreement and the IP Matters Agreement. These agreements will govern the relationship between us and KLX after completion of the spin-off and provide for, among other things, the distribution of KLX's energy services business (including, without limitation, all real and personal property, inventory, accounts receivable, intangible property, employees, intellectual property and related assets used in the business, along with the liabilities associated therewith) to its stockholders, releases of claims and indemnification by us and KLX in connection with our respective businesses, assignment of KLX Energy Services employees to us, treatment of outstanding KLX equity awards, certain transition services to be provided to us by KLX for a term beginning on the distribution date and ending not later than six months following the closing of the merger and the transfer of certain KLX trademarks from KLX to us. See "Certain Relationships and Related Party Transactions—Agreements with KLX Related to the Spin-Off." In addition, prior to the completion of the spin-off, KLX will contribute $50 million to KLX Energy Services. KLX Energy Services will make a payment to KLX for the amount, if any, of negative free cash flows, as calculated pursuant to the Distribution Agreement, from the date of the merger agreement to the distribution date. Subject to any payments pursuant to the immediately preceding sentence, we will be entitled to all cash generated by the operation of the ESG business from May 1, 2018 through the distribution date. In addition, we have entered into a $100 million ABL Facility, which will become available for borrowing upon the completion of the spin-off, for working capital and other general corporate purposes, none of which is expected to be

outstanding on the distribution date. Availability under the ABL Facility is tied to the aggregate amount of our accounts receivable and inventory that satisfy specified criteria and is expected to be at least $50 million on the distribution date. Depending on market conditions, we may incur other indebtedness in the future to make acquisitions and/or provide for additional cash on the balance sheet, which could be used for future acquisitions.

Our agreements with KLX related to the spin-off were negotiated with KLX and Boeing in the context of our separation from KLX and the subsequent merger of KLX with Boeing. Among our considerations in negotiating these agreements were the needs to ensure that our business was well capitalized at the time of the spin-off and that the retention of tax attributes by our business would be of significant value to us going forward. In negotiations, the parties agreed that we would be capitalized with $50 million of cash prior to completing the spin-off and that any built-in tax losses existing at the time of the spin-off would be retained by us, provided that if a tax gain was generated in connection with the spin-off, we would indemnify KLX for any taxes paid on such gain payable in stock and/or cash, at our option. Although these agreements are intended to be on an arm's-length basis, they may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third-parties. See "Certain Relationships and Related Party Transactions—Agreements with KLX Related to the Spin-Off" for more detail.

The spin-off is being conducted in connection with the proposed merger of KLX with a wholly-owned subsidiary of Boeing that was previously announced on May 1, 2018. Completion of the merger is not a condition to completion of the distribution, and the distribution is expected to occur prior to the effective time of the merger. Completion of the distribution is contingent upon a number of conditions described herein having been satisfied or waived (see "—Conditions to the Spin-Off"). Completion of the distribution of KLX Energy Services common stock is one of a number of conditions that must be satisfied or waived prior to completion of the merger. If the merger agreement is terminated prior to the consummation of the distribution, KLX will have the right not to complete the distribution, if, at any time following such termination and prior to the distribution, the board of directors of KLX determines, in its sole discretion, that the spin-off is no longer in the best interests of KLX or its stockholders or that it is not advisable for KLX Energy Services to separate from KLX. We do not intend to complete the spin-off prior to KLX stockholders voting to adopt the merger agreement.

No vote of KLX stockholders is required or is being sought in connection with the spin-off, and KLX stockholders will not have any appraisal rights in connection with the spin-off. Each holder of KLX common stock will continue to hold his, her or its shares in KLX prior to and after the spin-off. However, if the merger is consummated as expected, each share of KLX common stock will be converted into the right to receive $63.00 in cash per share, without interest.

Pursuant to the Distribution Agreement, we will indemnify KLX to the extent that KLX determines that it has recognized any gain on the distribution, as calculated in the manner described in the Distribution Agreement. We will pay any such indemnity to KLX either, at our option, in cash, by issuing shares of our common stock to KLX, or with a combination of cash and shares of our common stock.

Manner of Effecting the Spin-Off

The general terms and conditions relating to the spin-off are as set forth in the Distribution Agreement between us and KLX.

Distribution of Shares of Our Common Stock

The distribution will be effective as of 11:59 p.m., Eastern time, on , 2018, the distribution date. As a result of the spin-off, on the distribution date, each holder of KLX common

stock will receive shares of our common stock for every share of KLX common stock that the stockholder owns as of the record date. In order to receive shares of our common stock in the spin-off, a KLX stockholder must be a stockholder at the close of business on , 2018, the record date.

On the distribution date, KLX will release the shares of KLX Energy Services common stock to our distribution agent to distribute to KLX stockholders as of the record date. Our distribution agent will establish book-entry accounts for record holders of KLX common stock and credit to such accounts the shares of our common stock distributed to such holders. Our distribution agent will send these stockholders, including any registered holder of shares of KLX common stock represented by physical share certificates on the record date, a statement reflecting their ownership of our common stock. Book-entry refers to a method of recording stock ownership in our records that does not use physical stock certificates. For stockholders who own KLX common stock through a broker or other nominee, their broker or nominee will credit their shares of our common stock to their accounts. We expect that it will take the distribution agent up to one week to electronically issue shares of our common stock to KLX stockholders or their bank or brokerage firm by way of direct registration in book-entry form. Any delay in the electronic issuance of KLX Energy Services shares by the distribution agent will not affect trading in KLX Energy Services common stock. As further discussed below, we will not issue fractional shares of our common stock in the distribution. Following the spin-off, stockholders who hold shares in book-entry form may request that their shares of our common stock be transferred to a brokerage or other account at any time.

KLX stockholders will not be required to make any payment or surrender or exchange their shares of KLX common stock or take any other action to receive their shares of our common stock.

Treatment of Fractional Shares

The distribution agent will not distribute any fractional shares of our common stock to KLX stockholders. Instead, as soon as practicable on or after the distribution date, the distribution agent will aggregate fractional shares of our common stock held by holders of record into whole shares, sell them in the open market at the prevailing market prices and then distribute the aggregate sale proceeds ratably to KLX stockholders who would otherwise have received fractional shares of our common stock. The amount of this payment will depend on the prices at which the distribution agent sells the aggregated fractional shares of our common stock in the open market shortly after the distribution date. The distribution agent will, in its sole discretion, without any influence by KLX or us, determine when, how, through which broker-dealer and at what price to sell the whole shares. The distribution agent is not, and any broker-dealer used by the distribution agent will not be, an affiliate of either KLX or us. We will be responsible for payment of any brokerage fees, which we do not expect will be material to us. Your receipt of cash in lieu of fractional shares of our common stock generally will result in a taxable gain or loss for U.S. federal income tax purposes, as described in more detail under "—Material U.S. Federal Income Tax Consequences of the Distribution."

Material U.S. Federal Income Tax Consequences of the Distribution

The following is a summary of the material U.S. federal income tax consequences of the spin-off to "U.S. holders" and "Non-U.S. holders" (in each case, as defined below). It addresses U.S. holders or Non-U.S. holders that will receive KLX Energy Services common stock in the distribution. This summary deals only with U.S. holders or Non-U.S. holders that use the U.S. dollar as their functional currency and hold their KLX common stock as a capital asset. This summary does not address tax considerations applicable to investors subject to special rules, such as persons owning (either actually or constructively) 10% or more of KLX or KLX Energy Services stock, certain financial institutions, dealers or traders, insurance companies, tax exempt entities, persons holding their shares as part of a

hedge, straddle, conversion, constructive sale or other integrated transaction. It also does not address any U.S. state and local tax or non-U.S. tax considerations.

As used here, "U.S. holder" means a beneficial owner of KLX or KLX Energy Services common stock (as applicable) that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income tax without regard to its source. For purposes of this discussion, a "Non-U.S. holder" is a beneficial owner of KLX or KLX Energy Services common stock (as applicable) that is, for U.S. federal income tax purposes, an individual, a corporation, a trust or an estate that is not a U.S. holder.

The tax consequences to a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) receiving KLX Energy Services common stock in the spin-off generally will depend on the status of the partnership and the activities of its partners. Partnerships holding KLX common stock should consult their own tax advisors about the U.S. federal income tax consequences to their partners from receiving KLX Energy Services common stock in the spin-off.

This discussion assumes that neither KLX nor KLX Energy Services is considered a United States real property holding company. This discussion also assumes that the merger will be completed as planned.

Tax Classification of the Spin-off in General

The spin-off could qualify as tax-free to holders only if, among other requirements, a "continuity of interest" requirement is met. The planned acquisition of KLX by Boeing will prevent satisfaction of that requirement. Accordingly, and assuming that the acquisition occurs, the spin-off will not qualify for tax-free treatment under Section 355 of the Code, and KLX stockholders will be treated as having received a distribution of property that does not qualify for tax-free treatment. The amount of that distribution will be equal to the fair market value of the KLX Energy Services common stock received. In determining the fair market value of the KLX Energy Services common stock received, one reasonable method would be to use the average of the high and low trading prices on the day of receipt.

To the extent, if any, that KLX Energy Services' market value at the time of the distribution is greater than KLX's tax basis in KLX Energy Services, KLX Energy Services will indemnify KLX for tax on gain taken into account as a result of the distribution of KLX Energy Services common stock, determined as if no net operating losses or other tax attributes were available to shelter that gain and computed at an assumed tax rate of 24%. KLX Energy Services may settle any such indemnity obligation at its option either in cash or by issuing additional shares of KLX Energy Services common stock to KLX (then expected to be owned by Boeing) at a value equal to the amount of such tax liability. If KLX recognizes gain on the distribution, so that KLX Energy Services has an indemnity obligation, KLX and KLX Energy Services expect to make an election for U.S. federal income tax purposes that would enable KLX Energy Services to increase the basis of its assets to KLX Energy Services' market value at the time of the distribution, thereby increasing the amount of amortization or depreciation deductions allowable to KLX Energy Services after the distribution of KLX Energy Services common stock. To the extent, however, that KLX Energy Services' market value at the time of the distribution is less than KLX's tax basis in KLX Energy Services, KLX will not recognize any loss, but KLX and KLX Energy Services expect to make an election that should prevent a reduction to fair market value of KLX Energy Services' tax basis in its assets in order to preserve KLX Energy Services' ability to claim the amortization or depreciation deductions that would have been available if the separation had not occurred.

U.S. Holders

The distribution of KLX Energy Services common stock should be treated as ordinary dividend income to the extent considered paid out of KLX's current year or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of both current year and accumulated earnings and profits will be treated as a non-taxable return of capital, which reduces basis, to the extent of the holder's basis in KLX common stock and thereafter as capital gain. To the extent that any such amount is treated as a dividend, corporate U.S. holders should generally be eligible for the dividends received deduction and non-corporate U.S. holders should generally qualify for reduced rates applicable to qualified dividend income, assuming in each case, that a minimum holding period and certain other generally applicable requirements are satisfied. U.S. holders will take a tax basis in their KLX Energy Services common stock equal to its fair market value on the date of receipt.

KLX will not be able to determine the amount of the distribution (if any) that will be treated as a dividend until after the close of the taxable year of the spin-off, because its current year earnings and profits will be calculated based on its income for the entire taxable year in which the distribution occurs, ending on the earlier of the date of the merger or January 31. In addition to KLX's operating results for that year, which will not include the earnings and expenses of the business conducted by KLX Energy Services after the separation, other factors that are not knowable at this time will affect KLX's earnings and profits for the taxable year of the spin-off. Those factors include the extent, if any, to which the value of KLX Energy Services at the time of the spin-off exceeds KLX's tax basis in KLX Energy Services, resulting in recognition of a gain that will increase KLX's earnings and profits. Those factors also include whether the merger occurs in the same taxable year as the spin-off or in the subsequent tax year, since at the time of the merger certain transaction-related expenses will become deductible, thereby substantially reducing or eliminating KLX's earnings and profits for the taxable year of the spin-off. Based on current projections, KLX expects that its earnings and profits for that taxable year will be substantially less than the value of KLX Energy Services and that they may be negative. Thus, based on current projections, KLX expects that only a relatively small portion, and possibly none, of the distribution will be treated as a dividend. KLX currently intends to cause stockholders to be provided with a determination of the portion of the distribution constituting a taxable dividend as soon as practicable after its earnings and profits for the taxable year in which the distribution occurs are calculated. This information may not be available until after U.S. holders file their income tax returns for that taxable year, and such U.S. holders may need to file amended tax returns to reflect the amount of the taxable dividend as finally determined.

To the extent that the distribution of the KLX Energy Services common stock constitutes an "extraordinary dividend" with respect to a particular U.S. holder, special rules may apply. In general, a dividend constitutes an "extraordinary dividend" if the amount of the dividend exceeds 10% of that U.S. holder's tax basis in its stock. For purposes of this calculation, only the portion of a distribution treated as a dividend, rather than the full amount of the distribution, is taken into account. If the portion (if any) of the distribution treated as a dividend constitutes an extraordinary dividend to a corporate U.S. holder that both (i) claimed a dividends-received deduction with respect to the distribution and (ii) held its KLX common stock for two years or less, such U.S. holder will reduce its tax basis in its KLX common stock (but not below zero) by an amount determined by reference to the dividends received deduction claimed. If any corporate U.S. holder's basis would be reduced below zero as a result of these rules, any excess would be treated as capital gain. In addition, if the portion (if any) of the distribution treated as a dividend qualifies as an extraordinary dividend to a non-corporate U.S. holder who had claimed a reduced rate for qualified dividend income on the distribution, such non-corporate U.S. holder may be required to treat a portion of any loss on a subsequent sale of its KLX common stock as long-term capital loss, regardless of its actual holding period.

U.S. holders should consult with their tax advisors regarding the possible applicability and effects of the extraordinary dividend provisions, including the possible availability of an election to substitute the fair market value of the KLX common stock for its tax basis for purposes of determining if the portion (if any) of the distribution treated as a dividend constitutes an extraordinary dividend. Such election will generally be available if the fair market value of the KLX common stock as of the day before the ex-dividend date is established to the satisfaction of the Secretary of the Treasury.

U.S. holders receiving cash in lieu of a fractional share of KLX Energy Services common stock will recognize gain or loss between their adjusted tax basis in such share (as described above) and the amount of cash received in respect of such fractional share, as if such fractional share had actually been received and subsequently sold. Such gain or loss will be capital gain or loss and generally will be treated as short-term capital gain or loss.

Dividends and capital gains earned by non-corporate U.S. holders may be subject to the 3.8% Medicare tax on net investment income.

Non-U.S. Holders

For Non-U.S. holders, the characterization of the distribution for U.S. federal income tax purposes as a dividend, a return of capital or a capital gain will be determined in the manner described above under "U.S. holders."

In the case of a Non-U.S. holder, the portion (if any) of the distribution treated as a dividend for U.S. federal income tax purposes will generally be subject to U.S. federal gross-basis income tax at a rate of 30%, or a lower rate specified in an applicable income tax treaty. This tax is generally collected by way of withholding. Because the amount of the distribution (if any) constituting a dividend for U.S. federal income tax purposes will not be known at the time of the distribution, for purposes of determining required withholding, KLX or its withholding agent is generally required by IRS regulations to treat the entire amount of the distribution as a dividend, and withhold tax from that amount, unless it elects instead to withhold based on a reasonable estimate of KLX's earnings and profits. Thus, KLX or another withholding agent will withhold some portion of the KLX Energy Services common stock otherwise distributable to a Non-U.S. holder to satisfy its obligation to withhold tax, except to the extent it estimates that the amount of the distribution will exceed its earnings and profits. To the extent it is required to withhold tax, KLX or its withholding agent may sell the portion of KLX Energy Services common stock otherwise distributable to Non-U.S. holders needed to pay that tax, together with associated expenses. Non-U.S. holders would generally be eligible to obtain a refund of any excess amounts withheld (which would be the entire amount withheld to pay tax if KLX determines, after the end of the taxable year of the spin-off that it had no earnings and profits) by filing an appropriate claim for refund with the U.S. Internal Revenue Service ("IRS"). To receive the benefit of a reduced treaty rate, a Non-U.S. holder must furnish to KLX or its paying agent a valid IRS Form W-8BEN, W-8BEN-E or other applicable form certifying such holder's qualification for the reduced rate. This certification must be provided to KLX or its paying agent prior to the distribution of KLX Energy Services common stock.

Dividends that are treated as "effectively connected" with a U.S. trade or business conducted by a Non-U.S. holder (and, if an applicable income tax treaty so provides, are also attributable to a U.S. permanent establishment of such Non-U.S. holder) are not subject to the withholding tax, provided the Non-U.S. holder satisfies certain certification and disclosure requirements. Instead, such dividends, net of specified deductions and credits, are taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons. Any such effectively connected dividends received by a Non-U.S. holder that is a corporation may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as specified by an applicable income tax treaty.

In addition, any capital gains recognized (including capital gains arising from the amount of the distribution exceeding current and accumulated earnings and profits as well as basis in such Non-U.S. holder's KLX common stock) may be subject to U.S. net income tax (and in respect of corporate non-U.S. holders, branch profits tax) if the gain is effectively connected with a trade or business of the Non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base of the Non-U.S. holder within the United States). Additionally, a Non-U.S. holder that is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets certain other requirements will be subject to a flat 30% tax on the amount of capital gains together with certain other U.S. source capital gains realized during such year, to the extent that they exceed certain U.S. source capital losses realized during such year.

Non-U.S. holders receiving cash in lieu of a fractional share of KLX Energy Services common stock will recognize gain or loss between their adjusted tax basis in such share (as described above) and the amount of cash received in respect of such fractional share, as if such fractional share had actually been received and subsequently sold. Such gain or loss will be capital gain or loss and generally will be treated as short-term capital gain or loss.

Tax Considerations to U.S. Holders in Respect of Ownership and Disposition of KLX Energy Services Common Stock

Dividends

Distributions paid by KLX Energy Services out of its current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally will be taxable to a U.S. holder as ordinary dividend income. Corporate U.S. holders should generally be eligible for the dividends received deduction and non-corporate U.S. holders should generally qualify for reduced rates applicable to qualified dividend income, assuming in each case, that a minimum holding period and certain other generally applicable requirements are satisfied. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. holder's basis in KLX Energy Services common stock and thereafter as capital gain. U.S. holders should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any distribution received from KLX Energy Services. Dividends received by a non-corporate U.S. holder may be subject to a 3.8% Medicare tax on net investment income.

Sales or other dispositions of KLX Energy Services common stock

A U.S. holder will recognize capital gain or loss on the sale or other disposition of KLX Energy Services common stock in an amount equal to the difference between the U.S. holder's adjusted tax basis in its KLX Energy Services common stock and the amount realized from the disposition. Any gain or loss on a sale or other disposition of KLX Energy Services common stock generally will be treated as arising from U.S. sources and will be long-term capital gain or loss if the holder has held our common stock for more than one year. Deductions for capital losses are subject to limitations. Any gain recognized by a non-corporate U.S. holder may be subject to a 3.8% Medicare tax on net investment income.

Tax Considerations to Non-U.S. Holders in Respect of Ownership and Disposition of KLX Energy Services Common Stock

Dividends

Distributions on KLX Energy Services common stock that are characterized as dividends paid to a Non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be provided by an applicable income tax treaty. To receive the benefit of a

reduced treaty rate, a Non-U.S. holder must furnish to KLX Energy Services or its paying agent a valid IRS Form W-8 (or applicable successor form) certifying such holder's qualification for the reduced rate. This certification must be provided to KLX Energy Services or its paying agent prior to the payment of dividends and must be updated periodically. If a Non-U.S. holder who qualifies for a reduced treaty rate but does not timely provide KLX Energy Services or the payment agent with the required certification, such Non-U.S. holder may be entitled to a credit against their U.S. federal income tax liability or a refund of the tax withheld, which the Non-U.S. holder may claim by filing the appropriate claim for refund with the IRS.

Dividends that are treated as "effectively connected" with a trade or business conducted by a Non-U.S. holder within the United States (and, if an applicable income tax treaty so provides, are also attributable to a U.S. permanent establishment of such Non-U.S. holder) are not subject to the withholding tax, provided the Non-U.S. holder satisfies certain certification and disclosure requirements. Instead, such dividends, net of specified deductions and credits, are taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons. To the extent a dividend is effectively connected with a U.S. trade or business, non-corporate Non-U.S. holders may be eligible for taxation at reduced U.S. federal tax rates applicable to qualified dividend income. Any such effectively connected dividends received by a Non-U.S. holder that is a corporation may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as specified by an applicable income tax treaty.

Sales or Other Dispositions of KLX Energy Services Common Stock

Subject to the discussions under "—Information Reporting and Backup Withholding" and "—FATCA," a Non-U.S. holder will generally not be subject to any U.S. federal income tax or withholding tax on any gain realized upon such holder's sale or other disposition of KLX Energy Services common stock. Gain on sale of KLX Energy Services common stock may be subject to U.S. net income tax (and in respect of corporate non-U.S. holders, branch profits tax) if the gain is effectively connected with a trade or business of the Non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base of the Non-U.S. holder within the United States). Additionally, a Non-U.S. holder that is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets certain other requirements will be subject to a flat 30% tax on the amount of gain derived from the sale that, together with certain other U.S. source capital gains realized during such year, to the extent that they exceed certain U.S. source capital losses realized during such year.

FATCA

Sections 1471-1474 of the Code (commonly known as "FATCA") impose a 30% withholding tax on certain types of payments (including dividends by KLX and KLX Energy Services) made to "foreign financial institutions" and certain other non-U.S. entities unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign non-financial entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner. If any payee, whether or not it is a beneficial owner or an intermediary with respect to a payment, is a foreign financial institution that is not subject to special treatment under certain intergovernmental agreements, it must enter into an agreement with the U.S. Treasury requiring, among other things, that it undertakes to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent them from complying with these reporting or other requirements. Withholding under this legislation on withholdable payments to foreign financial institutions and certain non-financial foreign entities will also apply after December 31, 2018 with respect to the gross proceeds of a disposition of our common stock (which will include sales,

redemptions and returns on capital). Failure by a Non-U.S. holder (or any non-U.S. intermediary through which it will hold its stock) that is subject to FATCA to comply with its certification and reporting requirements, or properly document its status as a person not subject to FATCA withholding, could result in withholding at a rate of 30% on withholdable payments made to the Non-U.S. holder. Non-U.S. holders or U.S. holders owning KLX or KLX Energy Services common stock through a non-U.S. intermediary should consult their tax advisors regarding this legislation.

Information Reporting and Backup Withholding

In general, information reporting requirements may apply to dividends, sales proceeds or other amounts paid to U.S. holders and Non-U.S. holders, unless an exemption applies. Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. A U.S. holder or Non-U.S. holder can claim a credit against its U.S. federal income tax liability for the amount of any backup withholding tax and a refund of any excess, provided that all required information is timely provided to the IRS. U.S. holders and Non-U.S. holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR HOLDER. EACH HOLDER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF THE SPIN-OFF IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

Results of the Spin-Off

After the spin-off, we will be an independent, publicly-traded company. Immediately following the spin-off, we expect to have approximately 1,405 record holders of shares of our common stock and approximately 20.3 million shares of our common stock outstanding based on the number of stockholders of record and outstanding shares of KLX common stock on July 24, 2018. The figures exclude any shares of KLX common stock held directly or indirectly by KLX. The actual number of shares to be distributed will be determined on the record date.

We entered into several agreements with KLX to effect the spin-off and provide a framework for our relationship with KLX after the spin-off. These agreements will govern the relationship between us and KLX after completion of the spin-off and provide for the distribution of KLX's energy services business (and the assets and liabilities associated therewith) to its stockholders and the releases of claims and indemnification by us and KLX in connection with our respective businesses. For a more detailed description of these agreements, see "Certain Relationships and Related Party Transactions—Agreements with KLX Related to the Spin-Off."

Trading Market for Our Common Stock

There is no public market for our common stock, and an active trading market may not develop or may not be sustained. We anticipate that trading of our common stock will commence on a "when-issued" basis beginning on or shortly before the record date and continuing through the distribution date. When-issued trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. When-issued trades generally settle within four trading days after the distribution date. If you own shares of KLX common stock at the close of business on the record date, you will be entitled to receive shares of our common stock distributed in the spin-off. You may trade this entitlement to receive shares of our common stock, without the shares of KLX common stock you own, on the when-issued market. On the first trading day following the distribution date, any when-issued trading of our common stock will end and "regular-way" trading will begin. We

have applied for authorization to list KLX Energy Services common stock on Nasdaq under the ticker symbol "KLXE." A condition to the distribution and the merger is the listing of our common stock on Nasdaq. We will announce our when-issued trading symbol when and if it becomes available.

We also anticipate that, beginning on or shortly before the record date and continuing up to and including the distribution date, there will be two markets in KLX common stock: a "regular-way" market and an "ex-distribution" market. Shares of KLX common stock that trade on the regular-way market will trade with an entitlement to shares of our common stock distributed in the distribution. Shares that trade on the ex-distribution market will trade without an entitlement to shares of our common stock distributed in the distribution. Therefore, if you sell shares of KLX common stock in the regular-way market up to and including the distribution date, you will be selling your right to receive shares of our common stock in the distribution. However, if you own shares of KLX common stock at the close of business on the record date and sell those shares on the ex-distribution market up to and including the distribution date, you will not be selling the right to receive shares of our common stock in connection with the spin-off, and you will still receive such shares of our common stock.

We cannot predict the prices at which our common stock may trade before the spin-off on a "when-issued" basis or after the spin-off. Those prices will be determined by the marketplace. Prices at which trading in our common stock occurs may fluctuate significantly. Trading prices for our common stock may be influenced by many factors, including anticipated or actual fluctuations in our operating results or those of other companies in our industry, investor perception of our company and the energy services industry, market fluctuations and general economic conditions. In addition, the stock market in general has experienced extreme price and volume fluctuations that have affected the performance of many stocks and that have often been unrelated or disproportionate to the operating performance of these companies. These are just some of the factors that may adversely affect the market price of our common stock. See "Risk Factors—Risks Relating to Our Common Stock" for further discussion of risks relating to the trading prices of our common stock.

Treatment of Equity Awards

KLX has outstanding equity awards relating to its common stock in the form of restricted stock units and restricted stock granted under the KLX LTIP. In addition, KLX officers and directors hold deferred share units under the KLX Inc. 2014 Deferred Compensation Plan ("DCP") and the KLX Non-Employee Directors Stock and Deferred Compensation Plan ("NEDDSP"). At the time of the spin-off, then outstanding unvested KLX equity-based awards granted prior to the date of the spin-off will be equitably adjusted to reflect the dilutive impact of the spin-off but will otherwise not participate in the spin-off. Following the spin-off, all unvested KLX equity-based awards held by KLX employees and KLX Energy Services employees will continue to vest in accordance with their terms based on their respective holders' continued service with KLX or KLX Energy Services, as applicable. Pursuant to the Employee Matters Agreement between us and KLX, on and after the distribution date, we will establish a separate KLX Energy Services LTIP, KLX Energy Services DCP and KLX Energy Services NEDDSP with substantially similar terms as the applicable KLX plans. See "Certain Relationships and Related Party Transactions—Agreements with KLX Related to the Spin-Off—Employee Matters Agreement" for more information. For a description of the KLX Energy Services LTIP, see "Executive Compensation—Description of the Long-Term Incentive Plan."

ABL Facility

KLX Energy Services has entered into the ABL Facility, which will become available for borrowing upon the completion of the spin-off.

Conditions to the Spin-Off

We expect that the spin-off will be effective as of 11:59 p.m., Eastern time, on , 2018, the distribution date, provided that the following conditions shall have been either satisfied or waived by KLX:

- the board of directors of KLX, in its sole and absolute discretion, shall have authorized and approved the spin-off and not withdrawn such authorization and approval, shall be satisfied that the distribution will be made out of surplus in accordance with Section 170 of the DGCL and shall have declared the dividend of KLX Energy Services common stock to the holders of issued and outstanding shares of KLX common stock;

- the Form 10 shall have been declared effective by the SEC and shall not be the subject of any stop order or proceedings seeking a stop order, all necessary permits and authorizations under the Securities Act and the Exchange Act relating to the issuance and trading of shares of KLX Energy Services common stock shall have been obtained and be in effect, such shares of KLX Energy Services common stock shall have been approved for listing on Nasdaq and the period of time specified by applicable law for the mailing of an information statement shall have expired (assuming the information statement is mailed immediately after the Form 10 is declared effective by the SEC, whether or not the information statement has in fact been mailed);

- any approvals of non-U.S. governmental authorities required in connection with the spin-off or the distribution shall have been obtained;

- no governmental authority having jurisdiction over KLX or KLX Energy Services shall have issued or entered any order after the date of the Distribution Agreement, and no applicable law shall have been enacted or promulgated after the date of the Distribution Agreement, in each case, that is then in effect and has the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the distribution or the other transactions contemplated in connection with the spin-off; and

- the merger agreement shall not have been terminated pursuant to its terms.

We are not aware of any material federal, foreign or state regulatory requirements that must be complied with or any material approvals that must be obtained, other than the Required Notifications (as defined in the merger agreement) and compliance with SEC rules and regulations, approval for listing on Nasdaq and the declaration of effectiveness of the Registration Statement on Form 10, of which this information statement forms a part, by the SEC, in connection with the distribution. Unless the merger agreement has been terminated in accordance with its terms, KLX does not have the right to unilaterally decide to cancel the distribution of the KLX Energy Services common stock. However, if the merger agreement is terminated, under certain specified circumstances, KLX may be required to pay Boeing a termination fee of up to $175 million. The spin-off and the merger cannot be completed until the applicable conditions to each are satisfied or waived, and we cannot be certain when or if the conditions for the spin-off and the merger will be satisfied or waived. For more information, see "Risk Factors—Risks Relating to the Spin-Off and the Merger—The spin-off and/or the merger may not be completed on the terms or timeline currently contemplated, if at all, and may have a material adverse effect on us whether or not the merger is completed."

Reason for Furnishing this Information Statement

We are furnishing this information statement to you, as a KLX stockholder entitled to receive shares of our common stock in the spin-off, for the sole purpose of providing you with information about us. This information statement is not, and you should not consider it, an inducement or encouragement to buy, hold or sell any of our securities. We believe that the information in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither KLX nor we undertake any obligation to update the information except in the normal course of our respective public disclosure obligations.

DIVIDEND POLICY

We do not currently intend to pay dividends. Our Board will establish our dividend policy based on our financial condition, results of operations and capital requirements, as well as applicable law, regulatory constraints, industry practice and other business considerations that our Board considers relevant. We anticipate that the terms of the debt agreements that we expect to enter into in connection with the spin-off will contain restrictions on our ability to pay dividends. The terms of agreements governing debt that we may incur in the future may also limit or prohibit dividend payments. Accordingly, we cannot assure you that we will either pay dividends in the future or continue to pay any dividend that we may commence in the future.

CAPITALIZATION

The following table presents our cash and cash equivalents and capitalization as of April 30, 2018 on a historical basis and on a pro forma basis as of that date reflecting the spin-off and the related transactions and events described in this information statement as if the spin-off and the related transactions and events had occurred on April 30, 2018.

We are providing the capitalization table below for informational purposes only. You should not construe it as indicative of our capitalization or financial condition had the spin-off and the related transactions and events been completed on the date assumed. The capitalization table below also may not reflect the capitalization or financial condition that would have resulted had we been operated as a separate, independent entity at that date or our future capitalization or financial condition.

You should read the table below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and accompanying notes included elsewhere in this information statement.

	As of April 30, 2018	
	Historical	Pro Forma
	(in millions)	
Cash and cash equivalents	$ —	$ 50.0
Total indebtedness	$ —	$ —
Equity:		
Parent company investment	$ 246.9	$ —
Common stock	—	
Additional paid-in capital	—	296.9
Total equity	$ 246.9	$ 296.9
Total capitalization	$ 246.9	$ 296.9

KLX Energy Services has not yet finalized its post-spin-off capitalization. The above pro forma financial information reflects our estimated post-spin-off capitalization. We currently expect that, in connection with the spin-off, we will receive a $50 million capital contribution from KLX. We will make a payment to KLX for the amount, if any, of negative free cash flows, as defined in the Distribution Agreement, from the date of the merger agreement to the distribution date. Subject to any payments pursuant to the immediately preceding sentence, we will be entitled to all cash generated by the operation of the ESG business from May 1, 2018 through the distribution date. We also have entered into the ABL Facility for working capital and other general corporate purposes, which we expect to be undrawn on the distribution date. Availability under the ABL Facility is tied to the aggregate amount of our accounts receivable and inventory that satisfy specified criteria and is expected to be at least $50 million on the distribution date. Depending on market conditions, we may incur other indebtedness in the future to make acquisitions and/or provide for additional cash on the balance sheet, which could be used for future acquisitions.

We anticipate accessing the capital markets at an appropriate time following the consummation of the spin-off to further strengthen our balance sheet to allow for future growth and expect to do so based on market conditions and our anticipated near and medium-term expectations for cash deployment.

SELECTED HISTORICAL FINANCIAL DATA

The following table presents selected historical financial data for the periods indicated below. We derived the selected historical condensed statements of earnings data for the three months ended April 30, 2018 and 2017 and the balance sheet data as of April 30, 2018 from our unaudited condensed financial statements included elsewhere in this information statement. We derived the selected historical condensed balance sheet data as of April 30, 2017 from our unaudited condensed balance sheet that is not included in this information statement. We derived the selected historical financial data as of January 31, 2018 and 2017, and for each of the fiscal years in the three-year period ended January 31, 2018, from our audited financial statements included elsewhere in this information statement. We derived the selected historical financial data as of January 31, 2016 from KLX's accounting records. In our management's opinion, the unaudited condensed financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting only of ordinary recurring adjustments, necessary for a fair presentation of the information for the periods presented. The selected historical condensed financial data as of and for the three months ended April 30, 2018 and 2017 are not necessarily indicative of the results that may be obtained for a full year.

The historical statements of earnings (loss) reflect allocations of general corporate expenses from KLX, including, but not limited to, executive management, finance, legal, information technology, human resources, employee benefits administration, treasury, risk management and other shared services. The allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenues generated, costs incurred, headcount or other measures. Our management and the management of KLX consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, KLX Energy Services. The allocations may not, however, reflect the expense we would have incurred as a stand-alone public company for the periods presented. Actual costs that may have been incurred if we had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. The financial statements included in this information statement may not necessarily reflect our financial position, results of operations and cash flows as if we had operated as a stand-alone public company during all periods presented. Accordingly, our historical results should not be relied upon as an indicator of our future performance.

In presenting the financial data in conformity with GAAP, we are required to make estimates and assumptions that affect the amounts reported. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" included elsewhere in this information statement for detailed discussion of the accounting policies that we believe require subjective and complex judgments that could potentially affect reported results.

The following selected historical financial and other data should be read in conjunction with "Capitalization," "Unaudited Pro Forma Condensed Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Certain Relationships and Related

Party Transactions" and our audited and unaudited financial statements and related notes included elsewhere in this information statement.

	Year Ended January 31,			Three Months Ended April 30,	
	2018	2017	2016	2018	2017
		(in millions)		(in millions) (unaudited)	
Statements of Earnings (Loss) Data					
Revenues	$ 320.5	$ 152.2	$ 251.2	$ 110.3	$ 63.5
Cost of sales	269.1	181.3	282.8	82.0	55.9
Selling, general and administrative expenses	73.4	60.1	78.5	21.8	17.6
Research and development costs	2.0	0.3	—	0.7	0.4
Goodwill and long-lived asset impairment charges	—	—	640.2	—	—
Operating (loss) earnings	(24.0)	(89.5)	(750.3)	5.8	(10.4)
Income tax expense	0.1	0.1	0.1	—	—
Net (loss) earnings	$ (24.1)	$ (89.6)	$ (750.4)	$ 5.8	$ (10.4)
Balance Sheet Data (end of period)					
Working capital	$ 38.1	$ 14.8	$ 9.0	$ 51.8	$ 24.5
Intangible and other assets, net	8.2	3.6	6.1	9.5	4.6
Total assets	273.8	205.0	234.8	298.3	224.9
Parent company equity	224.6	178.0	192.1	246.9	190.4
Other Data					
Depreciation and amortization	$ 33.5	$ 36.2	$ 46.6	$ 8.8	$ 8.4
Non-cash compensation expense	12.5	9.0	4.3	2.6	2.8

UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS

The following unaudited pro forma condensed financial statements (together with the related notes) should be read in conjunction with the sections entitled "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," our historical annual and interim financial statements and the accompanying notes included elsewhere within this information statement.

The unaudited pro forma condensed financial statements set forth below are based on and have been derived from our historical annual and interim financial statements, including the unaudited condensed balance sheet as of April 30, 2018, the unaudited condensed statements of earnings (loss) for the three months ended April 30, 2018, the audited balance sheet as of January 31, 2018 and the audited statements of earnings (loss) for the fiscal year ended January 31, 2018, which are included elsewhere within this information statement. Our historical financial statements include allocations of certain expenses from KLX, including expenses for costs related to functions such as treasury, tax, accounting, legal, internal audit, human resources, public and investor relations, general management, shared information technology systems, corporate governance activities and centrally managed employee benefit arrangements. These costs may not be representative of the future costs we will incur as an independent, publicly-traded company and do not include certain additional costs we may incur as an independent, publicly-traded company.

The unaudited pro forma condensed statements of earnings for the three months ended April 30, 2018 and the fiscal year ended January 31, 2018 give effect to the spin-off as if it had occurred on February 1, 2017. The unaudited pro forma condensed balance sheet gives effect to the spin-off as if it had occurred on April 30, 2018. In management's opinion, the unaudited pro forma condensed financial statements reflect adjustments that are both necessary to present fairly the unaudited pro forma condensed statements of earnings and the unaudited pro forma financial position of our business as of and for the periods indicated, and the pro forma adjustments are based on currently available information and assumptions we believe are reasonable, factually supportable, directly attributable to our separation from KLX and, for purposes of the statements of earnings, are expected to have a continuing impact on us.

The unaudited pro forma condensed financial statements are for illustrative and informational purposes only and are not intended to represent what our results from operations or financial position would have been had the spin-off occurred on the dates indicated. The unaudited pro forma condensed financial statements also should not be considered indicative of our future results of operations or financial position as an independent, publicly-traded company.

The following unaudited pro forma condensed statements of earnings and unaudited pro forma condensed balance sheet give pro forma effect to the following:

- the contribution by KLX of its energy services business to us, as a result of which we will own, directly or indirectly, the operations comprising and the entities that comprise KLX Energy Services, including all liabilities of such business at the distribution date;
- the distribution of our common stock to KLX stockholders (assuming a 0.4 to 1.0 distribution ratio); and
- a $50 million capital contribution by KLX to KLX Energy Services.

As a stand-alone public company, we expect to incur additional recurring costs. Our preliminary estimates of the recurring costs expected to be incurred annually are approximately $5.0 million to $7.0 million higher than the expenses historically allocated to us from KLX, reflecting 100% allocation of dedicated corporate resources and the expected higher revenues.

The significant assumptions involved in determining our estimates of recurring costs of being a stand-alone public company include:

- costs to perform financial reporting, tax, regulatory compliance, corporate governance, audit, Sarbanes-Oxley Act compliance, treasury, legal, internal audit and investor relations activities;
- compensation and benefits reflecting 100% allocation of dedicated corporate level executive positions such as CEO, CFO and the Board of Directors;
- potential inefficiencies associated with obtaining insurance coverage for smaller businesses;
- costs under a Transition Services Agreement with KLX; and
- the type and level of other costs expected to be incurred.

No pro forma adjustments have been made to our financial statements to reflect the additional costs and expenses described above because they are projected amounts based on judgmental estimates and would not be factually supportable.

The Company will recognize a charge equal to the unrecognized compensation cost of the restricted stock grants resulting from the acceleration of the shares under KLX's LTIP upon the closing of the sale of KLX to Boeing.

We currently estimate non-recurring expenses that we will incur during our transition to being a stand-alone public company to be less than $10 million. We have not adjusted the accompanying unaudited pro forma condensed statements of earnings for these estimated expenses as they are not expected to have an ongoing impact on our operating results. We anticipate that substantially all of these expenses will be incurred within 6 to 12 months of the distribution. These expenses primarily relate to the following:

- accounting, tax and other professional costs pertaining to our separation and establishment as a stand-alone public company; and
- costs to establish separate information systems.

Due to the scope and complexity of these activities, the amount of these costs could increase or decrease materially, and the timing of incurrence could change.

KLX ENERGY SERVICES HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED STATEMENT OF EARNINGS
FOR THE THREE MONTHS ENDED APRIL 30, 2018
(In millions, except per share data)

	Historical	Pro Forma Adjustments	Note	Pro Forma
Service revenues	$ 110.3	$ —		$ 110.3
Cost of sales	82.0	—		82.0
Selling, general and administrative	21.8	(3.2)	(1)	18.6
Research and development costs	0.7	—		0.7
Operating earnings	5.8	3.2		9.0
Income before income taxes	5.8	3.2		9.0
Income tax expense	—	—		—
Net earnings	$ 5.8	$ 3.2		$ 9.0
Pro forma net earnings per common share:				
Basic				$ 0.45
Diluted				$ 0.44
Weighted average common shares:				
Basic				20.0
Diluted				20.4

See accompanying notes to unaudited pro forma condensed financial statements.

KLX ENERGY SERVICES HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED STATEMENT OF EARNINGS
FOR THE YEAR ENDED JANUARY 31, 2018
(In millions, except per share data)

	Historical	Pro Forma Adjustments	Note	Pro Forma
Service revenues	$ 320.5	$ —		$ 320.5
Cost of sales	269.1	—		269.1
Selling, general and administrative	73.4	(0.4)	(1)	73.0
Research and development costs	2.0	—		2.0
Operating loss	(24.0)	0.4		(23.6)
Loss before income taxes	(24.0)	0.4		(23.6)
Income tax expense	0.1	—		0.1
Net loss	$ (24.1)	$ 0.4		$ (23.7)
Pro forma net loss per common share:				
Basic				$ (1.17)
Diluted				$ (1.16)
Weighted average common shares:				
Basic				20.2
Diluted				20.5

See accompanying notes to unaudited pro forma condensed financial statements.

KLX ENERGY SERVICES HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED BALANCE SHEET
AS OF APRIL 30, 2018
(In millions)

	Historical	Financing & Other Pro Forma Adjustments	Note	Pro Forma
ASSETS				
Current assets:				
Cash and cash equivalents	$ —	$ 50.0	(2)	$ 50.0
Accounts receivable	87.7	—		87.7
Inventories	11.1	—		11.1
Other current assets	3.3	—		3.3
Total current assets	102.1	50.0		152.1
Property and equipment	186.7	—		186.7
Identifiable intangible assets	2.8	—		2.8
Other assets	6.7	—		6.7
	$ 298.3	$ 50.0		$ 348.3
LIABILITIES AND PARENT COMPANY EQUITY				
Current liabilities:				
Accounts payable	$ 35.6	$ —		$ 35.6
Accrued liabilities	14.7	—		14.7
Total current liabilities	50.3	—		50.3
Other non-current liabilities	1.1	—		1.1
Equity:				
Common stock	—	0.2	(3)	0.2
Additional paid-in capital	—	296.7	(3)	296.7
Parent company investment	246.9	(246.9)	(3)	—
Total equity	246.9	50.0		296.9
	$ 298.3	$ 50.0		$ 348.3

See accompanying notes to unaudited pro forma condensed financial statements.

KLX ENERGY SERVICES HOLDINGS, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS

(1) Reflects the elimination of non-recurring separation costs related to the review of strategic alternatives and the spin-off of KLX Energy Services to KLX stockholders that were incurred during the historical periods ended January 31, 2018 and April 30, 2018. These costs were primarily for legal, tax and accounting fees and other related expenses.

(2) Reflects the capital contribution from KLX of $50 million.

(3) The adjustment to common stock, additional-paid-in capital and parent company investment represents: (a) the elimination of approximately $247 million of parent company investment; (b) the $50 million capital contribution from KLX; and (c) the establishment of our capital structure. For purposes of these unaudited pro forma condensed financial statements, we assumed approximately 20.4 million shares of KLX Energy Services common stock were issued at a par value of $0.01 per share determined using the 0.4 to 1.0 distribution ratio to KLX's 51 million common shares outstanding at April 30, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our results of operations and financial condition together with our audited and unaudited historical financial statements and accompanying notes that we have included elsewhere in this information statement as well as the discussion in the section of this information statement entitled "Business." This discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on our current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those we discuss in the sections of this information statement entitled "Risk Factors" and "Special Note About Forward-Looking Statements."

Our financial statements, which we discuss below, reflect our historical financial condition, results of operations and cash flows. The financial information discussed below and included in this information statement, however, may not necessarily reflect what our financial condition, results of operations or cash flows would have been had we been operated as a separate, independent entity during the periods presented or what our financial condition, results of operations and cash flows may be in the future. In this section, dollar amounts are shown in millions, except for per share amounts or as otherwise specified.

Company Overview

We are a leading provider of completion, intervention and production services and products to the major onshore oil and gas producing regions of the United States. We offer a range of differentiated, complementary technical services and related tools and equipment in challenging environments that provide "mission critical" solutions for our customers throughout the life cycle of the well.

We serve many of the leading companies engaged in the exploration and development of North American onshore conventional and unconventional oil and natural gas reserves. Our customers include independent and major oil and gas companies and project management firms. We actively support these customer operations from 36 service facilities located in the key major shale basins. We manage our business in these basins on a geographic basis, including the Southwest Region (the Permian Basin and Eagle Ford Shale), the Rocky Mountains Region (the Bakken formation, Williston, DJ, Uinta and Piceance Basins and Niobrara Shale) and the Northeast Region (the Marcellus and Utica Shales as well as the Mid-Continent STACK and SCOOP and Haynesville). Our revenues, operating profits and identifiable assets are primarily attributable to these three reportable geographic segments. However, while we manage our business based upon these regional groupings, our assets and our technical personnel are deployed on a dynamic basis across all of our service facilities, to optimize utilization and profitability.

We work with well operators to provide engineered solutions across the entire lifecycle of the well, by streamlining operations, reducing non-productive time and developing cost effective and often customized solutions and customized tools for our customers' most challenging service needs, which include technical, complex unconventional wells requiring extended reach horizontal laterals and greater completion intensity per well. We believe our growing reputation for delivering differential service outcomes has resulted in the number of our customer agreements growing by over 140%, from over 400 as of January 31, 2016 to over 1,000 as of January 31, 2018. These agreements enable us to work for many of the major and independent E&P companies in North America.

We offer a variety of targeted services that are differentiated by the technical competence and experience of our field service engineers and their deployment of a broad portfolio of specialized tools and equipment. Our innovative and adaptive approach to proprietary tool design has been employed by our in-house R&D organization and, in selected instances, by our technology partners to develop tools covered by 10 patents and 21 U.S. and foreign pending patent applications as well as 21 additional

proprietary tools. Our technology partners include manufacturing and engineering companies that produce tools, which we design and utilize in our service offerings.

We utilize outside, dedicated manufacturers to produce our products, which, in many cases, our engineers have developed from the input and requests from our customers and customer-facing managers, thereby maintaining the integrity of our intellectual property while avoiding manufacturing startup and maintenance costs. We have found that doing so leverages our technical strengths as well as those of our technology partners. These services and related products, or PSLs, are modest in cost to the customer relative to its other well construction expenditures but have a high cost of failure and are, therefore, "mission critical" to our customers' outcomes. We believe our customers have come to depend on our decades of combined field experience to execute on some of the most challenging problems they face. We believe we are well positioned as a company for continued growth, as the oil and gas industry continues to drill and complete thousands of increasingly complex wells each year and as thousands of older legacy wells require remediation.

KLX Energy Services was formed from the combination and integration of seven private oilfield service companies acquired over the 2013 through 2014 time period. Each of the acquired businesses was regional in nature and brought one or two specific service capabilities to KLX Energy Services. Once the acquisitions were completed, we undertook a comprehensive integration of these businesses, to align our services, our people and our assets across all the geographic regions where we maintain a presence. We established a matrix management organizational structure, where each regional manager has the resources to provide a complete suite of services, supported by technical experts in our primary service categories. We have endeavored to create a "next generation" oilfield services company in terms of management controls, processes and operating metrics and have driven these processes down through the operating management structure in every region, which we believe differentiates us from many of our competitors. This allows us to offer our customers in all of our geographic regions discrete, comprehensive and differentiated services that leverage both the technical expertise of our skilled engineers and our in-house R&D team.

We invest in innovative technology and equipment designed for modern production techniques that increase efficiencies and production for our customers. North American unconventional onshore wells are increasingly characterized by extended lateral lengths, tighter spacing between hydraulic fracturing stages, increased cluster density and heightened proppant loads. Drilling and completion activities for wells in unconventional resource plays are extremely complex, and downhole challenges and operating costs increase as the complexity and lateral length of these wells increase. For these reasons, E&P companies with complex wells increasingly prefer service providers with the scale and resources to deliver best-in-class solutions that evolve in real time with the technology used for extraction. We believe we offer best-in-class service execution at the wellsite and innovative downhole technologies, positioning us to benefit from our ability to service the most technical, complex wells where the potential for increased operating leverage is high due to the large number of stages per well in addition to customer focus on execution rather than price. We have been awarded 10 U.S. patents, have 21 U.S. and foreign pending patent applications and utilize 21 additional proprietary tools, some of which have been developed in conjunction with our technology partners, which we believe differentiates us from our regional competition and also allows us to deliver more focused service and better outcomes in our specialized services than larger national competitors who do not discretely dedicate their resources to the services we provide.

We are focused on generating attractive returns on capital for our stockholders through the superior margins achieved by our differentiated services and the prudent application of our cash flow to targeted growth opportunities, which is intended to deliver high returns and short payback periods. Our services require less expensive equipment, which is also less expensive to maintain, and fewer people than many other oilfield service activities. In addition to the superior margins our differentiated services generate, we believe the rising level of completion intensity in our core operating areas

contributes to improved margins and returns. This provides us significant operational leverage, and we believe positions us well to continue to generate attractive returns on capital as industry activity increases and the market for oilfield services improves. As part of our returns-focused approach to capital spending, we are focused on maintaining a capital efficient program with respect to the development of new products. We support our existing asset base with targeted investments in R&D, which we believe allows us to maintain a technical advantage over our competitors providing similar services using standard equipment.

We operate in three segments determined on a geographic basis: the Southwest Region (the Permian Basin and the Eagle Ford Shale), the Rocky Mountains Region (the Bakken formation, Williston, DJ, Uinta and Piceance Basins and Niobrara Shale) and the Northeast Region (the Marcellus and Utica Shale as well as the Mid-Continent STACK and SCOOP and Haynesville). As noted above, our revenues, operating profits and identifiable assets are primarily attributable to these three reportable geographic segments. However, while we manage our business based upon these regional groupings, our assets and our technical personnel are deployed on a dynamic basis across all of our service facilities, to optimize utilization and profitability.

Demand for services in the oil and natural gas industry is cyclical. For example, the domestic E&P industry in the United States underwent a substantial downturn in 2015 and much of 2016, placing unprecedented pressure on both our customers and competitors. However, we believe our company is well positioned to operate successfully as a standalone company as a result of the numerous initiatives we undertook during the integration of the seven businesses acquired while we were part of KLX Inc. We believe our operating cost structure is now materially lower than during the historical financial reporting periods and that there is greater flexibility to respond to changing industry conditions. We improved our cost structure by centralizing a number of common functions, as evidenced by our reduced use of cash from operations on lower revenues. The implementation of integrated, company-wide management information systems and processes provide more transparency to current operating performance and trends within each market where we compete and help us more acutely scale our cost structure and pricing strategies on a market-by-market basis. Profitability levels are dependent more directly on pricing for our services rather than utilization rates; as such, our ability to differentiate ourselves on the basis of quality contributes to revenue growth and profitability even in a stable or declining market environment through market share gains and growing business with existing customers.

On the distribution date, we expect our company to be capitalized with $50 of cash and over $50 of availability under our undrawn ABL Facility. We believe we have strong management systems in place, which will allow us to manage our operating resources and associated expenses relative to market conditions. We believe our services often generate superior margins to our competitors based upon the differential quality of our performance, and that these margins also support strong free cash flow generation. The required investment in our business includes both working capital (principally for account receivables growth tied to increasing revenues) and capital expenditures for both maintenance of existing assets and growth. Our required maintenance capital expenditures are relatively modest compared to other oilfield service providers due to the asset-lite nature of our services, the average age of our assets of less than three years and our ability to charge back a portion of asset maintenance to customers for a number of our assets. In addition to these internal expenditures, we may also pursue selected acquisition opportunities. We believe industry conditions are likely to continue to support existing activity levels of oilfield service providers, but that the pace of industry consolidation will pick up, as weakened private company competitors look to take advantage of the market activity to exit.

The Spin-Off

On , 2018, the board of directors of KLX approved the spin-off of KLX Energy Services from KLX. In connection with the spin-off, KLX Energy Services will become an independent,

publicly-traded company. Prior to or in connection with the consummation of the spin-off, KLX Energy Services will enter into a number of agreements with KLX, including the Distribution Agreement, the Employee Matters Agreement, the Transition Services Agreement and the IP Matters Agreement. These agreements will govern the relationship between us and KLX after completion of the spin-off and provide for the allocation between us and KLX of various assets, liabilities and obligations (including employee benefits, information technology and insurance). See "Certain Relationships and Related Party Transactions—Agreements with KLX Related to the Spin-Off." In addition, prior to the completion of the spin-off, KLX will contribute $50 to KLX Energy Services. KLX Energy Services will make a payment to KLX for the amount, if any, of negative free cash flows, as calculated pursuant to the Distribution Agreement, from the date of the merger agreement to the distribution date. Subject to any payments pursuant to the immediately preceding sentence, we will be entitled to all cash generated by the operation of the ESG business from May 1, 2018 through the distribution date. In addition, we have entered into a $100 ABL Facility, which will become available for borrowing upon the completion of the spin-off, for working capital and other general corporate purposes, none of which is expected to be outstanding on the distribution date. Availability under the ABL Facility is tied to the aggregate amount of our accounts receivable and inventory that satisfy specified criteria and is expected to be at least $50 on the distribution date. Depending on market conditions, we may incur other indebtedness in the future to make acquisitions and/or provide for additional cash on the balance sheet, which could be used for future acquisitions.

The spin-off is being conducted in connection with the proposed merger of KLX with a wholly-owned subsidiary of Boeing that was previously announced on May 1, 2018. Completion of the merger is not a condition to completion of the distribution, and the distribution is expected to occur prior to the effective time of the merger. Completion of the distribution is contingent upon a number of conditions described herein having been satisfied or waived (see "The Spin-Off—Conditions to the Spin-Off"). Completion of the distribution of KLX Energy Services common stock is one of a number of conditions that must be satisfied or waived prior to completion of the merger. If the merger agreement is terminated prior to the consummation of the distribution, KLX will have the right not to complete the distribution if, at any time following such termination and prior to the distribution, the board of directors of KLX determines, in its sole discretion, that the spin-off is no longer in the best interests of KLX or its stockholders or that it is not advisable for KLX Energy Services to separate from KLX. We do not intend to complete the spin-off prior to KLX stockholders voting to adopt the merger agreement.

Pursuant to the Distribution Agreement, we will indemnify KLX to the extent that KLX determines that it has recognized any gain on the distribution, as calculated in the manner described in the Distribution Agreement. We will pay any such indemnity to KLX either, at our option, in cash, by issuing shares of our common stock to KLX or with a combination of cash and shares of our common stock.

Factors Affecting the Comparability of our Future Results of Operations to our Historical Results of Operations

Our future results of operations may not be comparable to our historical results of operations for the periods presented, primarily for the reasons described below:

- *Initial Expenses to Become a Stand-Alone Public Company*: We currently estimate non-recurring expenses that we will incur during our transition to being a stand-alone public company to be less than $10. We anticipate that substantially all of these expenses will be incurred within 6 months of the distribution. These expenses primarily relate to accounting, tax and professional costs, duplicative costs under the Transition Services Agreement between ourselves and our former parent and costs related to information technology and systems.

- *SG&A Allocation*: Selling, general and administrative ("SG&A") expense includes allocations of general corporate expenses from KLX. The historical statements of earnings (loss) reflect allocations of general corporate expenses from KLX, including, but not limited to, executive management, finance, legal, information technology, human resources, employee benefits administration, treasury, risk management, procurement and other shared services. The allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenues generated, costs incurred, headcount or other measures. Our management and the management of KLX considers these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, KLX Energy Services. The allocations may not, however, reflect the expense we would have incurred as a stand-alone company for the periods presented. Actual costs that may have been incurred if we had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. Please see Note 1 to our audited financial statements, "Description of Business and Summary of Significant Accounting Policies—Basis of Presentation," for a description of the costs allocated, the methods of allocation, the reasons for the allocations and how future actual costs may differ from the amounts allocated under the ownership of KLX.

- *Ongoing Stand-Alone Public Company Expenses*: We expect to incur direct, incremental expenses as a result of being a publicly-traded company, including, but not limited to, costs associated with hiring a dedicated corporate management team, annual and quarterly reports to stockholders, quarterly tax provision preparation, independent auditor fees, expenses relating to compliance with the rules and regulations of the SEC, investor relations activities, registrar and transfer agent fees, incremental director and officer liability insurance costs and independent director compensation. These direct, incremental expenses are not included in our historical results of operations. Our preliminary estimates of the recurring costs expected to be incurred annually are approximately $5.0 to $7.0 higher than the expenses historically allocated to us from KLX, reflecting 100% allocation of dedicated corporate resources and the expected higher revenues.

Key Financial Performance Indicators

We recognize the highly cyclical nature of our business and the need for metrics to (1) best measure the trends in our operations and (2) provide baselines and targets to assess the performance of our managers, which is intended to help us grow stockholder value.

The metrics we regularly monitor within each of our geographic reporting regions include:

- Variable cost by service;
- Asset utilization by service; and
- Revenue growth by service.

The measures we believe most effective to monitor and consider when rewarding management performance include:

- Revenue growth rate;
- Operating earnings growth rate;
- Operating margin;
- Cash flow generation after investments in the business; and
- Effectiveness of our health, safety and environmental practices.

Our experience has shown us that measuring our performance is most meaningful when compared against our peers on a relative basis. Our Board will form a compensation committee and engage its own compensation consultant to recommend performance metrics and targets for our employees.

Three Months ended April 30, 2018 as compared to the Three Months ended April 30, 2017

The following is a summary of revenues by segment:

	Revenues		
Segment	April 30, 2018	April 30, 2017	% Change
Southwest	$ 39.8	$ 21.1	88.6%
Rocky Mountains	40.2	25.8	55.8%
Northeast	30.3	16.6	82.5%
Total	$ 110.3	$ 63.5	73.7%

For the period ended April 30, 2018, revenues of $110.3 increased $46.8, or 73.7%, as compared with the prior year period. Our revenue growth was driven by an 88.6%, or $18.7, increase in Southwest revenues, a 55.8%, or $14.4, increase in Rocky Mountains revenues and an 82.5%, or $13.7, increase in Northeast revenues, reflecting the higher level of activity by our customers throughout the regions we serve. Year-over-year revenue growth by PSLs was approximately 105.7% for completion, 35.6% for intervention and 69.7% for production, for the reasons set forth above.

Cost of sales for the period ended April 30, 2018 was $82.0, or 74.3% of sales, as compared to $55.9, or 88.0% of sales, for the period ended April 30, 2017. Cost of sales as a percentage of revenues improved by approximately 1,370 basis points, due to substantially improved results at all three segments of our business resulting from improved market conditions, operating leverage and increased profitability from superior service quality and technical expertise resulting in a reduction of customers' non-productive time.

SG&A expense during the first quarter of 2018 was $21.8, or 19.8% of revenues, as compared with $17.6, or 27.7% of revenues, in the prior year period. SG&A, as a percentage of revenues, improved by approximately 790 basis points in first quarter of 2018 as compared with the prior year period primarily due to increased operating leverage as the 73.7% increase in revenues significantly outpaced the 23.9% increase in SG&A. Research and development costs for the period ended April 30, 2018 were $0.7 as compared to $0.4 for the period ended April 30, 2017, reflecting our increased focus on in-house research and development to deploy new specialized and proprietary tools and equipment.

Operating earnings of $5.8 improved by $16.2, reflecting continued strong year-over-year improvement driven by a higher level of activity by our customers throughout our geographic regions. The continued recovery in the major oil and gas producing basins of the onshore U.S. market has resulted in increased demand for our products and services. Additionally, we believe incremental growth has been driven by differentiation in products and services due to successful R&D initiatives, the quality and depth of personnel and resulting incremental operating leverage.

We did not incur income tax expense for the periods ended April 30, 2018 and 2017. The effective income tax rate varies from the federal statutory rate of 21% in 2018 (35% in 2017) primarily due to the utilization of deferred tax assets. The 2018 federal statutory rate is lower than the prior year as a result of recently enacted tax legislation.

Net earnings for the three months ended April 30, 2018 was $5.8 as compared to a net loss of $(10.4) in the prior year period. Net earnings was favorably impacted in the first quarter of 2018 by the improvements in pricing and activity driven by the overall improvement in the oil and gas sector.

Segment Results

The following is a summary of operating earnings (loss) by segment:

Segment	Operating Earnings (Loss) April 30, 2018	April 30, 2017	% Change
Southwest	$ 2.1	$ (5.4)	NMF
Rocky Mountains	1.2	(1.1)	NMF
Northeast	2.5	(3.9)	NMF
Total	$ 5.8	$ (10.4)	NMF

For the three months ended April 30, 2018, Southwest revenues of $39.8 increased by $18.7, or 88.6%, as compared to the same period in the prior year. The increase in revenues in the Southwest region was driven by increases in completion, intervention and production of 100.0%, 67.7% and 90.6%, respectively. Southwest operating earnings of $2.1 improved by $7.5 reflecting the increased demand for our products and services and operating leverage inherent in our cost and operating structure.

For the three months ended April 30, 2018, Rocky Mountains revenues of $40.2 increased by $14.4, or 55.4%, as compared to the same period in the prior year. The increase in revenues in the Rocky Mountains region was driven by increases in completion, intervention and production of 106.5%, 8.7% and 59.0%, respectively. Rocky Mountains operating earnings of $1.2 improved by $2.3 reflecting the increased demand for our products and services and operating leverage inherent in our cost and operating structure.

For the three months ended April 30, 2018, Northeast revenues of $30.3 increased by $13.7, or 82.5%, as compared to the same period in the prior year. The increase in revenues in the Northeast region was driven by increases in completion, intervention and production of 113.5%, 49.1% and 69.2%, respectively. Northeast operating earnings of $2.5 improved by $6.4 reflecting the increased demand for our products and services and operating leverage inherent in our cost and operating structure.

Year Ended January 31, 2018, as Compared to Year Ended January 31, 2017

The following is a summary of revenues by segment:

Segment	Revenues January 31, 2018	January 31, 2017	% Change
Southwest	$ 109.5	$ 56.5	93.8%
Rocky Mountains	127.0	55.8	127.6%
Northeast	84.0	39.9	110.5%
Total	$ 320.5	$ 152.2	110.6%

Fiscal 2017 revenues of $320.5 increased $168.3, or 110.6%, as compared with the prior year due to strong revenue growth in each of our segments. Year-over-year revenue growth by PSLs was approximately 108.9%, 173.1% and 62.7% for completion, intervention and production activities, respectively.

Cost of sales for Fiscal 2017 was $269.1, or 84.0% of sales, as compared to $181.3, or 119.1% of sales, for the year ended January 31, 2017 ("Fiscal 2016"). Cost of sales as a percentage of revenues improved by approximately 3,510 basis points, due to substantially improved results at all three

segments of our business due to the improving market conditions, operating leverage of fixed costs, improved pricing and benefits from our investments in people, process and organizational systems.

SG&A expense during Fiscal 2017 was $73.4, or 22.9% of revenues, as compared with $60.1, or 39.5% of revenues, in the prior year period. SG&A, as a percentage of revenues, improved by approximately 1,660 basis points in Fiscal 2017 as compared with the prior year primarily due to increased operating leverage as the 110.6% increase in revenues significantly outpaced the 22.1% increase in SG&A. Research and development costs during Fiscal 2017 were $2.0 as compared with $0.3 in the prior year period, reflecting our increased focus on in-house research and development to deploy new specialized and proprietary tools and equipment.

Operating loss of $24.0 improved by $65.5 reflecting continued strong year-over-year improvement principally due to higher levels of activity by our customers and operating leverage of fixed costs related thereto.

Income tax expense for the twelve months ended January 31, 2018 and 2017 was $0.1 reflecting KLX Energy Services' state and local tax expenses.

Net loss for the year ended January 31, 2018 was ($24.1) as compared to ($89.6) in Fiscal 2016. Net earnings was favorably impacted in Fiscal 2017 by the improvements in pricing and greater demand for completion, intervention and production services as a result of the overall improvement in the oil and gas sector.

Segment Results

The following is a summary of operating earnings (loss) by segment:

	Operating (Loss)		
Segment	January 31, 2018	January 31, 2017	% Change
Southwest	$ (12.8)	$ (37.1)	65.5%
Rocky Mountains	(0.8)	(24.1)	96.7%
Northeast	(10.4)	(28.3)	63.3%
Total	$ (24.0)	$ (89.5)	73.2%

For the year ended January 31, 2018, Southwest revenues of $109.5 increased by $53.0, or 93.8%, as compared to the same period in the prior year. The increase in revenues in the Southwest region was driven by increases in completion, intervention and production activities of 85.3%, 209.0% and 25.4%, respectively. Southwest operating loss of $12.8 improved by 65.5% principally due to higher levels of activity by our customers and operating leverage of fixed costs related thereto.

For the year ended January 31, 2018, Rocky Mountains revenues of $127.0 increased by $71.2, or 127.6%, as compared to the same period in the prior year. The increase in revenues in the Rocky Mountains region was driven by increases in completion, intervention and production activities of 162.3%, 174.5% and 59.2%, respectively. Rocky Mountains operating loss of $0.8 improved by 96.7% principally due to higher levels of activity by our customers and operating leverage of fixed costs related thereto.

For the year ended January 31, 2018, Northeast revenues of $84.0 increased by $44.1, or 110.5%, as compared to the same period in the prior year. The increase in revenues in the Northeast region was driven by increases in completion, intervention and production activities of 96.0%, 134.0% and 117.0%, respectively. Northeast operating loss of $10.4 improved by 63.3% principally due to higher levels of activity by our customers and operating leverage of fixed costs related thereto.

Year Ended January 31, 2017 Compared to the Year Ended January 31, 2016

Fiscal 2016 revenues of $152.2 decreased $99.0, or 39.4%, as compared with the prior year due to the significant downturn in the oil and gas industry resulting in reductions in spending by all of our customers and reductions in both personnel and operating capacity. Year-over-year revenue decline by PSLs was approximately 44.9%, 23.1% and 39.4% for completion, intervention and production activities, respectively.

Cost of sales for Fiscal 2016 was $181.3, or 119.1% of sales, as compared to $282.8, or 112.6% of sales, for the year ended January 31, 2016 ("Fiscal 2015"). Cost of sales as a percentage of revenues increased by approximately 650 basis points, due to the significant downturn in the oil and gas industry and reduced operating leverage.

SG&A expense during Fiscal 2016 was $60.1, or 39.5% of revenues, as compared with $78.5, or 31.3% of revenues, in the prior year period. SG&A, as a percentage of revenues, increased by approximately 820 basis points in Fiscal 2016 as compared with the prior year primarily due to reduced operating leverage resulting from the downturn in the oil and gas industry as the 39.4% decrease in revenues outpaced the 23.4% decrease in SG&A in Fiscal 2016 as compared to the prior year. Research and development costs were $0.3 during Fiscal 2016 as compared with none in the prior year period.

During Fiscal 2015, we recorded a $640.2 goodwill and long-lived asset impairment charge. The continued downturn in the oil and gas industry, including the nearly 75% decrease in the number of onshore drilling rigs and the resulting significant cutback in capital expenditures by our customers, represented a significant adverse change in the business climate, which indicated that our goodwill was impaired and our long-lived assets might not be recoverable. As a result, during the third quarter ended October 31, 2015, we performed an interim goodwill impairment test and a long-lived asset recoverability test. As a result, we determined that our goodwill was fully impaired and recorded a pre-tax impairment charge of $310.4. Further, we utilized a combination of cost and market approaches to determine the fair value of our long-lived assets, resulting in an impairment charge of $177.8 related to identified intangibles and $152.0 related to property and equipment.

Operating loss of $89.5 improved by $660.8 due to the goodwill and long-lived asset impairment charge in Fiscal 2015.

Income tax expense for the twelve months ended January 31, 2017 and 2016 was $0.1 reflecting KLX Energy Services' state and local tax expenses.

Net loss for the year ended January 31, 2017 was ($89.6) as compared to ($750.4) in Fiscal 2015. Net earnings was favorably impacted in Fiscal 2016 by a goodwill and long-lived asset impairment charge in Fiscal 2015 that did not repeat in Fiscal 2016.

Liquidity and Capital Resources

Current Financial Condition

Our liquidity requirements consist of working capital needs and ongoing capital expenditure requirements. Our primary requirements for working capital are directly related to the level of our operations. Our sources of liquidity have historically been from advances from KLX and cash flow from operations. KLX has historically used a centralized approach to cash management and financing of its operations. Transactions between KLX Energy Services and KLX are considered to be effectively settled for cash at the time the transaction is recorded. At April 30, 2018 and January 31, 2018, we did not have any cash on our balance sheet. Prior to the completion of the spin-off, KLX will contribute $50 to us. We will make a payment to KLX for the amount, if any, of negative free cash flows, as calculated pursuant to the Distribution Agreement, from the date of the merger agreement to the

distribution date. Subject to any payments pursuant to the immediately preceding sentence, we will be entitled to all cash generated by the operation of the ESG business from May 1, 2018 through the distribution date. In addition, we have entered into a $100 ABL Facility, which will become available for borrowing upon the completion of the spin-off, which will be undrawn upon separation. Depending on market conditions, we may incur other indebtedness in the future to make acquisitions and/or provide for additional cash on the balance sheet, which could be used for future acquisitions. As a result of the $50 capital contribution, the trend in improved market conditions and cash from operating activities and our financial plans for 2018, as well as the availability of our $100 undrawn ABL Facility (whose availability will depend in part on a borrowing base tied to the aggregate amount of our accounts receivable and inventory satisfying specified criteria), we expect to separate from KLX with a solid balance sheet and ample operating liquidity (including at least $50 of availability under the ABL Facility upon separation).

We anticipate accessing the capital markets at an appropriate time following the consummation of the spin-off to further strengthen our balance sheet to allow for future growth and expect to do so based on market conditions and our anticipated near and medium-term expectations for cash deployment.

Working capital as of April 30, 2018 was $51.8, an increase of $13.7 as compared with working capital at January 31, 2018. As of April 30, 2018, total current assets increased by $16.0 and total current liabilities increased by $2.3. The increase in current assets was primarily related to an increase in accounts receivable of $13.8. The increase in total current liabilities was due to an increase in accounts payable of $3.8 offset by a decrease in accrued liabilities of $1.5.

Working capital as of January 31, 2018 was $38.1, an increase of $23.3 as compared with working capital at January 31, 2017. As of January 31, 2018, total current assets increased by $45.7 and total current liabilities increased by $22.4. The increase in current assets was primarily related to an increase in accounts receivable of $43.4. The increase in total current liabilities was primarily due to an increase in accounts payable of $16.4 and accrued liabilities of $6.0.

Working capital as of January 31, 2017 was $14.8, an increase of $5.8 as compared with working capital at January 31, 2016. As of January 31, 2017, total current assets decreased by $9.7 and total current liabilities decreased by $15.5. The decrease in current assets was primarily related to decreases in accounts receivable and inventory of $7.3 and $2.0, respectively. The decrease in total current liabilities was primarily due to decreases in accounts payable and accrued liabilities of $8.3 and $7.2, respectively.

Cash Flows

Net cash flows used in operating activities improved by $15.8 to $5.2 for the three months ended April 30, 2018 as compared to a $10.6 use of cash in the prior year primarily reflecting a $16.2 improvement in net earnings as compared with the prior year.

Cash used in investing activities consists of capital expenditures of $19.1 and $9.5 for the three months ended April 30, 2018 and 2017, respectively, and reflect the higher demand levels for our services and equipment.

Cash flows from financing activities of $13.9 and $20.1, respectively, for the three months ended April 30, 2018 and 2017 consist of net transfers from KLX.

Net cash flows used in operating activities improved by $28.1 to $9.4 for the year ended January 31, 2018 as compared to $37.5 in the prior year primarily reflecting a significantly improved net loss of $24.1 as compared with $89.6 in the prior year.

Cash used in investing activities consists of capital expenditures of $48.8 and $29.0 for the years ended January 31, 2018 and 2017, respectively.

Cash flows from financing activities of $58.2 and $66.5, respectively, for the years ended January 31, 2018 and 2017 consist of net transfers from KLX.

Net cash flows from operating activities decreased by $47.3 to cash used by operating activities of $37.5 for the year ended January 31, 2017 as compared to cash provided by operating activities of $9.8 in the prior year primarily reflecting a decrease in cash provided by accounts receivable of $50.3, an increase in cash used by accounts payable of $10.0 and an increase in the provision for doubtful accounts resulting in a cash use of $5.4 partially offset by an increase in non-cash compensation of $4.7 and other current and non-current assets of $6.5.

Cash used in investing activities consists of capital expenditures of $29.0 and $98.9 for the years ended January 31, 2017 and 2016, respectively, and an acquisition of $5.3 for the year ended January 31, 2016.

Cash flows from financing activities of $66.5 and $94.4, respectively, for the years ended January 31, 2017 and 2016 consist of transfers from KLX.

Capital Spending

Our capital expenditures were $19.1 and $9.5 during the three months ended April 30, 2018 and 2017, respectively. Our capital expenditures were $48.8 and $29.0 during the years ended January 31, 2018 and 2017, respectively. We expect to incur approximately $80.0 in capital expenditures for the year ending January 31, 2019, principally related to our growth and maintenance capital expenditures. The nature of our capital expenditures is comprised of a base level of investment required to support our current operations and amounts related to growth and company initiatives. Capital expenditures for growth and company initiatives are discretionary. We continually evaluate our capital expenditures, and the amount we ultimately spend will depend on a number of factors, including expected industry activity levels and company initiatives. We expect to fund future capital expenditures from cash on hand, and cash flow from operations. Following the separation, we will have funds available from our ABL Facility (whose availability will depend in part on a borrowing base tied to the aggregate amount of our accounts receivable and inventory satisfying specified criteria), which we expect to remain undrawn for at least the next 12 months.

Although we do not budget for acquisitions, pursuing growth through acquisitions is a significant part of our business strategy. Our ability to make significant additional acquisitions for cash will require us to obtain additional equity or debt financing, which we may not be able to obtain on terms acceptable to us or at all. All of our acquisitions over the past five years were financed with funds made available by our parent company.

Our ability to satisfy our liquidity requirements depends on our future operating performance, which is affected by prevailing economic conditions, the level of drilling, completion, intervention and production activity for North American onshore oil and natural gas resources, and financial and business and other factors, many of which are beyond our control. We believe that our cash flows, together with cash on hand, will provide us with the ability to fund our operations and make planned capital expenditures for at least the next 12 months. Following the separation, we will also have funds available under our ABL Facility (whose availability will depend in part on a borrowing base tied to the aggregate amount of our accounts receivable and inventory satisfying specified criteria), which we expect to remain undrawn for at least the next 12 months.

Contractual Obligations

The following chart reflects our contractual obligations and commercial commitments as of January 31, 2018. Commercial commitments include lines of credit, guarantees and other potential cash outflows resulting from a contingent event that requires performance by us or our subsidiaries pursuant to a funding commitment.

	As of January 31,						
Contractual Obligations	**2018**	**2019**	**2020**	**2021**	**2022**	**Thereafter**	**Total**
Other non-current liabilities	$ —	$ 0.1	$ 0.1	$ 0.2	$ 0.1	$ 0.7	$ 1.2
Operating leases	10.7	9.2	4.4	3.2	2.5	4.2	34.2
Total	$ 10.7	$ 9.3	$ 4.5	$ 3.4	$ 2.6	$ 4.9	$ 35.4

Off-Balance Sheet Arrangements

Lease Arrangements

We finance our use of certain facilities and equipment under committed lease arrangements provided by various institutions. Since the terms of these arrangements meet the accounting definition of operating lease arrangements, the aggregate sum of future minimum lease payments is not reflected on our balance sheets. At January 31, 2018, future minimum lease payments under these arrangements approximated $34.2, of which $23.0 is related to long-term real estate leases.

Rent expense for the years ended January 31, 2018, 2017 and 2016 was $19.7, $12.9, and $22.8, respectively.

Indemnities, Commitments and Guarantees

In the normal course of our business, we make certain indemnities, commitments and guarantees under which we may be required to make payments in relation to certain transactions. These indemnities include indemnities to various lessors in connection with facility leases for certain claims arising from such facility or lease and indemnities to other parties to certain acquisition agreements. The duration of these indemnities, commitments and guarantees varies and, in certain cases, is indefinite. Many of these indemnities, commitments and guarantees provide for limitations on the maximum potential future payments we could be obligated to make. However, we are unable to estimate the maximum amount of liability related to our indemnities, commitments and guarantees because such liabilities are contingent upon the occurrence of events that are not reasonably determinable. Our management believes that any liability for these indemnities, commitments and guarantees would not be material to our financial statements. Accordingly, no significant amounts have been accrued for indemnities, commitments and guarantees.

We have employment agreements with certain key members of management expiring on various dates. Our employment agreements generally provide for certain protections in the event of a change of control. These protections generally include the payment of severance and related benefits under certain circumstances in the event of a change of control.

Seasonality

Our operations are subject to seasonal factors and our overall financial results reflect seasonal variations. Specifically, we typically have experienced a pause by our customers around the holiday season in the fourth quarter, which may be compounded as our customers exhaust their annual capital spending budgets towards year end. Additionally, our operations are directly affected by weather conditions. During the winter months (first and fourth quarters) and periods of heavy snow, ice or rain,

particularly in our Rocky Mountains and Northeast segments, our customers may delay operations or we may not be able to operate or move our equipment between locations. Also, during the spring thaw, which normally starts in late March and continues through June, some areas may impose transportation restrictions to prevent damage caused by the spring thaw. Lastly, throughout the year, heavy rains adversely affect activity levels, as well locations and dirt access roads can become impassible in wet conditions. Weather conditions also affect the demand for, and prices of, oil and natural gas and, as a result, demand for our services. Demand for oil and natural gas is typically higher in the fourth and first quarters, resulting in higher prices in these quarters.

Backlog

We operate under master service agreements ("MSAs") with our E&P customers, which set forth the terms and conditions for the provision of services and related tools and equipment. Completion services are typically based on a day rate with rates based on the type of equipment and competitive conditions. As a result, we do not record backlog.

Effect of Inflation

Inflation has not had and is not expected to have a significant effect on our operations.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed 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. Actual results may differ from these estimates and assumptions used in preparation of our financial statements. We provide expanded discussion of our more significant accounting policies, estimates and judgments below. We believe that most of these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements.

Emerging Growth Company Status

We are an "emerging growth company" and are entitled to take advantage of certain relaxed disclosure requirements. We intend to operate under the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, until we are no longer an emerging growth company. Our election to use the phase-in periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the longer phase-in periods and who will comply with new or revised financial accounting standards. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable.

Revenue Recognition

Sales of products and services are recorded when the earnings process is complete. Service revenues from oilfield technical services and related tools and equipment are recorded when services

are performed and/or equipment is rented pursuant to a completed purchase order or MSA that sets forth firm pricing and payment terms.

Accounts Receivable

We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customer's current creditworthiness, as determined by our review of their current credit information. We continuously monitor collections and payments from our customers and maintain an allowance for estimated credit losses based upon our historical experience and any specific customer collection issues that we have identified. The allowance for doubtful accounts at April 30, 2018, January 31, 2018 and 2017 was $2.6, $2.3 and $2.7, respectively.

Long-Lived Assets

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are tested for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. An impairment loss is recognized when the undiscounted cash flows expected to be generated by an asset (or group of assets) is less than its carrying amount. Any required impairment loss is measured as the amount by which the asset's carrying value exceeds its fair value and is recorded as a reduction in the carrying value of the related asset and a charge to operating results. For the three months ended April 30, 2018 and the years ended January 31, 2018 and 2017, there were no impairments of long-lived assets.

Recent Accounting Pronouncements

See Note 1 "Description of Business and Summary of Significant Accounting Policies—Recent Accounting Pronouncements" to our audited financial statements for a discussion of recently issued accounting pronouncements. As an "emerging growth company" under the JOBS Act, we are offered an opportunity to use an extended transition period for the adoption of new or revised financial accounting standards. We intend to operate under the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, until we are no longer an emerging growth company. Our election to use the phase-in periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the longer phase-in periods under Section 107 of the JOBS Act and who will comply with new or revised financial accounting standards. If we were to subsequently elect instead to comply with these public company effective dates, such election would be irrevocable pursuant to Section 107 of the JOBS Act.

Quantitative and Qualitative Disclosures About Market Risk

At April 30, 2018 and January 31, 2018 and 2017, we held no significant derivative instruments that materially increased our exposure to market risks for interest rates, foreign currency rates, commodity prices or other market price risks.

Interest Rate Risk

We expect that upon the ABL Facility becoming available for borrowing we will have interest rate exposure arising from variable interest as any borrowings would be impacted by changes in short-term interest rates.

Commodity Price Risk

Our fuel purchases expose us to commodity price risk. Our fuel costs consist primarily of diesel fuel used by our various trucks and other motorized equipment. The prices for fuel are volatile and are impacted by changes in supply and demand, as well as market uncertainty and regional shortages. Recently we have been able to pass along price increases to our customers, but we may be unable to do so in the future. We generally do not engage in commodity price hedging activities.

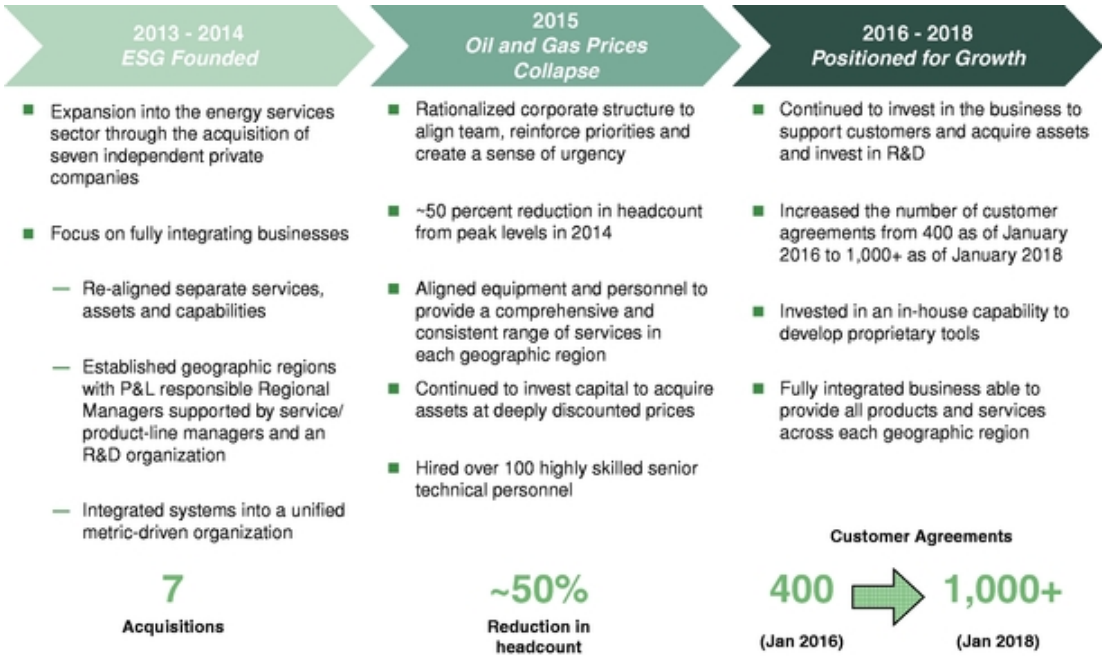
Company Overview

We are a leading provider of completion, intervention and production services and products to the major onshore oil and gas producing regions of the United States. We offer a range of differentiated, complementary technical services and related tools and equipment in challenging environments that provide "mission critical" solutions for our customers throughout the life cycle of the well.

The genesis of the ESG business was the acquisition of seven regional businesses, none of which had either the needed breadth of services or the multi-region coverage of our current integrated business. The collapse of the energy markets in 2015 proved timely in the sense that it provided the opportunity to accelerate our rationalization of our seven acquired businesses to make them more efficient and to implement best practices and comprehensive capability across all of our regions and our entire customer base as well as providing us with the opportunity to hire more than 100 outstanding technical personnel.

At the time of acquisition of the seven businesses, each of the acquired companies was a regional business with one or two service offerings. Soon after the acquisitions were completed, management aligned the service offerings, personnel and assets across all of our geographic regions of operation. We also established a matrix management organizational structure where each regional manager provides their customers with a complete suite of services supported by product line experts and where we could drive asset utilization and best practices across each of our services while offering our customers discrete, comprehensive and differentiated services at the highest industry standards.

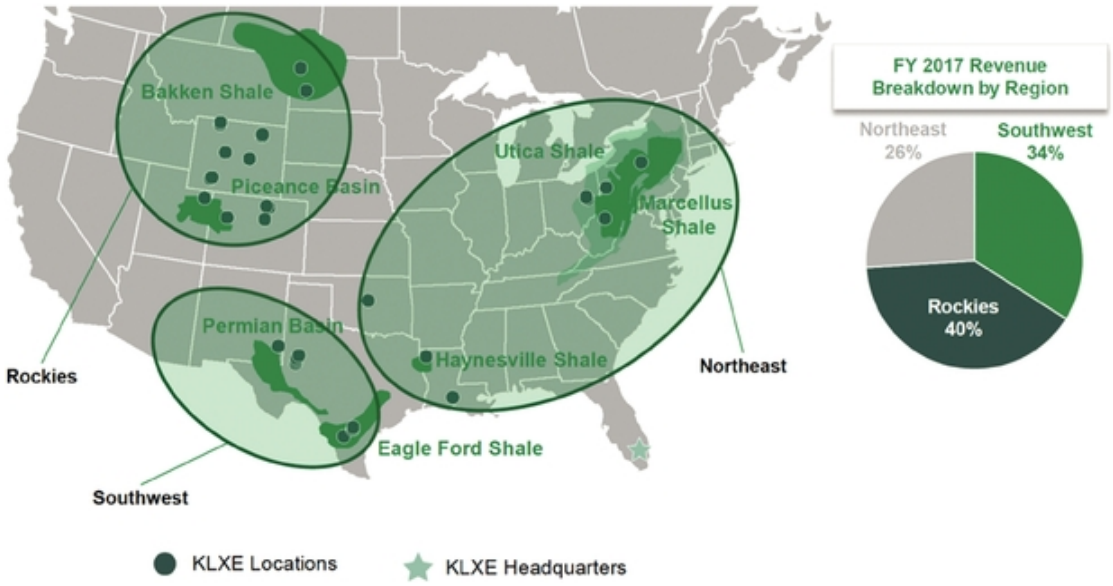
We also rebranded the seven businesses into a single brand, KLX Energy Services, and solicited new customers across our geographic footprint. We believe our superior value proposition to prospective new customers resulted in an increase in customer agreements from over 400 as of January 2016 to over 1,000 as of January 2018.



We serve many of the leading companies engaged in the exploration and development of North American onshore conventional and unconventional oil and natural gas reserves. Our customers include independent and major oil and gas companies and project management firms. We actively support

these customer operations from 36 service facilities located in the key major shale basins. We manage our business in these basins on a geographic basis, including the Southwest Region (the Permian Basin and Eagle Ford Shale), the Rocky Mountains Region (the Bakken formation, Williston, DJ, Uinta and Piceance Basins and Niobrara Shale) and the Northeast Region (the Marcellus and Utica Shales as well as the Mid-Continent STACK and SCOOP and Haynesville). Our revenues, operating profits and identifiable assets are primarily attributable to these three reportable geographic segments. However, while we manage our business based upon these regional groupings, our assets and our technical personnel are deployed on a dynamic basis across all of our service facilities, to optimize utilization and profitability.

The map below illustrates the location of our facilities and their proximity to each of the major oil and gas shale basins along with the respective regions the locations fall within. The chart illustrates the revenue by region:



We work with well operators to provide engineered solutions across the entire lifecycle of the well, by streamlining operations, reducing non-productive time and developing cost effective and often customized solutions and customized tools for our customers' most challenging service needs, which include technical, complex unconventional wells requiring extended reach horizontal laterals and greater completion intensity per well. We believe our growing reputation for delivering differential service outcomes has resulted in the number of our customer agreements growing by over 140%, from over 400 as of January 31, 2016 to over 1,000 as of January 31, 2018. These agreements enable us to work for many of the major and independent E&P companies in North America.

We offer a variety of targeted services that are differentiated by the technical competence and experience of our field service engineers and their deployment of a broad portfolio of specialized tools and equipment. Our innovative and adaptive approach to proprietary tool design has been employed by our in-house R&D organization and, in selected instances, by our technology partners to develop tools covered by 10 patents and 21 U.S. and foreign pending patent applications as well as 21 additional proprietary tools. Our technology partners include manufacturing and engineering companies that produce tools, which we design and utilize in our service offerings.

We utilize outside, dedicated manufacturers to produce our products, which, in many cases, our engineers have developed from the input and requests from our customers and customer-facing managers, thereby maintaining the integrity of our intellectual property while avoiding manufacturing

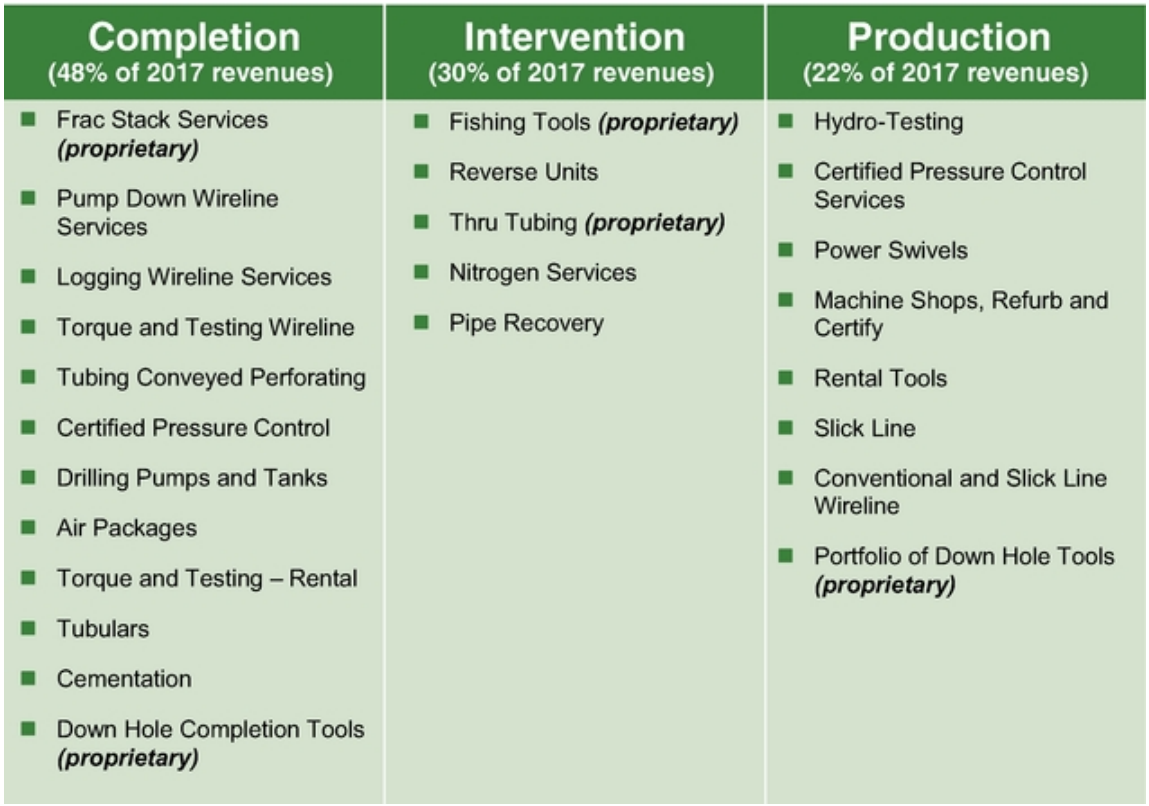
startup and maintenance costs. We have found that doing so leverages our technical strengths as well as those of our technology partners. These services and related products, or PSLs, are modest in cost to the customer relative to its other well construction expenditures but have a high cost of failure and are, therefore, "mission critical" to our customers' outcomes. We believe our customers have come to depend on our decades of combined field experience to execute on some of the most challenging problems they face. We believe we are well positioned as a company for continued growth, as the oil and gas industry continues to drill and complete thousands of increasingly complex wells each year and as thousands of older legacy wells require remediation.

KLX Energy Services was formed from the combination and integration of seven private oilfield service companies acquired over the 2013 through 2014 time period. Each of the acquired businesses was regional in nature and brought one or two specific service capabilities to KLX Energy Services. Once the acquisitions were completed, we undertook a comprehensive integration of these businesses, to align our services, our people and our assets across all the geographic regions where we maintain a presence. We established a matrix management organizational structure, where each regional manager has the resources to provide a complete suite of services, supported by technical experts in our primary service categories. We have endeavored to create a "next generation" oilfield services company in terms of management controls, processes and operating metrics and have driven these processes down through the operating management structure in every region, which we believe differentiates us from many of our competitors. This allows us to offer our customers in all of our geographic regions discrete, comprehensive and differentiated services that leverage both the technical expertise of our skilled engineers and our in-house R&D team.

Our Services and Products

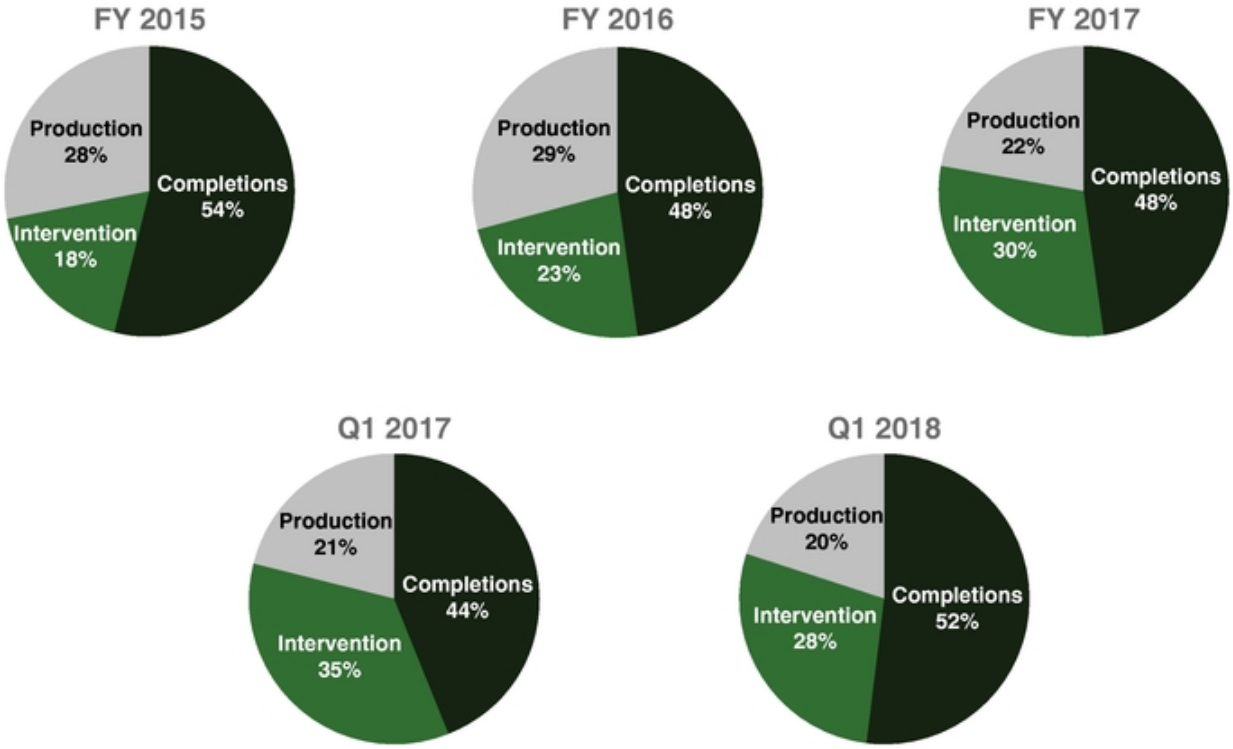
Our E&P customers require numerous technical services and products on an "as needed" basis. We are often faced with just-in-time support requirements for our E&P customers that may be experiencing critical operating issues such as servicing an operating well under high pressures, or removing blockages during well drilling or production. As a result, our industry specialists (many with over 40 years of experience) are on-call (on a rotational basis) 24 hours a day, 7 days a week to meet our customers' needs. Providing this level of customer support, together with a well-rounded product and service offering, has been well received in this rapidly growing market segment.

Our key service and product offerings include:



We offer high value-added services and related tools and equipment supporting the completion, intervention and production activities of our customers in each of our geographic reporting segments. The principal services we offer to support our customers throughout the lifecycle of the well include completions, well intervention and production services and products. The following charts set forth the

PSLs in graphical form expressed as a percentage of total revenues for the years ended January 31, 2018, 2017 and 2016 as well as for the three months ended April 30, 2018 and 2017:



Completions: Our completions activities are focused on services that help our customers drill, complete and stimulate extended reach horizontal laterals and more technical wellbores. We are highly experienced in safely servicing deep, high-pressure, high-temperature wells in some of the most active onshore basins in the United States and provide premium perforating services for both wireline and tubing-conveyed applications. We believe we offer best-in-class service execution at the wellsite and innovative downhole technologies, positioning us to benefit from our ability to service the most technical, complex wells where the potential for increased operating leverage is high due to the large number of stages per well in addition to customer focus on execution rather than price. We provide plug-and-perf wireline operations, wireline logging services, frac stack services and equipment, high pressure blow out prevention equipment and downhole completions tools.

Our completions activities include a wide range of services:

- certified blow out preventers;
- frac valve and flowback services;
- wireline services;
- well testing and nipple-up services;
- downhole completion tools, including:
    - floatation collars;
    - toe sleeves;
    - liner hangers;
    - wet shoe subs;
    - composite plugs;

- dissolvable plugs; and

- downhole extended-reach technology.

A portion of our completion services is delivered by our fleet of wireline trucks and associated tools. We currently operate 75 wireline trucks, approximately 60% of which are configured to run pump down or plug-and-perf operations. Our R&D organization also enables our operations to support our customers with cutting edge pump down operations that include greaseless wireline, addressable gun systems and addressable release tools, to provide our customers with the highest quality pump down services. We also maintain a full line of radial cement bond tools, compensated neutron porosity tools and casing evaluation tools to provide well evaluation services to our clients. We also utilize greaseless line and quiet truck wireline technology to meet the environmental concerns of our customers in markets that require this technology.

While our company does not provide hydraulic fracturing services, we do provide equipment and services to support our customers' hydraulic fracturing operations, including a number of proprietary tools that deliver both increased efficiency and safety. We offer a full line of valves and corresponding services to assist clients with their pressure control needs during fracturing operations. These valves are assembled in predetermined configurations based on customer preference and installed on the wellhead to control flow and pressure during fracturing operations. We currently have over 120 frac trees and 20 manifolds deployed and serving clients in all of our geographic regions. We own a large, young fleet of valves serving the North American onshore oil and gas market. We have enhanced our frac valve fleet line through the internal development of next generation technology, including our proprietary, patent pending frac relief valve. Introduced in 2016, the FRV was built and designed to replace older "pop-off" systems. When tied into a frac core (pumps), the FRV gives customers a safer and more reliable method for relieving surface pressure in the event of an unforeseen overpressure event. By doing this, we believe we minimize operational risk, as well as greatly reduce health, safety and environmental concerns that are associated with fracturing operations.

Additional technologies that we currently deploy on behalf of our customers include our (i) patent pending floatation collar, which assists customers in getting completion (casing) to the bottom of extended reach wells when friction prevents getting casing to depth, (ii) proprietary IPA toe sleeve, which allows customers a consistent and reliable frac initiation sleeve at the toe of the completion, (iii) composite frac plug, a flow control device that is set in the wellbore at given intervals to divert fluid into the formation, and (iv) dissolvable plug.

Wellbore Interventions: Our intervention services consist of best-in-class technicians and equipment that are focused on providing customers engineered solutions to downhole complications. Intervention involves the application of specialized tools and procedures to retrieve lost equipment and remove other obstructions that either interfere with the completion of the well or are causing diminished production. The principal services we provide to remediate these complications include fishing, thru-tubing and pipe recovery. Given the unique geology and operating characteristics of each well, no two complications are the same, yet each complication our customers experience results in substantial disruption to their well operation and economics. As a result, resolution is "mission critical" to our customers and supports premium pricing for superior outcomes. Those outcomes rely principally on the skill and experience of the technicians dedicated to resolving the issues and the availability of exactly the right tools for every eventuality. We believe we have one of the leading teams of intervention specialists in the industry, supported by a comprehensive portfolio of intervention tools and equipment. Each of our geographic regions is fully staffed with top technicians and fully equipped with a comprehensive range and quantity of equipment given the wellbore profiles for the region.

We support our intervention group with a portfolio of tools consisting of both patented and proprietary technologies. Recent innovations currently deployed in the field include our: (i) HAVOK Extended Reach Tool; (ii) DXD Venturi Tool; (iii) HAVOK PDC Bearing Section; (iv) Hydraulic

By-Pass Tool; and (v) Drill Mate (Mechanical By-Pass Valve). These tools were designed to improve upon conventional technology used by our competitors:

HAVOK ERT—The HAVOK ERT is the next generation of an extended reach tool known as a stroker tool, originally introduced by our in-house R&D team in 2016. An extended reach tool is a "secondary" downhole device that aids customers in getting the primary tools to bottom (depth) in a wellbore, which is increasingly required to support the completion and production of longer lateral wellbores resulting from today's horizontal drilling technologies. Our patented version of this ERT is designed to assist customers in reaching total depth with coiled tubing and stick pipe cleanout bottom hole assemblies. The tool creates a pressure pulse downhole through the use of an internal valve system that momentarily impedes the flow of fluid as it goes through the tool, creating oscillations. This valve system opens and closes within a desired operating range to optimize the pulse generation in the wellbore, which reduces friction, thus allowing customers to reach total depth during cleanout operations.

DXD Venturi Tool—The patent pending DXD (Debris Extraction Device) is an internally developed downhole tool that assists customers in removing unwanted debris from the wellbore. Utilizing fluid dynamics, the tool consists of a jet section that accelerates fluid across a nozzle. This increase in fluid velocity creates a pressure drop inside the tool, which draws fluid through an inlet. As the fluid is drawn into the system through the inlet, it picks up unwanted debris in the fluid flow, which is then caught in a series of chambers installed below the tool. The chambers then carry the debris out of the hole when the system is brought back to surface.

HAVOK PDC Bearing Section—The patented HAVOK PDC is one of the most robust bearing packs on the market. With a total of five parts, this bearing pack has greatly reduced the operating cost of our thru-tubing motors and provides us with a significant differentiator in the thru-tubing market. We began deploying the bearing pack in early 2017 and have experienced excellent results with the tool.

Hydraulic By-Pass Tool—Recently patented and released to operations, the hydraulic by-pass tool allows us to run our conventional motor assemblies and achieve substantially higher circulation rates without reducing the expected life of our conventional power section. The additional fluid being pumped and by-passed optimizes the downhole hydraulics for the operation and assists with proper debris removal.

Drill Mate (Mechanical By-Pass Valve)—The patented Drill Mate is a downhole tool that was developed to give customers a way to mechanically by-pass fluid during drill out or clean out operations. The tool is a two-piece system that opens and closes based upon the amount of weight being set on the mill or bit. During bottom milling with the tool, the tool is in the closed position, putting 100% of the flow through the motor BHA. As weight is removed from the mill or bit either by milling through the obstruction or picking up off bottom, the tool strokes open, thereby exposing by-pass ports that divert fluid through them. At this point, a customer can increase the amount of fluid being pumped through the BHA to assist in debris removal. This increase in fluid rate does not affect the life of the motor as the additional fluid is by-passed through the Drill Mate tool.

Production Solutions: We also provide services to enhance and maintain oil and gas production throughout the productive lives of our customers' wells. Our production services include maintenance-related intervention services as well as the provision of specifically required products and equipment. As with our completion and intervention service offerings, we have developed a portfolio of proprietary tools that we believe differentiates our production solutions service offering. The principal services and equipment we provide across the production lifecycle of the well include (i) production BOPs, (ii) the provision of mechanical wireline services, (iii) slick line services, (iv) hydro-testing, (v) premium tubulars and (vi) other specialized production tools.

We believe our proprietary production tool portfolio creates a distinct competitive advantage for us in selling all of our production services. Key downhole production tools we have developed and that have been deployed with strong customer adoption include:

Punch Ram Tool—The punch ram tool gives customers the ability to safely and repeatedly release trapped pressure inside production tubulars during pulling operations. The alternative is to "hot-tap" the tubing, which is a high-risk operation that most operators are not willing to employ.

Frac Protect Rod Hang Off Tool—This tool is developed to give customers the ability to "hang off" a rod string rather than tripping it out of the hole and laying it down. The associated costs of tripping rods out of the hole coupled with the damage of laying them down and picking the string back up make this tool an excellent alternative option for customers. The hang off tool allows an operator to easily hang the rod string in the wellhead and still gives them the ability to tie into the tubing if need be to monitor pressure or pump fluid.

Our Competitive Strengths

Strong Footprint in Key Energy Producing Geographies. We provide a comprehensive range of technical services and related tools and equipment to North American E&P businesses that operate in geographies with strong drilling and production economics. We have an established business presence in the Permian Basin and Eagle Ford Shale, the Bakken formation, Williston, DJ, Uinta and Piceance Basins and Niobrara Shale and the Marcellus and Utica Shales as well as the Mid-Continent STACK and SCOOP and Haynesville. Our operations service Arkansas, Colorado, Louisiana, New Mexico, North Dakota, Ohio, Oklahoma, Montana, Pennsylvania, Texas, Utah, West Virginia and Wyoming. We believe we will best serve our customers, and therefore our stockholders, by maintaining a focus on domestic onshore oil and natural gas production areas that include both the highest concentrations of existing hydrocarbons and the largest prospective acreage for new drilling activity. We believe our well-developed geographic presence, together with our mission of being a best-in-class, leading provider of our specialized services and products, provides us with a competitive advantage. Further, we believe our thoughtful geographic presence and carefully selected range of services and products positions our business to generate superior returns on our deployed assets.

In-House R&D Capability Supports Continuous Improvement by Aligning New Tools with Field Engineers Serving Technically Demanding Wells. We invest in innovative technology and equipment designed for modern production techniques that increase efficiencies and production for our customers. North American unconventional onshore wells are increasingly characterized by extended lateral lengths, tighter spacing between hydraulic fracturing stages, increased cluster density and heightened proppant loads. Drilling and completion activities for wells in unconventional resource plays are extremely complex, and downhole challenges and operating costs increase as the complexity and lateral length of these wells increase. For these reasons, E&P companies with complex wells increasingly prefer service providers with the scale and resources to deliver best-in-class solutions that evolve in real time with the technology used for extraction. We believe we offer best-in-class service execution at the wellsite and innovative downhole technologies, positioning us to benefit from our ability to service the most technical, complex wells where the potential for increased operating leverage is high due to the large number of stages per well in addition to customer focus on execution rather than price. We have been awarded 10 U.S. patents, have 21 U.S. and foreign pending patent applications and utilize 21 additional proprietary tools, some of which have been developed in conjunction with our technology partners, which we believe differentiates us from our regional competition and also allows us to deliver more focused service and better outcomes in our specialized services than larger national competitors who do not discretely dedicate their resources to the services we provide.

Broad Range of Certified Specialized Equipment with Long Lives. We own a broad range of completion, intervention and production tools and equipment for a variety of onshore services, including well stimulation and completion, wireline for access to the wellbore, fishing intervention at the wellsite and pressure control. We routinely refurbish and recertify our equipment to maintain the quality of our service and to provide a safe working environment for our personnel and our customers. For this purpose, we maintain dedicated on-site remanufacturing shops, which extend the economic lives of our equipment.

Executive Management Team: Proven Track Record of Building Industry-Leading Businesses. The Chairman and Chief Executive Officer and the Senior Vice President and Chief Financial Officer of our company have built multiple industry leading businesses from a combination of focused acquisitions, comprehensive integration and intensive management oversight. B/E Aerospace grew from a single acquisition in 1986 to become the leading aircraft cabin interiors equipment company in the world. This success was followed by the founding and growth of what was to become the KLX Aerospace Solutions Group, which was built from the initial acquisition of a niche aftermarket business in 2001 and subsequent acquisitions of nine additional companies over the next 16 years, thus growing into a leading independent company in its industry. This same focus on acquiring, disassembling and then re-building disparate businesses has been applied in the establishment and evolution of our company. Once our key PSLs and presence in the key U.S. onshore oil and gas production geographies were established through targeted acquisitions, our executive management instituted structural changes across our business, including the establishment of a matrix management system where our geographic regional managers are responsible for all aspects of their respective regional businesses, supported by PSL specialists. This enabled us to align all of our services and our technical resources across all of our geographic regions, ensuring our ability to provide a complete portfolio of services to our customers and the ability to drive asset utilization and best practices throughout our organization. We further optimize our operations through the implementation of common financial, IT, operational reporting and HSE management systems that allow our managers and executive leadership to utilize key performance indicators to manage the business on a dynamic basis.

Experienced Operating Management Team Across Geographic Regions and PSLs. Our management team has an average of more than 20 years of industry experience, having served as key managers in various energy service companies, including some of the largest energy service companies in the world. To more effectively support our regional managers, we have established a Houston-based group of industry experts responsible for maintaining a unified infrastructure to support our operations through standardized safety, environmental and maintenance processes and controls and financial and accounting policies and procedures.

National Scale and Infrastructure Supports Extensive Local Market Presence. We operate on a geographic basis with product line management and technical sales personnel supporting the managers of our three geographic reporting segments. These regional managers are responsible for the financial results of their regions, as well as operational execution, including cost control, policy compliance and training and other aspects of quality control. Each regional manager has extensive knowledge of their customer base, job requirements and working conditions in each of their local markets and are supported by a matrix management structure with our product line specialists to ensure that all services are offered to all our customers in each of our geographic regions on a "best practices" basis that leverages the full scope of our resources across the company. Our product-line managers are directly responsible for asset management, execution quality of the services provided, personnel technical training, technology, accident prevention and equipment maintenance, all of which are key drivers of our operating profitability. We have implemented comprehensive financial and asset tracking systems across our geographic regions and our product lines to track the key performance indicators that allow our regional managers to better manage their financial results. This management structure enables us

to closely monitor operating performance, maintain financial, accounting and asset management controls, prepare timely financial reports and manage contractual risk.

Standardized, Young Fleets of Specialized and Certified Equipment Create Competitive Advantages. While the acquisition of the seven businesses that now comprise our company brought with them an extensive, young fleet of equipment, we have continued to invest in both maintenance of that equipment and targeted additional investment that we believe allows us to sustain a competitive advantage in our assets employed, particularly when compared to smaller, regional competitors. During the downturn in the oil and gas markets in 2015 and 2016, we purchased approximately $125 million of equipment at a significant discount to the aggregate replacement cost, while actively spending on maintenance of existing equipment. We also protected our assets, often choosing to turn down business rather than accept rates insufficient to support equipment wear and variable cost. As a result, we believe we now offer our customers some of the newest, best equipment available for the services we provide, with an average age of less than three years and a breadth of tool inventory available across our geographic regions.

Returns-Focused Business Model with High Operational Leverage. We are focused on generating attractive returns on capital for our stockholders through the superior margins achieved by our differentiated services and the prudent application of our cash flow to targeted growth opportunities, which is intended to deliver high returns and short payback periods. Our services require less expensive equipment, which is also less expensive to maintain, and fewer people than many other oilfield service activities. In addition to the superior margins our differentiated services generate, we believe the rising level of completion intensity in our core operating areas contributes to improved margins and returns. This provides us significant operational leverage, and we believe positions us well to continue to generate attractive returns on capital as industry activity increases and the market for oilfield services improves. As part of our returns-focused approach to capital spending, we are focused on maintaining a capital efficient program with respect to the development of new products. We support our existing asset base with targeted investments in R&D, which we believe allows us to maintain a technical advantage over our competitors providing similar services using standard equipment.

A Strong Safety Culture Creates Competitive Advantages and Barriers to Entry. Health, safety and environmental standards, compliance and performance are increasingly required by our customers in order to be eligible for new business. We have a documented safety management system and conduct standardized safety and orientation training for all new employees, monthly safety meetings and annual safety trainings, which are tailored to address any unique requirements of our various product and service offerings. Compliance with the safety requirements set forth by the major oil companies typically requires suppliers to maintain an effective, dedicated HSE function. Our Vice President—HSE has more than 20 years of industry experience and acts as our in-house expert on applicable HSE requirements, developing and maintaining company-wide policies and procedures and internally monitoring compliance with our client's and regulatory entity's requirements. We align our policies and procedures and adopt industry best practices through consultation with internal and external advisors. Our HSE compliance is also monitored by third party, independent, for-profit providers of online contractor management databases, including ISN, PEC, Avetta and Browz. These organizations collect health, safety, environmental, procurement, quality and regulatory information such as HSE policies and procedures, incident logs, incident rates and safety meeting and training information, which is communicated to our customers. Maintaining an adequate rating with our customers through these organizations is a key requirement to work for many of our customers. We believe some of the companies we compete against lack the required infrastructure and financial resources to provide an effective safety program, thereby providing us a competitive advantage.

Our Business Strategy

Our business strategy is to expand our leadership position in providing technical services and related tools and equipment for the North American onshore energy sector. Key elements of our strategy include the following:

Capitalize on the Large, Highly Fragmented and Rapidly Growing Energy Technical Services Market. Shale oil and gas discoveries and new methods of extraction have unlocked vast untapped oil and gas reserves within the primary onshore producing basins of the United States, which have contributed to a drilling boom and created demand for products and services to support advanced drilling activities. This market segment is highly fragmented with hundreds of small companies providing technical and logistics services and related equipment to E&P companies. Through the acquisition, integration and investment in the seven businesses we acquired in 2013 and 2014, we have created an integrated service provider of national scale, providing highly differentiated services, supported by an active R&D effort integrated with our field personnel to provide real-time solutions to evolving customer requirements. Our competitors are often either single product-line local competitors with limited scale and resources or large companies for which the services we provide are not a core offering for them. We believe we will continue to grow market share and strengthen our brand recognition within our geographic regions of concentration by emphasizing our unique positioning as the "go-to" specialist for our services.

Continue to Innovate and Enhance Our Technology-Driven Offerings. We intend to continue to invest in and develop new technologies, techniques and equipment to provide our customers with the services and tools that most effectively complement the increasingly complex completion and production solutions employed by our customers. The growth of unconventional oil and gas resources drives the need for new technologies and equipment to increase recovery rates, lower production costs and accelerate field development. We operate in a competitive environment, where our customers demand technology-driven service and innovative tools suitable for the most modern production techniques. We believe we meet these consistently evolving requirements by maintaining constant communication with our customers in order to focus our in-house R&D efforts on innovations that address these identified needs.

Increase Penetration of our Services and Product Line Offerings within Each of Our Geographic Regions. We believe we have built strong relationships with our existing customers by offering a broad range of quality services and products in a safe, competent and consistent manner on a 24 hours a day, seven days a week availability basis. We believe opportunity exists to further penetrate and continue to gain market share in each of our geographic regions.

Grow Our Product and Service Offerings Through Internal Development, Strategic Relationships and Accretive Acquisitions. We anticipate that demand for our services in each of the onshore oil and gas producing basins in the United States will increase over the medium- and long-term. We plan to drive growth both organically and through accretive acquisitions. We believe that our organic growth strategies, which focus on continuing to provide customers with exceptional service and a comprehensive array of technology-based solutions, will enable us to grow our recurring revenue base by leveraging our existing infrastructure and customer network. Our organic growth initiatives target areas that we expect will provide the highest economic return while taking into consideration our strategic goals, such as growing or maintaining our key customer relationships. To complement our organic growth, we intend to continue to actively pursue targeted, accretive acquisitions of similar, highly differentiated high margin services that are complementary to our existing service offerings and technological expertise and that will enhance our portfolio of products and services, market positioning or geographic presence.

Extend Market Leadership Through Operational Excellence. We believe we have established KLX Energy Services as an industry leader in the niche sectors where we provide differentiated service

offerings, through the combination of our highly skilled field engineers and technical teams, and the availability of an extensive asset portfolio that is both well maintained and the focus of constant innovation by our R&D team. Our customers are increasingly sophisticated consumers of the services we seek to provide. Our customers require top level technical competence from experienced, well-trained personnel supported by advanced tools and equipment, which are maintained at the highest level, as well as reliable health and safety practices that can be delivered on a just-in-time basis. We compete against a large number of smaller, regional businesses who may not have the R&D support to develop proprietary tools to meet evolving customer needs and the capital investment capacity to offer the range of up-to-date equipment that we do across multiple geographies, nor the database and operating practices to meet the current HSE requirements. We compete based upon being a best-in-class leading provider of specialized services delivered on a consistent basis for both local customers and larger, multi-region oil and gas companies.

Maintain a Strong Balance Sheet to Preserve Operational and Strategic Flexibility. We expect our balance sheet as of the distribution date to include $50 million of cash and no borrowings or other funded debt obligations. We intend to opportunistically augment this liquidity with additional equity funding as appropriate, to support our resources to grow our business both organically and through discrete acquisitions, which we expect will complement and enhance our existing services. We believe internally generated free cash flow, augmented by access to the capital markets, will be sufficient to fund our operating growth for at least the 12 to 36 months following the distribution date. We have also entered into a $100 million ABL Facility, which we expect to remain undrawn for at least the next 12 months. Availability under the ABL Facility is tied to the aggregate amount of our accounts receivable and inventory that satisfy specified criteria and is expected to be at least $50 million on the distribution date. Depending on market conditions, we may incur other indebtedness in the future to make acquisitions and/or provide for additional cash on the balance sheet, which could be used for future acquisitions.

Industry Overview

The oil and gas industry has historically been both cyclical and seasonal. Activity levels are driven primarily by drilling rig counts, technological advances, well completions and workover activity, the geological characteristics of the producing wells and their effect on the services required to commence and maintain production levels, and our customers' capital and operating budgets. All of these indicators are driven by commodity prices, which are affected by both domestic and global supply and demand factors. In particular, while U.S. natural gas prices are correlated with global oil price movements, they are also affected by local weather, transportation and consumption patterns.

While global supply and demand factors will continue to result in commodity price volatility, we believe the secular outlook for the on-shore North American oil and gas industry remains positive due to the following trends and factors:

Growth in Onshore Unconventional Resources. The development of new recovery technologies is leading to a shift toward the drilling and development of onshore unconventional oil and natural gas resources, which requires more wells to be drilled and active maintenance to sustain production and maximize recoveries. We believe the increased production requirements of these unconventional resources will continue to support increasing service activity as the industry rebalances its allocation of assets to meet future growth.

Numerous Technology Breakthroughs. Technologically driven breakthroughs, including (i) continued drilling activity supported by unconventional resources, (ii) the expanding use of horizontal drilling techniques and (iii) longer lateral lengths and the increasing number of stages per well, have created growing demand for top-level services and products to support these advanced drilling activities, many of which take place in remote areas with harsh environments.

Increasing Complexity of Technology. The increasing complexity of technology used in the oil and natural gas exploration and development process requires additional technicians on location during drilling. In particular, the increasing trend of pursuing horizontal and directional wells as opposed to vertical wells requires additional expertise on location and, typically, longer drilling times.

Large U.S. Oil and Gas Reserves. The United States is committed to a long-term goal of energy independence. Currently identified recoverable reserves of 276 billion barrels of shale oil and 2,355 trillion cubic feet of shale gas are contained within the United States, according to the EIA's Annual Energy Outlook 2017 Assumptions report.

Growing Demand for Natural Gas in the United States. We believe that natural gas will be in increasingly high demand in the United States over time because of its growing popularity as a cleaner burning fuel. The ongoing shift to the use of natural gas from coal-fired power plants and increased access to residential customers from new pipeline projects are expected to support increased demand for natural gas. In addition, the recent commencement of liquefied natural gas shipments from the United States to foreign markets is also expected to increase demand for natural gas production.

Continued Outsourcing of Ancillary Services. Almost all E&P companies outsource the services required by them to drill wells and maintain production. Drilling and completion activities require numerous services and products from time to time on an "as needed" basis. Although some of the services we provide have historically been handled in-house by drilling contractors, in many instances drilling contractors will elect to outsource these services because these services are ancillary to the primary activity of drilling and completing wells and represent only a minor portion of the total well drilling cost. Drilling contractors that outsource these services look for suppliers who have the expertise to provide increasingly more complex, high-quality and reliable services on a 24/7 basis.

Impact of Recent Industry Downturn. During the 2014 to mid-2016 industry downturn, the prices of oil and natural gas declined steeply, resulting in a dramatic reduction in drilling and completion activity by oil and gas producers in all regions of North America. Throughout all of 2015 and most of 2016, the oilfield services industry experienced a deep retrenchment where both capacity of services across the industry was cut and the pricing of services became deeply depressed. During this period, poorly capitalized businesses and many smaller competitors were unable to survive and went out of business. The industry began to see a stabilization in demand in late 2016, and with oil prices rising through the $40 per barrel range into the $60 per barrel range in 2017 and 2018, oil and gas producers renewed their commitment to their capital budgets, which resulted in a higher level of demand, improved pricing and a more stable operating environment for oilfield services businesses.

Seasonality

Our operations are subject to seasonal factors and our overall financial results reflect seasonal variations. Specifically, we typically have experienced a pause by our customers around the holiday season in the fourth quarter, which may be compounded as our customers exhaust their annual capital spending budgets towards year end. Additionally, our operations are directly affected by weather conditions. During the winter months (first and fourth quarters) and periods of heavy snow, ice or rain, particularly in our Rocky Mountains and Northeast segments, our customers may delay operations or we may not be able to operate or move our equipment between locations. Also, during the spring thaw, which normally starts in late March and continues through June, some areas may impose transportation restrictions to prevent damage caused by the spring thaw. Lastly, throughout the year, heavy rains adversely affect activity levels, as well locations and dirt access roads can become impassible in wet conditions. Weather conditions also affect the demand for, and prices of, oil and natural gas and, as a result, demand for our services. Demand for oil and natural gas is typically higher in the fourth and first quarters, resulting in higher prices in these quarters.

Customers and Marketing

Substantially all of our customers are engaged in the energy industry. Most of our sales are to regional or independent oil companies, and these sales have resulted in a diversified and geographically balanced portfolio of more than 700 customers within North America. Revenues from our five largest customers collectively represented approximately 20% of our revenues in Fiscal 2017.

Our sales activities are conducted through a network of sales representatives and business development personnel, which provides us coverage at both the corporate and field level of our customers. Sales representatives work closely with local operations managers to target potential opportunities through strategic focus and planning. Customers are identified as targets based on their drilling and completion activity, geographic location and economic viability. Direction of the sales team is conducted through weekly meetings and daily communication. Our marketing activities are performed internally with input and guidance from a third-party marketing agency. Our strategy is based on building a strong North American brand though multiple media outlets including our website, select social media accounts, print, billboard advertisements, press releases and various industry-specific conferences, publications and lectures. We have a technical sales organization with expertise and focus within their specific service line. We focus on organic growth through selling of services and marketing excellence through brand service quality, technology and metrics of success. We accomplish this through communication across sales and operations departments and regions to share best practices and leverage existing customer relationships.

Customer Service

We are highly differentiated in each of the geographic markets that we serve with our services and associated product offerings. This is achieved by providing targeted, complementary services and related products and being responsive to our customers with both quality, as measured by the industry-standard NPT, and timely responses to any request. The key elements include:

- 24-hours a day, seven days a week operations;
- recognized industry leading technicians in our principal service and product lines;
- responsiveness to our customers' requirements for ready-to-deploy API certified equipment and a "can do" philosophy;
- technical interface with customers via product line management personnel; and
- client intimacy.

Suppliers and Procurement

We purchase a wide variety of materials, components and partially completed and finished products from manufacturers and suppliers for our use. We are not dependent on any single source of supply for those parts, supplies, materials or equipment. To date, we have generally been able to obtain the equipment, parts and supplies necessary to support our operations on a timely basis. While we believe that we will be able to make satisfactory alternative arrangements in the event of any interruption in the supply of these materials and/or products by one of our suppliers, we may not always be able to make alternative arrangements. In addition, certain materials for which we do not currently have long-term supply agreements could experience shortages and significant price increases in the future. As a result, we may be unable to mitigate any future supply shortages and our results of operations, prospects and financial condition could be adversely affected.

Technology and Intellectual Property

Our engineering and technology efforts are focused on providing efficient and cost-effective solutions to maximize production for our customers across major North American onshore basins. We have dedicated resources focused on the internal development of new technology and equipment, as well as resources focused on sourcing and commercializing new technologies through strategic relationships. Our sales and earnings are influenced by our ability to successfully introduce new or improved products and services to the market.

Although in the aggregate our patents and licenses are important to us, we do not regard any single patent, license or strategic relationship as critical or essential to our business as a whole. In general, we depend on our technological capabilities, customer service oriented culture and application of our know-how to distinguish ourselves from our competitors, rather than our right to exclude others through patents or exclusive licenses. We also consider the quality and timely delivery of our products, the service we provide to our customers, and the technical knowledge and skill of our personnel to be more important than our registered intellectual property in our ability to compete.

We believe we have become a "go-to" service provider for piloting certain new technologies across North America because of our service quality, execution at the wellsite and scale. These strategic relationships provide us and our customers with access to unique technology from independent innovators. This also allows us to minimize exposure to potential technology adoption risks and the significant costs associated with developing and implementing R&D internally. Our internal resources are focused on evolving our existing proprietary tools to stay on trend and ensure quicker, lower completion and production costs for our customers.

Risk Management and Insurance

The provision of technical services or use of certain of our tools and equipment in connection therewith could involve operational risk and thereby expose us to liabilities. An accident involving our services or equipment, or the failure of a product, could result in personal injury, loss of life and damage to property, equipment or the environment. Damages from a catastrophic occurrence, such as a fire or explosion, could result in substantial claims for damages. We generally attempt to negotiate the terms of our MSAs consistent with industry practice. In general, we attempt to take responsibility for our own personnel and property, while our customers, such as the E&P companies and well operators, take responsibility for their own personnel, property and all liabilities arising from well and subsurface operations.

In addition, claims for loss of oil and gas production and damage to formations can occur in the oilfield services industry. If a serious accident were to occur at a location where our equipment and services are being used, it could result in us being named as a defendant in lawsuits asserting large claims. Because our business involves the transportation of heavy equipment and materials, we may also experience traffic accidents which may result in spills, property damage and personal injury.

Oilfield services companies, despite efforts to maintain high safety standards, from time to time, have suffered accidents. Our business is subject to the same risks and, as a result, there is a risk that we will experience accidents in the future. In addition to the property and personal losses from these accidents, the frequency and severity of these incidents affect our operating costs and insurability, and our relationship with customers, employees and regulatory agencies. In particular, in recent years many of our large customers have placed an increased emphasis on the safety records of their service providers. Any significant increase in the frequency or severity of these incidents, or the general level of compensatory payments, could adversely affect the cost of, or our ability to obtain, workers' compensation and other forms of insurance, and could have other material adverse effects on our financial condition and results of operations.

We maintain a risk management program that covers operating hazards, including products and completed operations, property damage and personal injury claims as well as certain limited environmental claims. Our risk management program includes primary, umbrella and excess umbrella liability policies of $77 million per occurrence, including sudden and accidental pollution claims. We believe that our insurance is sufficient to cover property and casualty liability claims.

We endeavor to allocate potential liabilities and risks between the parties in our MSAs. We retain the risk for any liability not indemnified by our customers and in excess of our insurance coverage. These MSAs delineate our and our customers' respective warranty and indemnification obligations with respect to the services we provide. We endeavor to negotiate MSAs with our customers that provide, among other things, that we and our customers assume (without regard to fault) liability for damages to our respective personnel and property. For catastrophic losses, we endeavor to negotiate MSAs that include industry-standard carve-outs from the knock-for-knock indemnities. Additionally, our MSAs often provide carve-outs to the "without regard to fault" concept that would permit, for example, us to be held responsible for events of catastrophic loss only if they arise as a result of our gross negligence or willful misconduct. Our MSAs typically provide for industry-standard pollution indemnities, pursuant to which we assume liability for surface pollution associated with our equipment and originating above the surface (without regard to fault), and our customer assumes (without regard to fault) liability arising from all other pollution, including, without limitation, underground pollution and pollution emanating from the wellbore as a result of an explosion, fire or blowout. The summary of MSAs set forth above is a summary of the material terms of the typical MSA that we have in place and does not reflect every MSA that we have entered into or may enter into in the future, some of which may contain indemnity structures and risk allocations between our customers and us that are different than those described here.

Information Technology

We have successfully integrated our acquisitions onto a single financial accounting platform using a Microsoft-based enterprise resource planning ("ERP") system together with an industry leading asset management software "TrakQuip." These IT systems provide us with a scalable integrated platform that facilitates highly efficient operations, consolidated invoicing and optimal equipment utilization on both a site and segment basis. Our operating strategy is based upon balancing high asset and personnel utilization levels with consistently superior customer service. As such, our IT systems are integral to effectively managing our business.

Competition

We provide services and products and compete in a variety of distinct sub-segments with a number of competitors. Our primary competitors are regional companies, which provide a more limited range of services and equipment and often have more limited financial resources to support their operations. With respect to certain of our services, we also compete with major, multinational companies, including Superior Energy Services, Schlumberger, Halliburton, Baker Hughes and Weatherford. Competition is based on a number of factors, including performance, safety, quality, reliability, service, price, response time and, increasingly, breadth of services and products. We maintain both regional and product/services specialist sales teams. Although sales employees tend to be based locally in regions and field locations, we have established a corporate sales team to coordinate sales and marketing efforts with our key accounts. As of January 31, 2018, we had 22 corporate sales representatives and 53 regional sales representatives with an average of 15 years of experience. Additionally, projects are often awarded on a bid basis, which tends to create a highly competitive environment. We seek to differentiate our company from our competitors by delivering the highest-quality services, technology and equipment possible, coupled with superior execution and operating efficiency in a safe working environment. By focusing on cultivating our existing customer relationships and maintaining our high standard of

customer service, technology, safety, performance and quality of crews, equipment and services, we believe we are equipped for continued growth and success in a competitive market.

Government Regulation and Environmental Matters

Our operations are subject to extensive and changing federal, state and local laws and regulations establishing health, safety and environmental quality standards, including those governing discharges of pollutants into the air and water and the management and disposal of hazardous substances and wastes. We may be subject to liabilities or penalties for violations of those regulations. We are also subject to laws and regulations, such as the Federal Superfund Law and similar state statutes, governing remediation of contamination, which could occur or might have occurred at facilities that we own or operate, or which we formerly owned or operated, or to which we send or have sent hazardous substances or wastes for treatment, recycling or disposal. We believe that we are currently compliant, in all material respects, with applicable environmental laws and regulations. However, we could become subject to future liabilities or obligations as a result of new or more stringent interpretations of existing laws and regulations. In addition, we may have liabilities or obligations in the future if we discover any environmental contamination or liability relating to our facilities or operations.

The following is a summary of some of the existing laws, rules and regulations to which we are subject.

Hazardous substances and waste handling

The Resource Conservation and Recovery Act ("RCRA") and comparable state statutes, regulate the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. Under the guidance issued by the EPA, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. We are required to manage the disposal of hazardous and non-hazardous wastes in compliance with RCRA and analogous state laws. RCRA currently exempts many E&P wastes from classification as hazardous waste. Specifically, RCRA excludes from the definition of hazardous waste produced waters and other wastes intrinsically associated with the exploration, development, or production of crude oil and natural gas. However, these oil and gas E&P wastes may still be regulated under state solid waste laws and regulations, and it is possible that certain oil and natural gas E&P wastes now classified as non-hazardous could be classified as hazardous waste in the future. For example, in December 2016, the EPA and environmental groups entered into a consent decree to address EPA's alleged failure to timely assess its RCRA Subtitle D criteria regulations exempting certain E&P related oil and gas wastes from regulation as hazardous wastes under RCRA. The consent decree requires the EPA to propose a rulemaking no later than March 15, 2019 for revision of certain Subtitle D criteria regulations pertaining to oil and gas wastes or to sign a determination that revision of the regulations is not necessary. If the EPA proposes rulemaking for revised oil and gas regulations, the Consent Decree requires that the EPA take final action following notice and comment rulemaking no later than July 15, 2021. Stricter regulation of wastes generated during our or our customers' operations could result in increased costs for our operations or the operations of its customers, which could in turn reduce demand for our services and adversely affect our business.

Comprehensive Environmental Response, Compensation, and Liability Act

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), also known as the Superfund law, imposes joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current and former owner or operator of the site where the release occurred, and anyone who transported or disposed or arranged for the transport or disposal of a hazardous substance released at the site. Persons who are or were responsible

for releases of hazardous substances under CERCLA and any state analogs may be subject to joint and several, strict liability for the costs of cleaning up the hazardous substances that have been released into the environment, and for damages to natural resources and for the costs of certain health studies. We currently own, lease, or operate numerous properties that have been used for manufacturing and other operations for many years. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes, remediate contaminated property, or perform remedial operations to prevent future contamination. In addition, it is not uncommon for neighboring landowners and other third-parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment.

Worker health and safety

We are subject to a number of federal and state laws and regulations, including the federal Occupational Safety and Health Act ("OSHA") establishing requirements to protect the health and safety of workers. The OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act and comparable state statutes requires maintenance of information about hazardous materials used or produced in operations and provision of this information to employees, state and local government authorities and citizens. The Federal Motor Carrier Safety Administration regulates and provides safety oversight of commercial motor vehicles, the EPA establishes requirements to protect human health and the environment, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives establishes requirements for the safe use and storage of explosives, and the federal Nuclear Regulatory Commission establishes requirements for the protection against ionizing radiation. Substantial fines and penalties can be imposed and orders or injunctions limiting or prohibiting certain operations may be issued in connection with any failure to comply with these laws and regulations.

Transportation safety and compliance

Operating a fleet of almost 1,000 vehicles, we are subject to a number of federal and state laws and regulations, including the Federal Motor Carrier Safety Regulations and Hazardous Material Regulations for Interstate travel, and comparable state regulations for Intrastate travel. Substantial fines and penalties can be imposed and orders or injunctions limiting or prohibiting certain operations may be issued in connection with any failure to comply with laws and regulations relating to the safe operation of commercial motor vehicles.

Water discharges

The Federal Water Pollution Control Act (the "Clean Water Act") and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and other substances, into waters of the United States. The discharge of pollutants into regulated waters, including jurisdictional wetlands, is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. In September 2015, a new EPA and U.S. Army Corps of Engineers (the "Corps") rule defining the scope of federal jurisdiction over wetlands and other waters became effective (the "Clean Water Rule"). The Clean Water Rule was previously stayed nationwide to determine whether federal district or appellate courts had jurisdiction to hear cases challenging the rule. The EPA and the Corps issued a proposed rulemaking in June 2017 to repeal the Clean Water Rule, and announced their intent to issue a new rule defining the Clean Water Act's jurisdiction. Recently, in January 2018, the U.S. Supreme Court issued a decision finding that jurisdiction resides with the federal district courts to hear challenges to the Clean Water Rule; following which, the previously-filed district court cases have been allowed to proceed. Following the Supreme Court's decision, the EPA and the Corps issued a final rule in January 2018 staying implementation of

the 2015 rule for two years while the agencies reconsider the rule. Multiple states and environmental groups have challenged the stay. As a result, future implementation of the rule is uncertain at this time. To the extent the rule expands the range of properties subject to the Clean Water Act's jurisdiction, certain energy companies could face increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas, which in turn could reduce demand for our services. The process for obtaining permits has the potential to delay our operations and those of our customers. Spill prevention, control and countermeasure requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of navigable waters by a petroleum hydrocarbon tank spill, rupture or leak. In addition, the Clean Water Act and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. Federal and state regulatory agencies can impose administrative, civil and criminal penalties as well as other enforcement mechanisms for non-compliance with discharge permits or other requirements of the Clean Water Act and analogous state laws and regulations. The Clean Water Act and analogous state laws provide for administrative, civil and criminal penalties for unauthorized discharges and, together with the Oil Pollution Act of 1990, impose rigorous requirements for spill prevention and response planning, as well as substantial potential liability for the costs of removal, remediation, and damages in connection with any unauthorized discharges.

Air emissions

The federal Clean Air Act ("CAA"), and comparable state laws, regulate emissions of various air pollutants through air emissions permitting programs and the imposition of other requirements. In addition, the EPA has developed, and continues to develop, stringent regulations governing emissions of toxic air pollutants at specified sources. These regulations change frequently. These laws and regulations may require us to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce or significantly increase air emissions, obtain and strictly comply with stringent air permit requirements or utilize specific equipment or technologies to control emissions of certain pollutants. For example, in May 2016, the EPA finalized rules regarding criteria for aggregating multiple small surface sites into a single source for air-quality permitting purposes applicable to the oil and gas industry. This rule could cause small facilities, on an aggregate basis, to be deemed a major source, thereby triggering more stringent air permitting requirements. In addition, in October 2015, the EPA lowered the National Ambient Air Quality Standard ("NAAQS") for ozone from 75 to 70 parts per billion. In November 2017, the EPA published a list of areas that are in compliance with the new ozone standard and, separately in December 2017, issued responses to state recommendations for designating non-attainment areas. States have the opportunity to submit new air quality monitoring to the EPA prior to the EPA finalizing any non-attainment designations. The EPA intends to issue final attainment status designations during the first half of 2018. State implementation of the revised NAAQS could result in stricter permitting requirements, which in turn could delay or impair our or our customers' ability to obtain air emission permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant. Federal and state regulatory agencies can impose administrative, civil and criminal penalties, as well as injunctive relief, for non-compliance with air permits or other requirements of the CAA and associated state laws and regulations.

Climate change

The EPA has determined that emissions of greenhouse gases, including carbon dioxide and methane, present a danger to public health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the Earth's atmosphere and other climatic changes. The EPA has established greenhouse gas emission reporting requirements for sources in the oil and gas sector, and has also promulgated rules requiring certain large stationary sources of greenhouse gases to obtain preconstruction permits under the CAA and follow "best available control technology"

requirements. Although we are not likely to become subject to greenhouse gas emissions permitting and best available control technology requirements because none of our facilities are presently major sources of greenhouse gas emissions, such requirements could become applicable to our customers and could have an adverse effect on their costs of operations or financial performance, thereby adversely affecting our business, financial condition and results of operations.

Also, the U.S. Congress has from time to time considered adopting legislation to reduce emissions of greenhouse gases and many states already have established regional greenhouse gas "cap-and-trade" programs. The adoption of any legislation or regulation that restricts emissions of greenhouse gases from the equipment and operations of our customers or with respect to the oil and natural gas they produce could adversely affect demand for our products and services. Finally, some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that could have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events; if such effects were to occur, they could have an adverse impact on our operations.

Hydraulic fracturing

Our businesses are dependent on hydraulic fracturing and horizontal drilling activities. Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations, including shales. The process, which involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, federal agencies have asserted regulatory authority over certain aspects of the process. For example, the EPA has asserted federal regulatory authority pursuant to the federal Safe Drinking Water Act over certain hydraulic fracturing activities involving the use of diesel fuels and published permitting guidance in February 2014 addressing the performance of such activities using diesel fuels. In 2016, the EPA issued final regulations under the CAA establishing performance standards, including standards for the capture of methane emissions released during hydraulic fracturing. However, over the past year the EPA has taken several steps to delay implementation of its methane standards, and the agency proposed a rulemaking in June 2017 to stay the requirements for a period of two years and revisit implementation of the 2016 methane standards in their entirety. The EPA has not yet published a final rule but, as a result of these developments, future implementation of the 2016 standards is uncertain at this time. Various industry and environmental groups have separately challenged both the original standards and the EPA's attempts to delay implementation of the rule. The BLM previously finalized similar limitations on methane emissions from venting and flaring and leaking equipment from oil and natural gas activities on public lands, but proposed to repeal those standards in February 2018. Several states have announced their intent to file judicial challenges against any attempt to repeal the BLM methane rules. As a result, future implementation of both the EPA and BLM methane rules is uncertain at this time. However, given the long-term trend towards increasing regulation, future federal regulation of methane and other greenhouse gas emissions from the oil and gas industry remain a possibility.

The EPA has also issued effluent limitation guidelines that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly-owned wastewater treatment plants. In addition, the BLM had previously issued final rules in March 2015 imposing stringent standards for performing hydraulic fracturing on federal and Native American lands; however, the agency finalized a separate rulemaking in December 2017 repealing its hydraulic fracturing rules. Several states and environmental groups have challenged the repeal in federal court. It is unclear how any additional federal regulation of hydraulic fracturing activities may affect our operations, but additional regulatory burdens on our customers could ultimately result in decreased demand for our services.

Various studies analyzing the potential environmental impacts of hydraulic fracturing have also been performed. For example, in December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources. The final report concluded that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources "under some circumstances," noting that the following hydraulic fracturing water cycle activities and local- or regional-scale factors are more likely than others to result in more frequent or more severe impacts: water withdrawals for fracturing in times or areas of low water availability; surface spills during the management of fracturing fluids, chemicals or produced water; injection of fracturing fluids into wells with inadequate mechanical integrity; injection of fracturing fluids directly into groundwater resources; discharge of inadequately treated fracturing wastewater to surface waters; and disposal or storage of fracturing wastewater in unlined pits. As described elsewhere in this Annual Report, these risks are regulated under various state, federal, and local laws.

Some states, counties and municipalities have enacted or are considering moratoria on hydraulic fracturing. For example, New York and Vermont have banned or are in the process of banning the use of high volume hydraulic fracturing. Alternatively, some municipalities are or have considered zoning and other ordinances, the conditions of which could impose a de facto ban on drilling and/or hydraulic fracturing operations. Further, some states, counties and municipalities are closely examining water use issues, such as permit and disposal options for processed water, which could have a material adverse impact on our financial condition, prospects and results of operations if such additional permitting requirements are imposed upon our industry. If new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could reduce our business by making it more difficult or costly for their customers to perform fracturing to stimulate production from tight formations. In addition, if hydraulic fracturing becomes regulated at the federal level as a result of federal legislation or regulatory initiatives by the EPA, the business and operations of our customers could be subject to additional permitting requirements, and also to attendant permitting delays, increased operating and compliance costs and process prohibitions, which could have an adverse effect on our business, financial condition and results of operations.

Employees

As of January 31, 2018, we had approximately 1,000 employees. This represents a reduction of approximately 600 employees, or approximately 38% of our workforce, from peak levels in 2014 in order to align our capacity and associated labor costs with current business conditions. Approximately 82% of our employees are engaged in operations, quality and purchasing, 7% in sales, marketing and product support and 11% in finance, human resources, IT and general administration. Our employees are not unionized, and we consider our employee relations to be good.

Properties

As of January 31, 2018, we had 33 principal operating facilities, which comprise an aggregate of approximately 0.7 million square feet of space. The following table describes the principal facilities and indicates the location, approximate size and ownership type of each location:

City	Sq. Feet	Ownership
Evans City, PA	70,600	Own
Fort Smith, AR	60,000	Lease
Cotulla, TX	37,900	Own
Bridgeport, WV	32,500	Lease
LaSalle, CO	30,200	Lease
Bridgeport, WV	25,600	Lease
Williston, ND	24,900	Own
Midvale, OH	23,400	Lease
Eunice, NM	23,100	Lease
Houston, TX	20,500	Lease
Gillette, WY	19,500	Own
Bossier City, LA	18,000	Lease
Simpson District, WV	18,000	Lease
Kenedy, TX	17,800	Lease
Gillette, WY	17,500	Lease
San Angelo, TX	16,800	Lease
Oklahoma City, OK	16,600	Lease
Vernal, UT	16,000	Lease
Johnstown, CO	14,800	Own
Rock Springs, WY	14,300	Lease
Tioga, PA	14,000	Lease
Casper, WY	13,600	Lease
Bossier City, LA	13,300	Lease
Sterling, CO	13,000	Lease
Weatherford, TX	12,600	Own
Platteville, CO	12,500	Own
Midland, TX	12,400	Lease
Houston, TX	12,300	Lease
Williston, ND	12,300	Own
Dickinson, ND	11,600	Lease
Midland, TX	10,900	Lease
Midland, TX	10,100	Lease
Bridgeport, WV	10,000	Lease

We believe that our facilities are suitable for their present intended purposes and are adequate for our present and anticipated level of operations.

Legal Proceedings

We are a defendant in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on our business, results of operations or financial condition.

Following KLX's announcement of the merger, on July 2, 2018, KLX received a demand letter from counsel for a purported KLX stockholder pursuant to Section 220 of the DGCL seeking inspection of KLX's books and records. After negotiation with counsel for this purported stockholder,

and pursuant to an agreement governing the confidentiality of any produced documents, KLX agreed to produce certain books and records in connection with the proposed merger between KLX and Boeing.

On July 6, 2018, a putative class action was filed by a purported KLX stockholder in the United States District Court for the District of Delaware, captioned The Vladimir Gusinsky Rev. Trust v. KLX Inc., et. al., Case No. 1:18-cv-01000, which we refer to as the Complaint. Plaintiff purports to bring the litigation as a class action on behalf of the public stockholders of KLX. The Complaint names as defendants the members of the board of directors of KLX and KLX. The Complaint alleges that KLX and the board of directors of KLX failed to disclose material information in KLX's First Amended Preliminary Proxy Statement on Form 14A filed on June 28, 2018. The Complaint seeks, among other things, equitable relief, including to enjoin the closing of the merger, to direct disclosure of all material information in KLX's proxy statement and to award plaintiff's costs, including attorney's and expert's fees.

On August 15, 2018, the parties to the Complaint entered into a confidential Memorandum of Understanding (the "Memorandum of Understanding") providing for the dismissal of the Complaint with prejudice as to the plaintiff in the Complaint and without prejudice as to the putative class. While KLX believes that the Complaint lacks merit and that the disclosures in the definitive proxy statement comply fully with applicable law, in order to avoid the expense and distraction of litigation, KLX agreed, pursuant to the terms of the confidential Memorandum of Understanding, to supplement the proxy statement with certain supplemental disclosures. The confidential Memorandum of Understanding also outlines the terms of the plaintiff in the Complaint's agreement in principle to dismiss the Complaint and release all claims which it has, has ever had, or could have asserted related to the merger and disclosures related to the merger.

MANAGEMENT

Our Executive Officers

We expect that Amin Khoury, the current Chairman and Chief Executive Officer of KLX, will serve as our Chairman and Chief Executive Officer following the spin-off, and Thomas McCaffrey, the current President and Chief Operating Officer of KLX, will serve as our Senior Vice President and Chief Financial Officer following the spin-off. We expect that Mr. Khoury will continue to serve in the role of Chairman and Chief Executive Officer of KLX and Mr. McCaffrey will continue to serve in the role of President and Chief Operating Officer of KLX following the spin-off and until the merger closes.

We expect that Amin J. Khoury will serve as Chief Executive Officer and Chairman of the Board of KLX Energy Services following the spin-off. Mr. Khoury has served as Chief Executive Officer and Chairman of the Board of Directors of KLX Inc. since its formation in December 2014. Mr. Khoury will continue in such roles following the spin-off until the closing of the merger with Boeing. Mr. Khoury co-founded B/E Aerospace in July 1987 and served as its Chairman of the Board until its sale to Rockwell Collins in April 2017. Mr. Khoury served as Chief Executive Officer of B/E Aerospace from December 31, 2005 through December 31, 2013. Mr. Khoury also served as the Co-Chief Executive Officer of B/E Aerospace from January 1, 2014 to December 16, 2014. Mr. Khoury was a Trustee of the Scripps Research Institute from May 2008 until July 2014 and was a director of Synthes Incorporated until its acquisition by Johnson & Johnson in 2012. Mr. Khoury holds an Executive Masters Professional Director Certification, the highest level, from the American College of Corporate Directors.

We expect that Thomas P. McCaffrey will serve as Senior Vice President and Chief Financial Officer of KLX Energy Services following the spin-off. Mr. McCaffrey has served as President and Chief Operating Officer of KLX Inc. since December 2014. Mr. McCaffrey will continue in such roles following the spin-off until the closing of the merger with Boeing. Previously, Mr. McCaffrey served as Senior Vice President and Chief Financial Officer of B/E Aerospace from May 1993 until December 16, 2014. Prior to joining B/E Aerospace, Mr. McCaffrey practiced as a CPA for 17 years with a large international accounting firm and a regional accounting firm based in California. Since 2016, Mr. McCaffrey has served as a member of the Board of Trustees of Palm Beach Atlantic University, Chairman of its Development Committee and a member of its Audit Committee.

We expect that Gary J. Roberts will serve as Vice President and General Manager of KLX Energy Services following the spin-off. Mr. Roberts has served as Vice President and General Manager of the Energy Services Group segment of KLX Inc. since the spin-off in December 2014. Previously, Mr. Roberts served as Vice President and General Manager, Energy Services Group (B/E Aerospace) since April 2014. Previously, Mr. Roberts was the Chief Executive Officer of Vision Oil Tools, LLC, a private energy services company, from 2010 until its acquisition by B/E Aerospace in April 2014. Before that, Mr. Roberts was General Manager for Complete Production Services, Inc. and worked for Weatherford International from 1991 to 2008, holding management positions with increasing levels of responsibility in Singapore, China, Indonesia and Qatar. Mr. Roberts brings to KLX Energy Services over 30 years of oilfield experience.

Our Board of Directors

Following the spin-off, we expect that our Board will consist of the directors set forth below. The table contains each person's biography as well as the qualifications and experience each person would bring to our Board. As of the distribution date, our Board will consist of eight members, seven of

whom will meet applicable regulatory and exchange listing independence requirements. After the spin-off but before the merger closes, all of our directors will also be directors of KLX.

Name and Title	Age	Business Experience and Director Qualifications
Amin J. Khoury Chairman	79	Amin J. Khoury, our Chief Executive Officer, has been Chairman and Chief Executive Officer of KLX since its spin-off from B/E Aerospace in December 2014. Mr. Khoury co-founded B/E Aerospace in July 1987 and served as its Chairman of the Board. Mr. Khoury served as Chief Executive Officer of B/E Aerospace from December 31, 2005 through December 31, 2013. Mr. Khoury also served as the Co-Chief Executive Officer of B/E Aerospace from January 1, 2014 to December 16, 2014. Mr. Khoury was a Trustee of the Scripps Research Institute from May 2008 until July 2014. Mr. Khoury holds an Executive Masters Professional Director Certification, the highest level, from the American College of Corporate Directors. During his time at B/E Aerospace, Mr. Khoury was primarily responsible for the development and execution of B/E Aerospace's business strategies that resulted in its growth from a single product line business with $3.0 million in annual sales, to the leading global manufacturer of commercial aircraft and business jet cabin interior products and the world's leading distributor of aerospace consumable products, with annual revenues in 2013 of $3.5 billion. Mr. Khoury also led the founding and growth of the KLX Aerospace Solutions Group from a single acquisition in 2001 through nine additional acquisitions, transforming it into a leading independent company in its industry. During his time at B/E Aerospace and KLX, Mr. Khoury oversaw the expansion into the oilfield services industry and formation of our company through the combination and integration of seven private oilfield service companies. Mr. Khoury led the strategic planning and acquisition strategies of B/E Aerospace and KLX as well as their operational integration and execution strategies. He is a highly effective leader in organizational design and development matters and has been instrumental in identifying and attracting both our managerial talent and Board members. He has an intimate knowledge of the company, its industry and its competitors which he has gained over the last 31 years at B/E Aerospace and KLX. All of the above experience and leadership roles uniquely qualify him to serve as our company's Chairman of the Board.

Name and Title	Age	Business Experience and Director Qualifications
John T. Collins Director	71	John T. Collins has served on the Board of Directors of KLX since December 2014. From 1986 to 1992, Mr. Collins served as the President and Chief Executive Officer of Quebecor Printing (USA) Inc., which was formed in 1986 by a merger with Semline Inc., where he had served in various positions since 1968, including since 1973 as President. During his term, Mr. Collins guided Quebecor Printing (USA) Inc. through several large acquisitions and situated the company to become one of the leaders in the industry. From 1992 to 2017, Mr. Collins was the Chairman and Chief Executive Officer of The Collins Group, Inc., a manager of a private securities portfolio and minority interest holder in several privately held companies. Mr. Collins currently serves on the Board of Directors of Federated Funds, Inc. and has served on the Board of Directors for several public companies, including Bank of America Corp. and FleetBoston Financial. In addition, Mr. Collins has served as Chairman of the Board of Trustees of his alma mater, Bentley University. We expect our Board to benefit from Mr. Collins' many years of experience in the management, acquisition and development of several companies.
Peter V. Del Presto Director	67	Peter V. Del Presto has served on the Board of Directors of KLX since December 2014. Mr. Del Presto is an adjunct professor of finance at the University of Pittsburgh, where he teaches courses covering capital markets, advanced valuation methods and private equity. From 1985 until his retirement in 2010, Mr. Del Presto was a partner with PNC Equity Partners, a private equity firm and an affiliate of PNC Bank targeting middle-market companies for acquisition and investment. During his 25 years at PNC Equity Partners, Mr. Del Presto led the firm's investment in 35 companies and participated as a member of the firm's Investment Committee in over 200 investments. Mr. Del Presto was PNC Equity Partner's representative on the boards of 24 companies where he was responsible for the development of value creation strategies in each. Mr. Del Presto is a director of Spencer Turbine Company and Markel Corporation, a member of the Board of Advisors of Sabert Corporation and the principal shareholder of two smaller companies. Mr. Del Presto is also a licensed private pilot. We expect that our Board will benefit from Mr. Del Presto's background in engineering and business administration, his expertise in the field of finance, and 25 years of experience in the acquisition, investment and development of numerous companies.

Name and Title	Age	Business Experience and Director Qualifications
Richard G. Hamermesh Director	70	Richard G. Hamermesh has served on the Board of Directors of KLX since December 2014. Dr. Hamermesh is a Senior Fellow at the Harvard Business School, where he was formerly the MBA Class of 1961 Professor of Management Practice from 2002 to 2015. From 1987 to 2001, he was a co-founder and a Managing Partner of The Center for Executive Development, an executive education and development consulting firm. From 1976 to 1987, Dr. Hamermesh was a member of the faculty of Harvard Business School. He is also an active investor and entrepreneur, having participated as a principal, director and investor in the founding and early stages of more than 15 organizations. Dr. Hamermesh is a member of the Board of Directors of SmartCloud, Inc. and was a director of B/E Aerospace, Inc. until its sale to Rockwell Collins in April 2017. Dr. Hamermesh joined the Rockwell Collins Board of Directors in April 2017. We expect our Board to benefit from Dr. Hamermesh's education and business experience as co-founder of a leading executive education and consulting firm, as president, founder, director and co-investor in over 15 early stage businesses, and his 28 years as a Professor of Management Practice at Harvard Business School, where he has led MBA candidates through thousands of business case studies, as well as his intimate knowledge of our business and industry (including nearly 30 years as a member of the B/E Aerospace board).
Benjamin A. Hardesty Director	68	Benjamin A. Hardesty has served on the Board of Directors of KLX since December 2014. Mr. Hardesty has been the owner of Alta Energy LLC, a consulting business focused on oil and natural gas in the Appalachian Basin and onshore United States since 2010. In May 2010, Mr. Hardesty retired as president of Dominion E&P, Inc., a subsidiary of Dominion Resources Inc. engaged in the exploration and production of oil and natural gas in North America, a position he had held since September 2007. After joining Dominion Resources in 1995, Mr. Hardesty had previously also served in other executive positions, including President of Dominion Appalachian Development, Inc. and General Manager and Vice President Northeast Gas Basin. Mr. Hardesty has served on the Board of Directors of Antero Resources Corporation since its initial public offering in October 2013. He previously was a member of the Board of Directors of Blue Dot Energy Services, LLC from 2011 until its sale to B/E Aerospace in 2013. From 1982 to 1995, Mr. Hardesty served as an officer and director of Stonewall Gas Company, and from 1978 to 1982 as vice president of operations of Development Drilling Corporation. Mr. Hardesty is director emeritus and past president of the West Virginia Oil & Natural Gas Association and past president of the Independent Oil & Gas Association of West Virginia. Mr. Hardesty serves on the Visiting Committee of the Petroleum Natural Gas Engineering Department of the College of Engineering and Mineral Resources at West Virginia University. We believe his significant experience in the oil and natural gas industry, including in our areas of operation, make Mr. Hardesty well suited to serve as a member of our Board.

Name and Title	Age	Business Experience and Director Qualifications
Stephen M. Ward, Jr. Director	63	Stephen M. Ward, Jr. has served on the Board of Directors of KLX since December 2014. Mr. Ward has been a director of Carpenter Technology Corporation since 2001, where he is Chair of the Corporate Governance Committee and a member of the Human Resources and Science and Technology Committees. Mr. Ward previously served as President and Chief Executive Officer of Lenovo Corporation, which was formed by the acquisition of IBM Corporation's personal computer business by Lenovo of China. Mr. Ward had spent 26 years at IBM Corporation holding various management positions, including Chief Information Officer and Senior Vice President and General Manager, Personal Systems Group. Mr. Ward is a co-founder and Board member of C3-IoT, a company that develops and sells internet of things software for analytics and control. Mr. Ward was previously a Board member and founder of E2open, a maker of enterprise software, and a Board member of E-Ink, a maker of high-tech screens for e-readers and computers, and the Chairman of the Board of QDVision, the developer and a manufacturer of quantum dot technology for the computer, TV and display industries until its sale. The Board believes Mr. Ward's broad executive experience and focus on innovation enables him to share with our Board valuable perspectives on a variety of issues relating to management, strategic planning, tactical capital investments and international growth, making him well suited to serve as a member of our Board.
Theodore L. Weise Director	74	Theodore L. Weise has served on the Board of Directors of KLX since December 2014. Mr. Weise is currently a business consultant and serves on the Board of Directors of Hawthorne Global Aviation Services. Mr. Weise joined Federal Express Corporation in 1972 during its formative years and retired in 2000 as its President and Chief Executive Officer. He held many officer positions, including Executive Vice President of World Wide Operations, and led the following divisions as its Senior Vice President: Air Operations, Domestic Ground Operations, Central Support Services, Business Service Center, and Operations Planning. Prior to joining Federal Express Corporation, Mr. Weise flew on the US Air Force F-111 as a Flight Test Engineer for General Dynamics Corp. He has previously served on the boards of Federal Express Corporation, Computer Management Sciences, Inc., ResortQuest International, Inc. and Pogo Jet, Inc. Mr. Weise is a member of the Missouri University of Science and Technology Board of Trustees, of which he was a past President. Mr. Weise is a jet rated Airline Transport Pilot with over 5,700 flight hours. He holds an Executive Masters Professional Director Certification from the American College of Corporate Directors. We expect that our Board will benefit from Mr. Weise's extensive leadership experience.

Name and Title	Age	Business Experience and Director Qualifications
John T. Whates, Esq. Director	70	John T. Whates has served on the Board of Directors of KLX since December 2014. Mr. Whates has been an independent tax advisor and involved in venture capital and private investing since 2005. He is a member of the Board of Dynamic Healthcare Systems, Inc. and was the Chairman of the Compensation Committee of B/E Aerospace until its sale to Rockwell Collins in April 2017. Mr. Whates joined the Rockwell Collins Board of Directors in April 2017. From 1994 to 2011, Mr. Whates was a tax and financial advisor to B/E Aerospace, providing business and tax advice on essentially all of its significant strategic acquisitions. Previously, Mr. Whates was a tax partner in several of the largest public accounting firms, most recently leading the High Technology Group Tax Practice of Deloitte LLP in Orange County, California. He has extensive experience working with aerospace and other public companies in the fields of tax, equity financing and mergers and acquisitions. Mr. Whates is an attorney licensed to practice in California and was an Adjunct Professor of Taxation at Golden Gate University. Mr. Whates will bring to our Board his extensive experience, multi-dimensional educational background, and thorough knowledge of our business and industry.

Structure of the Board of Directors

Upon completion of the spin-off, our Board will be divided into three classes of directors. Following the initial appointments, directors of each class will be elected for three-year terms, and each year our stockholders will elect one class of our directors. The initial directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the effectiveness of our amended and restated certificate of incorporation, the initial directors designated as Class II directors will have terms expiring at the second annual meeting of stockholders following the effectiveness of our amended and restated certificate of incorporation, and the initial directors designated as Class III directors will have terms expiring at the third annual meeting of stockholders following the effectiveness of our amended and restated certificate of incorporation.

Governance Principles

Our Board expects to adopt governance principles that meet or exceed the rules of Nasdaq. The full text of the governance principles will be posted on our website at www.klxenergy.com and will be available in print to any stockholder that requests it.

Director Qualification Standards

Our corporate governance guidelines will provide that the Nominating and Corporate Governance Committee is responsible for reviewing with our Board the appropriate skills and characteristics required of Board members in the context of the makeup of the Board and developing criteria for identifying and evaluating Board candidates.

Our bylaws will establish the limit on the number of other public company board memberships (not including KLX) for our directors at two. Additional board memberships in excess of this limit will require a determination in advance by our Board that such simultaneous service will not impair such director's ability to serve effectively on our Board. Our bylaws will also require Board candidates to disclose any outside compensation for serving as a director of KLX, as well as any outside compensation for serving as a director of any other public company.

Committees of Our Board

Following the spin-off, the standing committees of our Board will include an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each as further described below. Following our listing on Nasdaq and in accordance with the transition provisions of the rules of Nasdaq applicable to companies listing their securities in conjunction with a spin-off transaction, each of these committees will, by the date required by the rules of Nasdaq, be composed exclusively of directors who are independent. Other committees may also be established by our Board from time to time.

Audit Committee. We expect our Board will select the directors who will serve as members of the Audit Committee, all of whom will be independent and at least one of whom will be a financial expert within the meaning of SEC and Nasdaq rules. The Audit Committee's responsibilities will include, among other things:

- Appointing, retaining, overseeing and determining the compensation and services of our independent auditors.
- Overseeing the quality and integrity of our financial statements and related disclosures.
- Overseeing our compliance with legal and regulatory requirements.
- Assessing our independent auditors' qualifications, independence and performance.
- Monitoring the performance of our internal audit and control functions.

The responsibilities of our Audit Committee, which we anticipate will be substantially similar to the responsibilities of KLX's Audit Committee, will be more fully described in our Audit Committee charter. We will post the Audit Committee charter on our website at www.klxenergy.com, and we will provide it in print to any stockholder that requests it. By the date required by the transition provisions of the rules of Nasdaq, all members of the Audit Committee will be independent and financially literate. Further, at least one of the members of the Audit Committee will possess accounting or related financial management expertise within the meaning of the rules of Nasdaq and qualify as an "audit committee financial expert" as defined under the applicable SEC rules.

Compensation Committee. We expect our Board will select the directors who will serve as members of the Compensation Committee, all of whom will be independent. The Compensation Committee's responsibilities will include, among other things:

- Providing recommendations to the Board regarding compensation matters.
- Overseeing our incentive and compensation plans.

The responsibilities of the Compensation Committee, which we anticipate will be substantially similar to the responsibilities of KLX's Compensation Committee, will be more fully described in our Compensation Committee charter. We will post the Compensation Committee charter on our website at www.klxenergy.com, and we will provide it in print to any stockholder that requests it. Each member of the Compensation Committee will be a non-employee director and, given the relative size of our Board, there will be no prohibition against Compensation Committee interlocks involving any of the projected members of the Compensation Committee.

Nominating and Corporate Governance Committee. We expect our Board will select the directors who will serve as members of the Nominating and Corporate Governance Committee, all of whom will be independent. The Nominating and Corporate Governance Committee's responsibilities will include, among other things:

- Actively identifying individuals qualified to become Board members.

- Recommending to the Board the director nominees for election at the next Annual Meeting of Stockholders.
- Making recommendations with respect to corporate governance matters.

We expect that, under our Nominating and Corporate Governance Committee charter, directors will have to inform the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. In addition, we expect that the Nominating and Corporate Governance Committee charter will provide that no director may sit on the Board, or beneficially own more than 1% of the outstanding equity securities, of any of our competitors in our principal lines of business. We also discourage our directors from serving on the board of directors of more than three public companies.

The responsibilities of the Nominating and Corporate Governance Committee, which we anticipate will be substantially similar to the responsibilities of KLX's Nominating and Corporate Governance Committee, will be more fully described in our Nominating and Corporate Governance Committee charter. We will post the Nominating and Corporate Governance Committee charter on our website at www.klxenergy.com, and we will provide it in print to any stockholder that requests it.

Director Independence

We expect that a majority of our Board will meet the criteria for independence as defined by the rules of Nasdaq. We expect that our Board will determine the independence of directors annually based on a review by the directors and the Nominating and Corporate Governance Committee. In determining whether a director is independent, we expect that the Board will determine whether each director meets the objective standards for independence set forth in the rules of Nasdaq.

Meetings of Independent Directors

We expect that we will require that the independent directors meet without management present at each meeting. The Chair of the Nominating and Corporate Governance Committee will preside at the meetings of the independent directors.

Risk Oversight

Our Board will take an active role in overseeing the risk management of KLX Energy Services with a focus on the most significant risks facing KLX Energy Services. The Board's oversight of risk management will be designed to support the achievement of our strategic objectives and increase stockholder value. A fundamental part of risk management for KLX Energy Services will be not only understanding the risks that are faced by KLX Energy Services and the steps necessary to manage those risks but also understanding what level of risk is appropriate for KLX Energy Services. We expect that our Chief Executive Officer, Senior Vice President and Chief Financial Officer and other members of senior management will regularly evaluate and report to the Board on significant risks facing KLX Energy Services. In addition, we expect that each Committee of the Board will also be responsible for assessing the risk exposure related to its specific area. We expect that the Committees will discuss matters of interest with our senior management, including matters related to our corporate governance and our code of conduct, and report to the full Board, as appropriate, including when a matter rises to the level of a material or enterprise level risk.

Codes of Business Conduct

We expect that our Board will adopt a code of business conduct similar to KLX's Code of Business Conduct that will apply to all our directors, officers and employees, including our principal executive officer, principal financial officer, controller, treasurer and all other employees performing a similar function. We will maintain a copy of our code of business conduct, including any amendments thereto and any waivers applicable to any of our directors and officers, on our website at www.klxenergy.com.

EXECUTIVE COMPENSATION

Historical Compensation of Executive Officers Prior to the Spin-Off

The following tables contain compensation information for our Chief Executive Officer and certain other executive officers who, based on compensation with KLX prior to the spin-off, were the most highly compensated executive officers for Fiscal 2017 (the "NEOs"). For information on the current and past positions held by each named executive, see "Management—Our Executive Officers." All references in the following tables to restricted stock, RSUs and other equity awards relate to awards granted by KLX in regard to KLX common stock. For information on the treatment of equity awards in the spin-off, see "The Spin-Off—Treatment of Equity Awards."

The amounts and forms of compensation reported below do not necessarily reflect the compensation these persons will receive following the spin-off because historical compensation was determined by KLX management and future compensation levels will be determined based on the compensation policies, programs and procedures to be established by our compensation committee.

Summary Compensation Table

Name and Principal Position	Year	Salary	Stock Awards(1)	Non-Equity Incentive Plan Compensation(2)	All Other Compensation	Total
Amin J. Khoury *Chairman and Chief Executive Officer*	2017	$ 1,075,129	$ 3,575,534	$ 2,238,834	$ 392,884(3)	$ 7,282,381
Thomas P. McCaffrey *Senior Vice President and Chief Financial Officer*	2017	$ 687,007	$ 2,284,811	$ 1,235,531	$ 719,523(4)	$ 4,926,872
Gary J. Roberts *Vice President and General Manager*	2017	$ 323,138	$ 496,859	$ 428,904	$ 85,808(5)	$ 1,334,709

(1) The amounts reported in the "Stock Award" column represent the aggregate full grant date fair value of the restricted stock awards calculated in accordance with FASB ASC 718 (without any reduction for risk of forfeiture). For more information about KLX's adoption of FASB ASC 718 and how KLX values stock-based awards (including assumptions made in such valuation), refer to Note 11 to KLX's audited financial statements for the fiscal year ended January 31, 2018 included in KLX's Annual Report on Form 10-K filed with the SEC on March 19, 2018. For the performance-based restricted stock awards, the grant date value is based upon the probable outcome of the performance metrics of KLX. If the highest level of payout were achieved, the value of the December 2017 awards as of the grant date for performance based restricted stock are capped at 200% of the performance award target. Whether, and to what extent, an NEO realizes value with respect to restricted stock awards will depend on KLX's actual operating performance stock price fluctuations and the NEO's continued employment.

(2) All annual cash bonuses paid to our NEOs are reflected in the "Non-Equity Incentive Plan Compensation" column of this table. The amounts shown represent the annual cash incentive payments received from KLX by our NEOs. These cash awards were earned in 2017 and were paid on December 29, 2017.

(3) With respect to Mr. Khoury, the amount reported as "All Other Compensation" includes $324,468 for certain contributions to the non-qualified deferred compensation plan and additional amounts in 2017 for estate planning.

(4) With respect to Mr. McCaffrey, the amounts reported as "All Other Compensation" include $691,118 for certain contributions to the non-qualified deferred compensation plan, $11,882 for 401(k) Plan contributions and additional amounts relating to automobile allowance and estate planning.

(5) With respect to Mr. Roberts, the amounts reported as "All Other Compensation" include $57,008 for certain contributions to the non-qualified deferred compensation plan, $10,800 for 401(k) Plan contributions and additional amounts relating to automobile allowance.

Historical Compensation Description

KLX is a party to amended and restated employment agreements with each of Messrs. Khoury and McCaffrey. Pursuant to the employment agreements, as of the effective time of the merger, each of Messrs. Khoury's and McCaffrey's employment with KLX will terminate, and each will receive (i) any accrued and unpaid salary and benefits (including automobile allowance and vacation for Mr. McCaffrey) through the date of termination, (ii) any earned but unpaid bonuses for any fiscal periods ending prior to the date of termination and (iii) a lump-sum amount equal to the sum of (A) a prorated portion of the executive's then current base salary (175%, in the case of Mr. Khoury, and 150%, in the case of Mr. McCaffrey), with the prorated amount to be determined in respect of the period of active service for the fiscal year during which the termination date occurs, (B) the executive's base salary for the remainder of the employment term, (C) the retirement contributions that would have been made during the remainder of the employment term (which, for Mr. Khoury, will be at the rate in effect on January 31, 2017) and (D) two times the executive's target bonus. In addition to the foregoing payments and benefits, Messrs. Khoury and McCaffrey will be entitled to a pro rata portion of their annual bonuses for the fiscal year in which the effective date of the merger occurs in respect of the period of their active service for such fiscal year. In addition, any equity awards granted to the executives that would not have vested on or prior to the spin-off will receive the treatment of KLX equity-based awards as described above in the section captioned "The Spin-Off—Treatment of Equity Awards." All of the foregoing described obligations have been or will be satisfied by KLX and will not be obligations of KLX Energy Services going forward.

Mr. Roberts is party to an employment agreement, effective as of February 25, 2015, assigned by KLX and assumed by KLX Energy Services as of April 30, 2018, pursuant to which he will serve as our Vice President and General Manager. The employment agreement has a three-year term with automatic extension by one year on each anniversary of the effective date of the agreement unless either party gives at least 30 days' written notice.

Mr. Roberts' employment agreement provides that Mr. Roberts will receive a specified base salary, currently $323,138 per year, which may be increased in the discretion of the Compensation Committee. Mr. Roberts will have an annual target bonus of up to 75% of his base salary. He will also be eligible to receive an annual equity grant in the discretion of the Compensation Committee. While employed by us, Mr. Roberts is eligible to participate in all benefit plans generally available to our executives.

Mr. Roberts is also party to a proprietary rights agreement, pursuant to which he is subject to a perpetual confidentiality covenant. He is also subject to a non-competition covenant and a non-solicitation covenant during the term of his employment agreement and for three years thereafter.

In addition to the compensation and benefits described above, Mr. Roberts will be entitled to receive the following benefits and payments upon the occurrence of the following specified events. Upon Mr. Roberts' death, incapacity, termination by us without "Cause," or upon a "Change of Control" (each as defined in the employment agreement), Mr. Roberts will be entitled to a lump-sum amount equal to the sum of (i) a prorated portion of 75% of Mr. Roberts' then current salary, with the prorated amount to be determined based on the number of days that Mr. Roberts was employed by us in the year during which the termination date occurs, (ii) Mr. Roberts' salary for the remainder of the employment term, (iii) the maximum annual contribution under our DCP of 7.5% of Mr. Roberts' total

base salary and annual cash bonus (with such maximum amount to be determined in accordance with the terms of the applicable DCP) that would have been made during the remainder of the employment period and (iv) two times Mr. Roberts' target bonus. If Mr. Roberts' employment terminates for any other reason, he will not be entitled to severance payments.

In connection with the consummation of the spin-off, we expect to enter into an amended and restated employment agreement with Mr. Roberts. See "Executive Compensation—Compensation Going Forward" below.

2017 Outstanding Equity Awards at Fiscal Year-End

The following table shows the outstanding KLX equity awards held by our NEOs as of the end of Fiscal 2017. Our NEOs did not hold any outstanding equity awards in KLX Energy Services as of the end of Fiscal 2017.

		Stock Awards			
Name	Grant Date	Time-Based Shares or Units of Stock That Have Not Vested(1)	Time-Based Market Value of Shares or Units of Stock That Have Not Vested(2)	Performance-Based Shares or Units of Stock That Have Not Vested(3)	Performance-Based Market Value of Shares or Units of Stock That Have Not Vested(2)
Amin J. Khoury	12/15/17	28,947	2,045,395	28,947	2,045,395
	12/15/16	24,002	1,695,981	36,002	2,543,901
	3/18/16	3,664	258,898	—	—
	12/02/15	16,871	1,192,105	50,612	3,576,244
	1/15/15	—	—	47,978	3,390,125
Thomas P. McCaffrey	12/15/17	18,498	1,307,069	18,497	1,306,998
	12/15/16	15,336	1,083,642	23,006	1,625,604
	3/18/16	2,341	165,415	—	—
	12/02/15	10,780	761,715	32,342	2,285,286
	1/15/15	—	—	23,988	1,694,992
	12/15/14	5,877	415,269	—	—
	11/15/14	—	—	7,245	511,932
	2/12/14	3,835	270,981	—	—
Gary J. Roberts	12/15/17	4,023	284,265	4,022	284,195
	12/15/16	3,442	243,212	5,162	364,747
	5/24/16	1,360	96,098	—	—
	12/02/15	3,225	227,879	9,676	683,706
	1/15/15	1,055	74,546	2,047	144,641
	4/23/14	864	61,050	—	—

(1) The time-based awards vest ratably on an annual basis over three years following the grant date, provided that the executive is employed or providing services to KLX or, following the spin-off, KLX Energy Services, on the applicable vesting date.

(2) The market value of unvested shares is based on the KLX common stock closing share price on January 31, 2018 of $70.66, as quoted on the Nasdaq Global Select Market.

(3) The December 2017, 2016 and 2015 awards are subject to performance-based vesting based upon the following criteria: If KLX achieves performance below the 25th percentile relative to its peer group over the three-year performance period, none of these shares will be earned. Performance of KLX from the 25th percentile to the 50th percentile will result in 50% - 100% of the target number of shares being earned. Performance of KLX from the 50th to the 75th percentile will result in 100% - 200% of the target number of shares being earned, and performance of KLX above the 75th percentile will result in 200% of the target number of shares being earned. Shares earned will be linearly interpolated for performance between 25th and the 75th percentiles. The 2014 annual restricted stock award vests subject to achieving the annual return on equity targets established by the KLX compensation committee, which were met, and vest four years from the date of grant. These awards will vest in

November 2018, if not sooner in accordance with the applicable terms and conditions of the KLX LTIP and the applicable award agreements.

Compensation Going Forward

The following narrative summarizes the compensation arrangements being put in place for Messrs. Khoury, McCaffrey and Roberts in connection with the spin-off. In order to determine an appropriate compensation structure, given the size of our company and our strategic objectives following the consummation of the spin-off, the compensation committee of KLX and Messrs. Khoury and McCaffrey agreed, and the compensation committee recommended to the board of directors of KLX, who approved, that Messrs. Khoury and McCaffrey would forego cash remuneration for the first four years following the spin-off. The purpose of this structure was to directly align the executives' interests with those of KLX Energy Services stockholders, to facilitate maximum availability of cash on hand to support the day-to-day operations of our business and to strengthen our ability to pursue the growth and acquisition strategy envisioned by the board of directors of KLX and management. In light of the executives' agreement to forego cash remuneration, in order to align the executives' interests with the interests of our stockholders and also appropriately incentivize the executives, the compensation committee agreed and recommended and the board of directors of KLX approved providing Messrs. Khoury and McCaffrey with grants of restricted stock, which vest over a four-year period, with the first installment vesting twelve months following the consummation of the spin-off. The board of directors of KLX believes that this structure best achieves the balance of aligning the interests of the executives with our stockholders while also providing appropriate incentives to them.

Following the spin-off, Messrs. Khoury, McCaffrey and Roberts will each receive an annual base salary in the amount of $2, $1 and $342,792, respectively. In addition, following the spin-off, Messrs. Khoury, McCaffrey and Roberts are each expected to receive a restricted stock award under the KLX Energy Services LTIP representing 5%, 3% and 1%, respectively, of the outstanding common stock of KLX Energy Services on a fully diluted basis as of the distribution date, (x) to become vested in four equal annual installments on each of the first four anniversaries of the distribution date, subject to continued employment or other service with KLX Energy Services on each applicable vesting date, and (y) to become fully vested, (A) upon an involuntary termination of employment by KLX Energy Services, (B) upon the executive's death or "Disability" (as defined in the KLX Energy Services LTIP), (C) with respect to Messrs. Khoury and McCaffrey, upon the executive's voluntary retirement from KLX Energy Services, subject to the consent of the compensation committee, or (D) upon the occurrence of a "Change in Control" (as defined in the KLX Energy Services LTIP) of KLX Energy Services. Any such accelerated vesting in connection with a termination of service will be subject to the execution of a customary mutual release of claims by the executive and KLX Energy Services.

Messrs. Khoury and McCaffrey are also expected to enter into employment letter agreements with KLX Energy Services to be effective upon completion of the spin-off. In addition to the salary and equity awards described above, the letter agreements will generally provide for (i) at-will employment, (ii) the positions of Chief Executive Officer for Mr. Khoury and Senior Vice President and Chief Financial Officer for Mr. McCaffrey, (iii) a monthly automobile allowance and (iv) except to the extent equivalent benefits are provided by B/E Aerospace, Inc., KLX Inc. or their respective successors, participation in the employee benefit plans of KLX Energy Services (including health and welfare and retirement plans, reimbursement of financial and estate planning expenses, and the benefits under the travel policy of KLX Energy Services related to personal and business use of the corporate aircraft). The executives will also be entitled to customary indemnification, and directors and officer liability insurance coverage, each in accordance with the organizational documents of KLX Energy Services and applicable law. The letter agreements will not provide for any contractual right to annual cash bonuses or severance benefits (other than the accelerated vesting upon termination of the incentive equity award described above), but the agreements will not (i) preclude the executives from receiving annual cash bonuses or participating in any generally applicable severance plan or policy of KLX Energy

Services or (ii) prevent the compensation committee from adopting such arrangements for the benefit of the executives in the future. Mr. Khoury will also agree to provide consulting services to KLX Energy Services for a period of three years following any termination of employment for $10,000 per year and certain enumerated perquisites.

The letter agreements will also require the executives to enter into the KLX Energy Services proprietary rights agreement, which will contain customary non-disclosure restrictions and covenants protecting the proprietary information and trade secrets of KLX Energy Services.

For a description of the employment arrangement between KLX Energy Services and Mr. Roberts, please see the earlier narrative description set forth under the section captioned "—Historical Compensation Description" beginning on page 123. Mr. Roberts is expected to enter into an amended and restated employment agreement with KLX Energy Services to be effective upon completion of the spin-off. The terms of the amended and restated employment agreement will be substantially similar to Mr. Roberts' existing employment agreement except that upon a change of control of KLX Energy Services, Mr. Roberts will be automatically terminated and he will be eligible to receive certain severance payments pursuant to the terms of the amended and restated employment agreement.

Nonqualified Deferred Compensation Plan

Following the spin-off, KLX Energy Services expects to establish a nonqualified deferred compensation plan for eligible KLX Energy Services senior executives (as selected by the Compensation Committee), similar to the deferred compensation plan for executive officers maintained by KLX. Pursuant to such plan, participants will be eligible to defer a portion of their base salaries, cash bonuses and equity-based awards. Each of our NEOs is expected to be eligible to participate in the plan.

Description of the Long-Term Incentive Plan

In connection with the spin-off and prior to our becoming a stand-alone publicly-traded company, we intend to adopt the KLX Energy Services LTIP to promote the long-term success of KLX Energy Services by providing eligible individuals with opportunities to obtain a proprietary interest in KLX Energy Services through the grant of equity-based awards. These awards will provide participants with incentives to contribute to our long-term growth and profitability. The KLX Energy Services LTIP will also assist us in attracting, retaining and motivating highly qualified individuals who are in a position to make significant contributions to us. The following is a summary of the principal provisions of the KLX Energy Services LTIP but is not intended to be a complete description of all of its terms and provisions. Such description is qualified by reference to the full text of the KLX Energy Services LTIP, the form of which is attached as an exhibit to the Form 10 of which this information statement forms a part.

Administration. The KLX Energy Services LTIP will be administered by the Compensation Committee. The Compensation Committee will have the full authority to construe and interpret the KLX Energy Services LTIP, including the authority to determine who will be granted awards, the terms and conditions of awards and the number of shares subject to an award. To the extent permitted by applicable laws, rules and regulations, the Compensation Committee may delegate its authority under the KLX Energy Services LTIP to subcommittees or individuals, including our officers, subject to certain exceptions.

Eligibility. Awards under the KLX Energy Services LTIP may be granted to officers, employees, directors, consultants, advisors and independent contractors of KLX Energy Services or any of our subsidiaries or joint ventures, partnerships or business organizations in which we or our subsidiaries have an equity interest.

Number of Shares of Common Stock Available for Issuance. The maximum aggregate number of shares of our common stock that may be issued under the KLX Energy Services LTIP is 3,225,000 shares. Shares covered by awards granted under the KLX Energy Services LTIP that are canceled or otherwise expire without having been exercised or settled generally will become available for issuance pursuant to a new award. In addition, if an award is settled through the payment of cash or other non-stock consideration, the shares subject to the award will become available for issuance pursuant to a new award. Shares issued pursuant to the KLX Energy Services LTIP may be authorized but unissued shares, issued shares that have been reacquired by us and that are being held in treasury or any combination thereof. All of the shares available for issuance may be issued pursuant to incentive stock options.

Awards Under the KLX Energy Services LTIP

Generally. The KLX Energy Services LTIP authorizes the following awards: stock options; stock appreciation rights; restricted stock; restricted stock units; performance stock and other forms of equity-based or equity-related awards that the Compensation Committee determines to be consistent with the purposes of the KLX Energy Services LTIP and our best interests. The Compensation Committee has the authority to determine the terms and conditions of the awards at the time of grant, including vesting, exercisability, payment and the effect, if any, that a participant's termination of service will have on an award.

Stock Options. Stock options may be either nonqualified stock options or incentive stock options (within the meaning of Section 422 of the Internal Revenue Code). The exercise price of all stock options generally may not be less than 100% of the fair market value of a share of our common stock on the date of grant. Options will have a term approved by the Compensation Committee, which cannot exceed ten years. Subject to the provisions of the related award document, the exercise price of a stock option may be paid (i) in cash, (ii) in shares of common stock already owned by the participant, (iii) in a combination of cash and shares, (iv) through net share settlement or (v) through a "cashless exercise" procedure authorized by the Compensation Committee.

Stock Appreciation Rights. A stock appreciation right generally entitles a participant to receive, upon satisfaction of certain conditions, an amount equal to the excess, if any, of the fair market value on the date of exercise of the number of shares of common stock for which the stock appreciation right is exercised over the exercise price for such stock appreciation right. The exercise price of a stock appreciation right generally may not be less than 100% of the fair market value of a share of common stock on the date of grant. Payments to a participant upon exercise of a stock appreciation right may be made in cash or shares of common stock or a combination of cash and shares. The Compensation Committee may grant stock appreciation rights alone or in tandem with stock options.

Restricted Stock and Performance Stock. An award of restricted stock or performance stock generally consists of one or more shares of common stock granted or sold to a participant, subject to the terms and conditions established by the Compensation Committee. Restricted stock and performance stock may, among other things, be subject to restrictions on transferability, vesting requirements, performance targets, as applicable, or other specified circumstances under which it may be canceled.

Restricted Stock Units ("RSUs") and Performance Stock Units. An RSU or performance unit generally represents the right of a participant to receive one or more shares of common stock, subject to the terms, conditions, restrictions and performance targets, as applicable, established by the Compensation Committee. The RSUs and performance units will be paid in shares of common stock, cash or a combination of cash and shares with an aggregate value equal to the fair market value of the shares of common stock at the time of payment.

Other Equity Awards. The Compensation Committee has the authority to specify the terms and provisions of other forms of equity-based or equity-related awards not described above that it determines to be consistent with the purposes of the KLX Energy Services LTIP and our interests. These awards may provide for cash payments based in whole or in part on the value (or future value) of shares of common stock, for the acquisition (or future acquisitions) of shares of common stock or for any combination thereof.

Performance-Based Awards. The Compensation Committee may grant a performance award to a participant payable upon the attainment of specific performance goals. If the performance award is payable in cash, it may be paid upon the attainment of the relevant performance goals either in cash or in shares of common stock, based on the then current fair market value of such shares, as determined by the Compensation Committee. Based on service, performance and/or other factors or criteria, the Compensation Committee may, at or after grant, accelerate the vesting of all or any part of any performance award. The performance goals may be comprised of specified levels of one or more of the following performance criteria or such other criteria, as determined to be appropriate by the Compensation Committee in its discretion: net income; net revenue; operating cash flow; operating margin; operating revenue; revenue growth rates; pretax income; pretax operating income; operating or gross margin; growth rates; operating income growth; return on assets (including return on tangible assets and cash return on tangible assets); total stockholder return; health, safety and environmental metrics; share price; return on equity; operating earnings; diluted earnings per share or earnings per share growth; or any combination thereof. The performance goals may be described in terms of objectives that are related to the individual participant or objectives that are company-wide or related to a subsidiary, operating division or business unit. Performance goals may be measured on an absolute or cumulative basis or on the basis of a percentage of improvement over time. Further, performance goals may be measured in terms of company performance (or performance of the applicable subsidiary, operating division or business unit) or measured relative to selected peer companies or a market index.

Change in Control. Upon a change in control of KLX Energy Services (as defined in the KLX Energy Services LTIP), the Board or the Compensation Committee may (i) provide for the automatic vesting and immediate exercisability of all outstanding awards, (ii) provide for the assumption of, or substitution for, the outstanding awards by the surviving corporation resulting from the change in control, (iii) permit or require participants to surrender outstanding options in exchange for a cash payment equal to the difference between the highest price paid in the change in control and the exercise price or (iv) make such other adjustments to the outstanding awards as the Board or the Compensation Committee deems appropriate to reflect such change in control.

Substitute Awards. We may assume or substitute awards for outstanding employee equity awards of a company we acquire or with which we combine. Shares underlying substitute awards will not be counted against the number of shares remaining available for issuance under the KLX Energy Services LTIP.

Deferrals. The KLX Energy Services LTIP will not initially allow for the deferral of stock awards. However, subject to applicable laws, the Compensation Committee may, in its sole discretion, permit participants to defer payment or settlement of an award to a date selected by the participant.

Repricing of Options and Stock Appreciation Rights. The KLX Energy Services LTIP prohibits the direct or indirect repricing of options and stock appreciation rights without stockholder approval.

Adjustment; Changes in Capitalization. In the event of a stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, liquidation, merger or other corporate event affecting our common stock, the aggregate number of shares of common stock available for issuance under the KLX Energy Services LTIP, the various limits and the number of shares subject to, and the exercise price of, outstanding awards may be proportionately adjusted by the Compensation Committee.

Transferability. Awards granted under the KLX Energy Services LTIP are not transferable except by will, the laws of descent and distribution or pursuant to a domestic relations order; however, the Compensation Committee may, subject to the terms it specifies in its discretion, permit the transfer of an award (i) to the award-holder's family members, (ii) to one or more trusts established in whole or in part for the benefit of such family members, (iii) to one or more entities that are owned in whole or in part by such family members or (iv) to any other individual or entity permitted by law.

Amendment and Termination. Subject to applicable laws, the Board may amend the KLX Energy Services LTIP in any manner that does not require stockholder approval or adversely affect the rights of participants under the KLX Energy Services LTIP. The Board will have broad authority to amend the KLX Energy Services LTIP or an award made thereunder without the consent of a participant to the extent that it deems necessary or desirable to comply with, or take into account (i) changes in, or interpretations of, applicable tax laws, securities laws, employment laws, accounting rules and other applicable laws, rules and regulations, (ii) unusual or infrequently occurring events or market conditions, (iii) significant acquisitions or dispositions of assets or other property by KLX Energy Services or (iv) adverse or unintended tax consequences under Section 409A of the Internal Revenue Code.

Term of the KLX Energy Services LTIP. The KLX Energy Services LTIP will expire on , 2028, unless earlier terminated by the Board.

Compensation Committee Interlocks and Insider Participation

We expect that none of our executive officers will serve on the board of directors or compensation committee of a company that has an executive officer that serves on our board or nominating, governance and compensation committee, other than Amin Khoury. In addition, we expect that no member of our board is an executive officer of a company in which one of our executive officers serves as a member of the board of directors or compensation committee of that company, other than Amin Khoury.

Director Compensation

Following the spin-off, director compensation will be determined by our Board with the assistance of the compensation committee. We anticipate that such compensation will consist entirely of annual or long-term equity awards. Consistent with the compensation approach for Messrs. Khoury and McCaffrey, our directors will be expected to agree to forego cash remuneration in order to directly align their interests with those of KLX Energy Services stockholders, to facilitate maximum availability of cash on hand to support the day-to-day operations of our business and to strengthen our ability to pursue the growth and acquisition strategy envisioned by the Board and management.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements with KLX Related to the Spin-Off

This section of the information statement summarizes our material agreements with KLX that will govern the ongoing relationships between the two companies after the spin-off and are intended, among other things, to provide for an orderly transition to our status as an independent, publicly-traded company. KLX will provide us certain services following the spin-off, and we and KLX will indemnify each other against certain liabilities arising from our respective businesses. After the spin-off, we may enter into additional or modified agreements, arrangements or transactions with KLX, which will be negotiated at arm's length. Following the spin-off, we and KLX will operate independently, and neither will have any ownership interest in the other.

The following summary of the terms of the material agreements we entered into with KLX is qualified in its entirety by reference to the full text of the applicable agreements, which are filed as exhibits to the Form 10 of which this information statement is a part.

Distribution Agreement

On July 13, 2018, we entered into a Distribution Agreement with KLX pursuant to which our common stock will be distributed to KLX stockholders (the "Distribution Agreement"). That agreement sets forth the principal actions to be taken in connection with our spin-off from KLX. It also sets forth other agreements that govern certain aspects of our relationship with KLX following the spin-off.

The Distribution. The Distribution Agreement will govern the rights and obligations of the parties regarding the proposed distribution and spin-off. KLX will cause its agent to distribute all of the shares of our common stock on a pro rata basis to KLX stockholders who hold shares of KLX common stock as of the record date.

Conditions. The Distribution Agreement provides that the distribution is subject to several conditions that must be satisfied. For further information on these conditions, see "The Spin-Off—Conditions to the Spin-Off." The Distribution Agreement provides that the board of directors of KLX will, in its sole discretion, determine the record date, the distribution date and the terms of the distribution and may, at any time prior to the completion of the distribution, decide to abandon or modify the distribution, subject to compliance with the terms of the merger agreement.

Termination. Unless the merger agreement has been terminated, Boeing's consent is required to terminate the Distribution Agreement.

Release of Claims. We and KLX will each release the other and its wholly-owned subsidiaries and affiliates, and their respective stockholders (other than the public stockholders of KLX), directors, officers, agents and employees (in their respective capacities as such) from any claims against any of them that arise out of or relate to events or actions occurring or failing to occur or any conditions existing at or prior to the distribution. These releases will be subject to certain exceptions set forth in the Distribution Agreement, including, among others, obligations under the agreements with KLX related to the spin-off and the merger agreement.

Indemnification. We on the one hand, and KLX on the other hand, will agree to indemnify each other against certain liabilities, among others, in connection with our respective businesses and breaches of the Distribution Agreement or the other spin-off agreements. The amount of each party's indemnification obligations for breaches of the Distribution Agreement or the other spin-off agreements will be limited to $300 million in the aggregate.

We will indemnify KLX to the extent that KLX determines that it is required to account for any gain on the distribution for U.S. federal or corresponding state and local income tax purposes, as

calculated in the manner described in the Distribution Agreement. We will pay any such indemnity to KLX either, at our option, in cash, by issuing shares of our common stock (in respect of which KLX would have the benefit of two demand registrations as well as piggy-back registration rights) to KLX or with a combination of cash and shares of our common stock. In the event that, prior to January 11, 2019, KLX has not received any required consent or waiver from its lenders or bond holders to effect the spin-off only due to Boeing's failure to provide its consent to the related consent fee, our total indemnification obligation pursuant to this provision will not exceed $50 million.

We will also indemnify KLX for certain other liabilities, including, among others, in respect of any guarantees or obligations that are required to be removed as described in the "—Credit and Support Obligations" section below, but which are not so removed.

The indemnification obligations under the Distribution Agreement will be subject to certain notice and control of defense provisions, as well as certain limitations and obligations regarding double recovery, payment, mitigation and amount of recovery.

Negative Free Cash Flow Reimbursement. The Distribution Agreement provides that we will reimburse KLX for the amount of our negative free cash flow (defined as "FCF Net Amount" in the Distribution Agreement), if any, in the period from the date of execution of the merger agreement through the date of effectiveness of the spin-off. The Distribution Agreement will provide that this amount will be calculated and, if applicable, paid over after consummation of the spin-off and subject to KLX's review of and, if necessary, upon resolution of any related dispute regarding our calculation of this amount.

KLX Energy Services Cash. Subject to any payments pursuant to the immediately preceding provision, we will be entitled to all cash generated by the operation of the ESG business from May 1, 2018 through the effective date of the spin-off.

Credit and Support Obligations. The Distribution Agreement provides that we will use our commercially reasonable efforts to have KLX and its subsidiaries (other than KLX Energy Services) removed as guarantor of or obligor of any ESG liabilities, and to the extent this is not completed prior to the distribution, we or one of our subsidiaries will provide certain guarantees or other obligations related to such unremoved obligations and guarantees.

Transaction Expenses. Subject to the consummation of the merger, we will reimburse KLX for certain expenses in excess of $10 million incurred in connection with the spin-off. All other transaction costs and expenses will be borne by KLX. We do not expect the costs and expenses relating to the spin-off to exceed $10 million.

Non-Compete. The Distribution Agreement provides for a worldwide five-year non-compete obligation of ours pursuant to which we may not, subject to certain carve-outs, provide services or otherwise participate in the ownership, management, operation or control of a business that engages in the sale of aerospace fasteners and other consumables directly to suppliers to commercial, business jet, military and defense airframe manufacturers, airlines, aircraft leasing companies, MRO providers, domestic military depots or general aviation and other distributors.

Certain Legal and Accounting Matters. The Distribution Agreement also provides for the control of certain shared legal matters, the use of pre-distribution privileged information and ownership of information, as well as the sharing of certain accounting and financial information and limited access rights related to the creation of certain financial statements.

Disputes. Any disputes under the Distribution Agreement other than in respect of negative free cash flows, which will be addressed by a mutually agreeable accounting firm and other than in respect of non-monetary or equitable relief) will, if not successfully resolved by the parties, be referred to an arbitration panel.

Employee Matters Agreement

On July 13, 2018, we entered into an Employee Matters Agreement with KLX (the "Employee Matters Agreement") that sets forth our agreement with KLX on the allocation of employees to KLX Energy Services and obligations and responsibilities regarding compensation, benefits and labor matters.

Assignment of Employees. Under the Employee Matters Agreement, KLX Energy Services and KLX will allocate all employees of KLX and its affiliates whose duties relate to the KLX Energy Services business, on or prior to the distribution date, to KLX Energy Services. Notwithstanding the foregoing, certain employees of KLX and its affiliates whose employment duties relate to the KLX Energy Services business will remain employed by KLX after the distribution date and will provide certain shared services to KLX and KLX Energy Services. Such employees will transfer to KLX Energy Services on or prior to the completion of the merger. Except with respect to certain employees, the transfer of employment will not be deemed a severance of employment for purposes of any plan or arrangement of KLX, KLX Energy Services or their respective subsidiaries and affiliates.

Equity Awards. The Employee Matters Agreement provides that the outstanding KLX equity awards held by employees moving to KLX Energy Services in connection with the spin-off will be permitted to remain outstanding under the KLX LTIP and continue vesting and be satisfied at the relevant time following the distribution date in accordance with the KLX LTIP's rules and relevant award agreements, with continued service at KLX Energy Services considered to be continued service at KLX for the purposes of vesting of such awards. Outstanding restricted stock awards and restricted stock units held by employees moving to KLX Energy Services that remain in the KLX LTIP as well as restricted stock awards and restricted stock units held by employees remaining with KLX after the spin-off will be equitably adjusted to preserve the aggregate fair market value (and thus the aggregate intrinsic value) of the award immediately before the distribution by multiplying the number of shares of KLX common stock subject to each such restricted stock award or restricted stock unit immediately prior to the distribution by a fraction, the numerator of which is the closing price per share of KLX common stock trading regular way on the Nasdaq Global Select Market on the distribution date and the denominator of which is the opening price per share of KLX common stock on the first trading day following the distribution date on the Nasdaq Global Select Market. Such outstanding equity awards otherwise will not participate in the spin-off.

The Employee Matters Agreement also provides that, with regards to the KLX Employee Stock Purchase Plan, payroll deductions for participating employees transferring to KLX Energy Services will cease after the last payroll payment date prior to the distribution and that the option period during which the distribution occurs will be appropriately shortened for employees transferring to KLX Energy Services and employees remaining with KLX.

See the section of this information statement entitled "The Spin-Off—Treatment of Equity Awards" for additional information on the conversion and adjustment of equity awards.

Welfare Benefit Plans. The Employee Matters Agreement explains the treatment, with regard to welfare benefits, of employees remaining with KLX and employees transferring to KLX Energy Services in connection with the spin-off. In connection with the spin-off, KLX Energy Services will establish its own welfare benefit programs that are comparable to the welfare benefit programs maintained by KLX prior to the spin-off. Employees transferring to KLX Energy Services who participate in the KLX health and welfare plans will cease participation in such plans and will commence participation in the KLX Energy Services health and welfare plans. KLX will generally be responsible for all liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by KLX Energy Services participants under the KLX health and welfare plans prior to such transfer, and KLX Energy Services shall be so responsible for liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by KLX Energy Services participants under the KLX Energy Services health and welfare plans after such transfer.

Non-Qualified Deferred Compensation Plans. The Employee Matters Agreement provides that, in connection with the spin-off, KLX Energy Services will establish deferred compensation plans for eligible KLX Energy Services employees and directors substantially similar to those maintained by KLX. Prior to and following the distribution, KLX will retain all liability and responsibility in accordance with and pursuant to the KLX DCP. The KLX Energy Services deferred compensation plans will not initially allow for the deferral of stock awards unless the compensation committee later determines allowing such deferrals to be appropriate.

Defined Contribution Plan. The Employee Matters Agreement provides that, prior to the distribution date, KLX Energy Services will establish a tax qualified defined contribution plan (the "KLX Energy Services Savings Plan") that is comparable to the KLX Savings Plan, and KLX and KLX Energy Services will cause the accounts under the KLX Savings Plan of each KLX employee that is moving to KLX Energy Services to be transferred to the KLX Energy Services Savings Plan.

Annual Incentive Plans. The Employee Matters Agreement provides that KLX Energy Services will assume all obligations to pay eligible KLX employees that are moving to KLX Energy Services their annual cash bonuses for the fiscal year ending January 31, 2019, in accordance with the terms and conditions of the KLX annual incentive plan. KLX Energy Services will implement its own annual incentive plans for the fiscal year ending January 31, 2020 and beyond.

No Third Party Beneficiaries. Nothing set forth in the Employee Matters Agreement will create any right in any other person, including employees, former employees, any participant or any beneficiary thereof, in any benefit plan, or to continued employment with KLX or KLX Energy Services, or their respective subsidiaries or affiliates and nothing set forth in the Employee Matters Agreement will be treated as an amendment or other modification of any benefit plan or shall prohibit KLX or KLX Energy Services or any of its subsidiaries or affiliates from amending or terminating any employee benefit plan.

Transition Services Agreement

On July 13, 2018, we entered into a Transition Services Agreement with KLX (the "Transition Services Agreement"), under which KLX, certain of its subsidiaries or certain third-party service providers contracted by KLX will provide us with certain services for a limited time following the spin-off to help ensure an orderly transition following the distribution.

The services to be provided by KLX include treasury (including payroll), internal audit, tax, accounting, human resources/benefits, legal, IT services and other administrative services.

The Transition Services Agreement provides for a term beginning on the distribution date and ending not later than six months from the date of the closing of the merger.

In connection with any breach of the Transition Services Agreement or otherwise with respect to the transition services, KLX's and its subsidiaries' maximum liability under the Transition Services Agreement (and the sole remedy from KLX to us with respect thereto) is a refund of the total fees paid for the applicable transition services. We are generally required to indemnify KLX for any losses arising out of or in connection with the transition services, including our breach of the Transition Services Agreement or exercise of our rights under such agreement.

We will have the right to terminate each service prior to the end of the term of the Transition Services Agreement, and each party is entitled to terminate if the other party materially breaches any of its obligations under the agreement after notice and an opportunity to cure.

IP Matters Agreement

On July 13, 2018, we entered into an IP Matters Agreement with KLX (the "IP Matters Agreement"), which will govern (1) the transfer of certain KLX trademarks from KLX to us, which is to occur upon the consummation of the merger, and (2) the rights and obligations of each of KLX and us with respect to the assigned KLX trademarks prior to and after the consummation of the merger.

Co-existence. Following the spin-off but prior to the closing of the merger, KLX will grant us an interim limited license to use such KLX trademarks in the form of "KLX Energy Services" in connection with the ESG business. If the merger agreement is terminated after the distribution has been consummated, KLX and KLX Energy Services agree to enter into a long-term brand co-existence agreement with respect to the KLX trademarks.

Assignment. Upon the closing of the merger, (1) KLX will assign such KLX trademarks and related rights to us, and (2) we agree that we will not use such KLX trademarks within the fields of use in which the ASG business operates.

Rebranding. Following the closing of the merger, as soon as reasonably practicable, KLX shall (1) no later than 180 days after the closing of the merger, remove "KLX" from the names of any ASG business entities containing "KLX," (2) no later than 180 days after the closing of the merger, cease using "KLX" on any real physical properties, equipment and websites, and (3) no later than 365 days thereafter, remove KLX from all ASG products and marketing materials. For the 365 day period following the closing of the merger, we will grant KLX a non-exclusive, irrevocable, royalty-free, non-transferable, non-sublicensable license to such KLX trademarks to enable ASG to rebrand and transition off usage of such KLX trademarks.

Related Party Transactions

Policy and Procedures Governing Related Person Transactions

Our Board will adopt a written policy pursuant to which our Audit Committee will be presented with a description of any related party transactions for them to consider for approval. The policy will be designed to operate in conjunction with and as a supplement to the provisions of our code of business conduct. We will post a copy of the policy on our website (www.klxenergy.com).

We anticipate that the policy will provide that our legal department will review all proposed transactions presented to or identified by it involving a related person and in which the amount exceeds $120,000. The legal department will then present to the Audit Committee for approval any transaction at or above this dollar amount in which the related person may have a direct or indirect material interest. In determining whether to approve or ratify a related party transaction, we expect the Audit Committee to consider the following: (1) whether the transaction was the product of fair dealing, which factors include the timing, initiation, structure and negotiations of the transaction, and whether the related person's interest in such transaction was disclosed to us; (2) the terms of the transaction and whether similar terms would have been obtained from an arm's length transaction with a third-party; and (3) the availability of other sources for comparable products or services. We expect that the policy will also identify certain types of transactions that our Board has pre-identified as not involving a direct or indirect material interest and are, therefore, not considered related person transactions for purposes of the policy.

Additionally, we anticipate that the policy will require our legal department to implement certain procedures for the purpose of obtaining information with respect to related person transactions. These procedures include, among other things, (1) informing, on a periodic basis, our directors, nominees for director and executive officers of the requirement for presenting possible related party transactions to

the legal department for review and (2) reviewing questionnaires completed by directors, nominees for director and executive officers designed to elicit information about possible related person transactions.

Related Party Leases

We are party to 11 leases with certain limited liability companies controlled by Gary J. Roberts individually or together with members of his immediate family that govern our access to and use of certain of our facilities in Colorado, North Dakota, Texas and Wyoming. Mr. Roberts is expected to serve as our Vice President and General Manager following the spin-off. Annual rent under these leases ranges from $10,800 to $210,000, and the aggregate annual rent under all 11 leases is approximately $0.6 million. Ten of the leases expire on April 6, 2020, with one additional three year renewal term, exercisable at our option. One lease expires on March 1, 2020, with two additional three year renewal terms, exercisable at our option. Each of the leases provides for an option to purchase the property at an agreed purchase price, exercisable at our option at any time during the term of the lease. We believe the terms of each of the leases to be at least as favorable to us as we would be able to obtain in an arm's length transaction with a third-party for a lease of a similar property.

Registration Rights Agreements

We intend to enter into registration rights agreements with each of Amin Khoury and Thomas McCaffrey. Under the registration rights agreements, each of Messrs. Khoury and McCaffrey will have "demand" registration and customary "piggyback" registration rights. The registration rights agreements also will provide that we will pay certain expenses relating to such registrations and indemnify the registration rights holders against certain liabilities which may arise under the Securities Act. We may also file a resale/reoffer prospectus related to the sale of restricted stock held by each of Messrs. Khoury and McCaffrey.

DESCRIPTION OF MATERIAL FINANCING ARRANGEMENTS

We have entered into a $100 million revolving ABL Facility secured by, among other things, a first priority lien on our accounts receivable and inventory, which we expect to be undrawn on the distribution date. The following is a description of the material terms of the ABL Facility.

JPMorgan Chase Bank, National Association is the administrative agent under the ABL Facility.

The ABL Facility will mature on the fifth anniversary of the entry into the definitive financing documentation for the ABL Facility. Borrowings under the ABL Facility will bear interest at a LIBOR-based rate plus an applicable borrowing margin based on our fixed charge coverage ratio. The ABL Facility will be guaranteed, initially, by our wholly owned subsidiaries and secured, initially, by liens on substantially all of our and the guarantors' assets. The ABL Facility requires that certain of our subsidiaries that we may form or acquire in the future provide a similar guarantee and also grant a similar lien on their assets.

The ABL Facility contains customary conditions precedent to borrowing and affirmative and negative covenants restricting, among other things, our ability to incur indebtedness, make investments or acquisitions, grant liens, sell assets, merge or consolidate with a third party and pay dividends or make other distributions. In addition, the ABL Facility contains certain financial covenants, including a maximum fixed charge coverage ratio tested at the time of the incurrence of indebtedness and certain additional transactions and further limitations on the use of cash when availability under the ABL Facility falls below specified levels. The ABL Facility has no scheduled amortization, scheduled commitment reductions or mandatory prepayment provisions, except that in certain circumstances outstanding balances will be required to be repaid with the proceeds from certain asset sales, subject to thresholds and reinvestment rights.

Events of default under the ABL Facility are customary for facilities of this type including, among other things, the failure to pay principal, interest or fees, the failure to observe or perform any material covenant contained in the ABL Facility, material misrepresentation under or in connection with the ABL Facility, cross-default to certain material indebtedness, entry of judgments in a material amount, a change of control and the institution of any bankruptcy or insolvency proceedings.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date of this information statement, KLX beneficially owns all of our outstanding common stock. After the spin-off, subject to the Tax Liability Adjustment, KLX is not expected to own any of our common stock.

The following table shows the anticipated beneficial ownership of our common stock immediately following the spin-off by:

- each person who we believe, based on the assumptions described below, will beneficially own more than 5% of the outstanding shares of the common stock of KLX Energy Services;
- each of the persons who will be our executive officers following the spin-off;
- each of the persons who will serve on our Board following the spin-off; and
- all of our directors and executive officers as a group.

Except as otherwise noted below, we based the share amounts shown on each person's beneficial ownership of KLX common stock on July 24, 2018, and a distribution ratio of 0.4 shares of our common stock for every 1.0 share of KLX common stock held by such person.

To the extent our directors and executive officers own KLX common stock at the record date of the spin-off, they will participate in the distribution on the same terms as other holders of KLX common stock.

Except as otherwise noted in the footnotes below, each person or entity identified in the tables below has sole voting and investment power for the securities owned by such person or entity.

Immediately following the spin-off, we estimate that approximately 20.3 million shares of our common stock will be issued and outstanding, based on the number of shares of KLX common stock outstanding as of July 24, 2018. The actual number of shares of our common stock outstanding following the spin-off will be determined on , 2018, the record date.

Stock Ownership of Certain Beneficial Owners

	Common Stock Beneficially Owned	
	Number of Shares	Percentage of Class
Directors:		
Amin J. Khoury(1)	61,924	**
John T. Collins	3,076	**
Peter V. Del Presto	3,448	**
Richard G. Hamermesh	3,350	**
Benjamin A. Hardesty	1,026	**
Stephen M. Ward, Jr.	869	**
Theodore L. Weise	1,026	**
John T. Whates, Esq.	1,209	**
Executive Officers:		
Amin J. Khoury(1)	61,924	**
Thomas P. McCaffrey(2)	63,539	**
Gary J. Roberts(3)	5,990	**
All directors and executive officers as a group (10 persons)	145,457	**
Principal Stockholders:		
BlackRock, Inc.(4) 55 East 52nd Street New York, NY 10055	2,703,588	13.3%
The Vanguard Group(5) 100 Vanguard Blvd. Malvern, PA 19355	1,768,629	8.7%
Dimensional Fund Advisors LP(6) Building One 6300 Bee Cave Road Austin, TX 78746	1,456,163	7.2%

** Less than 1%.

(1) Does not include a restricted stock award which Mr. Khoury is expected to receive following the spin-off under the KLX Energy Services LTIP representing 5% of the outstanding common stock of KLX Energy Services on a fully diluted basis as of the distribution date. See "Management—Compensation Going Forward."

(2) Does not include a restricted stock award which Mr. McCaffrey is expected to receive following the spin-off under the KLX Energy Services LTIP representing 3% of the outstanding common stock of KLX Energy Services on a fully diluted basis as of the distribution date. See "Management—Compensation Going Forward."

(3) Does not include a restricted stock award which Mr. Roberts is expected to receive following the spin-off under the KLX Energy Services LTIP representing 1% of the outstanding common stock of KLX Energy Services on a fully diluted basis as of the distribution date. See "Management—Compensation Going Forward."

(4) Based solely on information in the Schedule 13G/A, as of December 31, 2017, filed by BlackRock, Inc. on January 19, 2018.

(5) Based solely on information in the Schedule 13G/A, as of December 31, 2017, filed by The Vanguard Group on February 9, 2018.

(6) Based solely on information in the Schedule 13G, as of December 31, 2017, filed by Dimensional Fund Advisors LP on February 9, 2018.

DESCRIPTION OF CAPITAL STOCK

Authorized Capital Stock

Prior to the distribution date, our Board and KLX, as our sole stockholder, will approve and adopt our amended and restated certificate of incorporation and bylaws. Under our amended and restated certificate of incorporation, our authorized capital stock will consist of 110 million shares of our common stock, par value $0.01 per share, and 11 million shares of our preferred stock, par value $0.01 per share.

Common Stock

We estimate that approximately 20.3 million shares of our common stock will be issued and outstanding immediately after the spin-off (excluding approximately 2 million shares of restricted stock to be granted to certain members of senior management upon consummation of the spin-off), based on the number of shares of KLX common stock that we expect will be outstanding as of the record date. The actual number of shares of our common stock outstanding following the spin-off will be determined on , 2018, the record date.

Dividend Rights. Subject to the rights, if any, of the holders of any outstanding series of our preferred stock, holders of our common stock will be entitled to receive dividends out of any of our funds legally available when, as and if declared by the Board.

Voting Rights. Each holder of our common stock is entitled to one vote per share on all matters on which stockholders are generally entitled to vote. Our amended and restated certificate of incorporation does not provide for cumulative voting in the election of directors.

Liquidation. If we liquidate, dissolve or wind up our affairs, holders of our common stock are entitled to share proportionately in the assets of KLX Energy Services available for distribution to stockholders, subject to the rights, if any, of the holders of any outstanding series of our preferred stock.

Other Rights. All of our outstanding shares of common stock are fully paid and nonassessable, and the shares of common stock we will issue in connection with the spin-off also will be fully paid and nonassessable. The holders of our common stock have no preemptive rights and no rights to convert their common stock into any other securities, and our common stock is not subject to any redemption or sinking fund provisions.

Preferred Stock

Under our amended and restated certificate of incorporation and subject to the limitations prescribed by law, our Board may issue our preferred stock in one or more series and may establish from time to time the number of shares to be included in such series and may fix the designation, the voting powers, if any, and preferences and relative participating, optional or other rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof. See "—Anti-Takeover Effects of Provisions of Our Amended and Restated Certificate of Incorporation and Bylaws."

When and if we issue any shares of preferred stock, our Board will establish the number of shares and designation of such series and the voting powers, if any, and preferences and relative participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, for the particular preferred stock series.

Anti-Takeover Effects of Provisions of Our Amended and Restated Certificate of Incorporation and Bylaws

Prior to the distribution date, our Board and KLX, as our sole stockholder, will approve and adopt amended and restated versions of our certificate of incorporation and bylaws. Our amended and restated certificate of incorporation and bylaws will contain, and Delaware statutory law contains, provisions that could make acquisition of our company by means of a tender offer, a proxy contest or otherwise more difficult. These provisions are expected to discourage certain types of coercive takeover practices and takeover bids that our Board may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with our Board. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms. The description set forth below is only a summary and is qualified in its entirety by reference to our amended and restated certificate of incorporation and our amended and restated bylaws, both of which are filed as exhibits to our Registration Statement on Form 10.

Classified Board of Directors. Our amended and restated certificate of incorporation will provide for a classified board of directors consisting of three classes of directors. After the initial classification of the Board, directors of each class are elected for three-year terms, and each year our stockholders will elect one class of our directors. The initial directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the effectiveness of our amended and restated certificate of incorporation, the initial directors designated as Class II directors will have terms expiring at the second annual meeting of stockholders following the effectiveness of our amended and restated certificate of incorporation, and the initial directors designated as Class III directors will have terms expiring at the third annual meeting of stockholders following the effectiveness of our amended and restated certificate of incorporation. Under this classified board structure, it would take at least two elections of directors for any individual or group to gain control of KLX Energy Services' board. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of KLX Energy Services.

Number of Directors; Filling Vacancies; Removal. Our amended and restated certificate of incorporation and bylaws will provide that our business and affairs will be managed by or under the direction of our Board. Our amended and restated certificate of incorporation and bylaws will provide that the Board will consist of not less than three nor more than nine members, with the exact number of directors within these limits to be fixed exclusively by the Board. In addition, our amended and restated certificate of incorporation will provide that any board vacancy, including a vacancy resulting from an increase in the number of directors, may be filled solely by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the Board, or by the sole remaining director. Delaware statutory law provides that, if a Delaware corporation has a classified board, as we are expected to have, unless the certificate of incorporation provides otherwise, its directors may only be removed for cause. Our amended and restated certificate of incorporation will provide that any director, or the entire Board, may be removed from office at any time, only for cause in accordance with Delaware law, by the affirmative vote of the holders of at least $66^{2}/_{3}$ percent of the total voting power of the outstanding shares of our capital stock entitled to vote in any annual election of directors, voting as a single class. These provisions will prevent stockholders from removing incumbent directors without cause and filling the resulting vacancies with their own nominees.

Special Meetings. Our amended and restated certificate of incorporation and bylaws will provide that special meetings of the stockholders may only be called by our Board or certain officers of KLX Energy Services. These provisions will make it more difficult for stockholders to take an action opposed by our Board.

No Stockholder Action by Written Consent Unless Approved by the Board. Our amended and restated certificate of incorporation and bylaws will require that all actions to be taken by stockholders must be taken at a duly called annual or special meeting, and stockholders will not be permitted to act by written consent unless both the action and the taking of the action by written consent are approved in advance by our Board. These provisions will make it more difficult for stockholders to take an action opposed by our Board.

Amendments to Our Certificate of Incorporation. Our amended and restated certificate of incorporation will provide that the affirmative vote of the holders of at least $66^2/_3$ percent of the total voting power of the outstanding shares of our common stock entitled to vote, voting as a single class, will be required to amend or repeal, or adopt any provision inconsistent with certain provisions in our amended and restated certificate of incorporation, including those provisions providing for a classified board, provisions regarding the filling of vacancies on the Board and provisions providing for the removal of directors. These provisions will make it more difficult for stockholders to make changes to our certificate of incorporation.

Amendments to Our Bylaws. Our amended and restated certificate of incorporation provides that our Board shall have the power to adopt, amend or repeal the bylaws. Our amended and restated certificate of incorporation will provide that, notwithstanding any other provision of our amended and restated certificate of incorporation, the affirmative vote of the holders of at least $66^2/_3$ percent of the total voting power of the outstanding shares of our common stock entitled to vote, voting as a single class, will be required for our stockholders to amend or repeal, or adopt any provisions in our bylaws. These provisions will make it more difficult for stockholders to make changes to our bylaws that are opposed by our Board.

Requirements for Advance Notification of Stockholder Nomination and Proposals. Under our amended and restated bylaws, stockholders of record will be able to nominate persons for election to our board of directors or bring other business constituting a proper matter for stockholder action at annual meetings only by providing proper notice to our secretary. Proper notice must be generally received not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year (or, in some cases, prior to the tenth day following the announcement of the meeting) and must include, among other information, the name and address of the stockholder giving the notice, certain information relating to each person whom such stockholder proposes to nominate for election as a director and a brief description of any business such stockholder proposes to bring before the meeting. Nothing in our amended and restated bylaws will be deemed to affect any rights of stockholders to request inclusion of proposals in our proxy statement pursuant to Rule 14a-8 under the Exchange Act. Contests for the election of directors or the consideration of stockholder proposals will be precluded if the proper procedures are not followed. Third parties may therefore be discouraged from conducting a solicitation of proxies to elect their own slate of directors or to approve their own proposals.

Exclusive Forum Selection. Our amended and restated bylaws provide that, unless we otherwise consent in writing to selection of an alternative forum, the Court of Chancery in the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of KLX Energy Services, any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of KLX Energy Services to KLX Energy Services or KLX Energy Services' stockholders, any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, KLX Energy Services' certificate of incorporation or the bylaws, or any action asserting a claim governed by the internal affairs doctrine. This provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for intra-corporate disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits.

Section 203 of the Delaware General Corporation Law

Section 203 of the DGCL generally provides that, subject to certain specified exceptions, a corporation will not engage in any "business combination" with any "interested stockholder" for a three-year period following the time that such stockholder becomes an interested stockholder unless (1) before that time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, (2) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85 percent of the voting stock of the corporation outstanding at the time the transaction commenced (excluding certain shares) or (3) on or after such time, both the board of directors of the corporation and at least $66^{2}/_{3}$ percent of the outstanding voting stock that is not owned by the interested stockholder approves the business combination. Section 203 of the DGCL generally defines an "interested stockholder" to include (x) any person that owns 15 percent or more of the outstanding voting stock of the corporation or is an affiliate or associate of the corporation and owned 15 percent or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the relevant date and (y) the affiliates and associates of any such person.

Section 203 of the DGCL generally defines a "business combination" to include (1) mergers and sales or other dispositions of 10 percent or more of the corporation's assets with or to an interested stockholder, (2) certain transactions resulting in the issuance or transfer to the interested stockholder of any stock of the corporation or its subsidiaries, (3) certain transactions that would increase the proportionate share of the stock of the corporation or its subsidiaries owned by the interested stockholder and (4) receipt by the interested stockholder of the benefit (except proportionately as a stockholder) of any loans, advances, guarantees, pledges or other financial benefits.

Under certain circumstances, Section 203 of the DGCL makes it more difficult for a person who would be an "interested stockholder" to effect various business combinations with a corporation for a three-year period. A corporation may elect not to be governed by the restrictions on business combination under Section 203 by adopting provisions of its certificate of incorporation or bylaws in accordance with Section 203. Neither our amended and restated certificate of incorporation nor our amended and restated bylaws will exclude KLX Energy Services from the restrictions imposed under Section 203 of the DGCL. We anticipate that Section 203 may encourage companies interested in acquiring us to negotiate in advance with our Board as the restrictions on business combinations will apply unless our Board approves, prior to the time the stockholder becomes an interested stockholder, either the business combination or the transaction that results in the stockholder becoming an interested stockholder.

Transfer Agent and Registrar

After the distribution, we expect that the transfer agent and registrar for our common stock will be Computershare.

Listing

We have applied for authorization to list KLX Energy Services common stock on Nasdaq under the ticker symbol "KLXE."

Liability and Indemnification of Directors and Officers

Elimination of Liability of Directors. Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by the DGCL, no director will be personally liable to us or to our stockholders for monetary damages for breach of fiduciary duty as a director. Notwithstanding this provision, pursuant to Section 102(b)(7) of the DGCL, no such provision may exculpate a director

from liability (1) for any breach of the director's duty of loyalty to our company or our stockholders, (2) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (3) under Section 174 of the DGCL (which concerns unlawful payments of dividends, stock purchases or redemptions) or (4) for any transaction from which the director derives an improper personal benefit.

While our amended and restated certificate of incorporation will provide directors with protection from awards for monetary damages for breaches of their duty of care, it will not eliminate this duty. Accordingly, our amended and restated certificate of incorporation will have no effect on the availability of equitable remedies such as an injunction or rescission based on a director's breach of his or her duty of care. The provisions of our amended and restated certificate of incorporation described above apply to an officer of KLX Energy Services only if he or she is a director of KLX Energy Services and is acting in his or her capacity as director and do not apply to officers of KLX Energy Services who are not directors.

Indemnification of Directors and Officers. Our amended and restated certificate of incorporation will require us to indemnify any person who was or is a party or is threatened to be made a party to, or was otherwise involved in, a legal proceeding by reason of the fact that he or she is or was a director or an officer of KLX Energy Services or, while serving as a director or officer of KLX Energy Services, is or was serving at our request as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, to the fullest extent authorized by the DGCL, as it exists or may be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement by or on behalf of such person) actually and reasonably incurred in connection with such service (provided that, in the case of a proceeding initiated by such person, we will only indemnify such person if the proceeding was specifically authorized by our Board). This right of indemnity will include, with certain limitations and exceptions, a right to be paid by our company the expenses incurred in defending such proceedings. We will be authorized under our amended and restated certificate of incorporation to carry directors' and officers' insurance protecting us, any director, officer, employee or agent of ours or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not we would have the power to indemnify the person under the DGCL. Our amended and restated certificate of incorporation will also permit our Board to indemnify or advance expenses to any of our employees or agents to the fullest extent permitted with respect to our directors and officers in our amended and restated certificate of incorporation.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation may discourage stockholders from bringing a lawsuit against our directors for breach of fiduciary duty. These provisions also may reduce the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment in our common stock may be adversely affected to the extent we pay the costs of settlement and damage awards under these indemnification provisions.

By its terms, the indemnification provided for in our amended and restated certificate of incorporation will not be exclusive of any other rights that the indemnified party may be or become entitled to under any law, agreement, vote of stockholders or directors, provisions of our amended and restated certificate of incorporation or bylaws or otherwise. Any amendment, alteration or repeal of our amended and restated certificate of incorporation's indemnification provisions will be, by the terms of our amended and restated certificate of incorporation, prospective only and will not adversely affect the rights of any indemnitee in effect at the time of any act or omission occurring prior to such amendment, alteration or repeal.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a Registration Statement on Form 10 for the shares of common stock that KLX stockholders will receive in the distribution. This information statement does not contain all of the information contained in the Form 10 and the exhibits to the Form 10. We have omitted some items in accordance with the rules and regulations of the SEC. For additional information relating to us and the spin-off, we refer you to the Form 10 and its exhibits, which are on file at the offices of the SEC. Statements contained in this information statement about the contents of any contract or other document referred to may not be complete, and, in each instance, if we have filed the contract or document as an exhibit to the Form 10, we refer you to the copy of the contract or other documents so filed. We qualify each statement in all respects by the relevant reference.

You may inspect and copy the Form 10 and exhibits that we have filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information on the Public Reference Room. In addition, the SEC maintains an Internet site at www.sec.gov, from which you can electronically access the Form 10, including its exhibits.

We maintain an Internet site at www.klxenergy.com. We do not incorporate our Internet site, or the information contained on that site or connected to that site, into the information statement or our Registration Statement on Form 10.

As a result of the distribution, we will be required to comply with certain informational requirements of the Exchange Act. We will fulfill our obligations with respect to these requirements by filing periodic reports and other information with the SEC. We plan to make available, free of charge, on our Internet site our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, reports filed under Section 16 of the Exchange Act and amendments to those reports as soon as reasonably practicable after we electronically file or furnish those materials to the SEC.

You should rely only on the information contained in this information statement or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

INDEX TO FINANCIAL STATEMENTS

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

CONDENSED BALANCE SHEETS (UNAUDITED)

(In millions)

	April 30, 2018	January 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ —	$ —
Accounts receivable—trade, less allowance for doubtful accounts ($2.6 at April 30, 2018 and $2.3 at January 31, 2018)	87.7	73.9
Inventories, net	11.1	10.2
Other current assets	3.3	2.0
Total current assets	102.1	86.1
Property and equipment, net of accumulated depreciation ($132.9 at April 30, 2018 and $128.9 at January 31, 2018)	186.7	179.5
Identifiable intangible assets, net	2.8	2.8
Other assets	6.7	5.4
	$ 298.3	$ 273.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 35.6	$ 31.8
Accrued liabilities	14.7	16.2
Total current liabilities	50.3	48.0
Other non-current liabilities	1.1	1.2
Commitments, contingencies and off-balance sheet arrangements (Note 6)		
Parent company equity:		
Parent company investment	1,042.3	1,025.8
Accumulated deficit	(795.4)	(801.2)
Total Parent company equity	246.9	224.6
	$ 298.3	$ 273.8

See accompanying notes to condensed financial statements.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

CONDENSED STATEMENTS OF EARNINGS (LOSS) (UNAUDITED)

(In millions)

	Three Months Ended	
	April 30, 2018	April 30, 2017
Service revenues	$ 110.3	$ 63.5
Cost of sales	82.0	55.9
Selling, general and administrative	21.8	17.6
Research and development costs	0.7	0.4
Operating earnings (loss)	5.8	(10.4)
Income tax expense	—	—
Net earnings (loss)	$ 5.8	$ (10.4)

See accompanying notes to condensed financial statements.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In millions)

	Three Months Ended	
	April 30, 2018	April 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	$ 5.8	$ (10.4)
Adjustments to reconcile net earnings (loss) to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	8.8	8.4
Non-cash compensation	2.6	2.8
Provision for doubtful accounts	0.3	0.1
Loss on disposal of property, equipment and other	0.2	0.4
Changes in operating assets and liabilities:		
Accounts receivable	(14.1)	(17.2)
Inventories	(0.8)	0.5
Other current and non-current assets	(2.7)	(1.8)
Accounts payable	6.7	6.3
Other current and non-current liabilities	(1.6)	0.3
Net cash flows provided by (used in) operating activities	5.2	(10.6)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(19.1)	(9.5)
Net cash flows used in investing activities	(19.1)	(9.5)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net transfers from Parent	13.9	20.1
Net cash flows provided by financing activities	13.9	20.1
Net change in cash and cash equivalents	—	—
Cash and cash equivalents, beginning of period	—	—
Cash and cash equivalents, end of period	$ —	$ —
Supplemental schedule of non-cash activities:		
Accrued property additions	$ 1.9	$ 1.9

See accompanying notes to condensed financial statements.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED APRIL 30, 2018 AND 2017

(Unaudited—In millions, except share and per share data)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Board of Directors of KLX Inc. ("KLX" or "Parent") has authorized management to pursue a plan to separate its Energy Services Group business ("ESG" or the "Company") into an independent, publicly-traded company. ESG represents an operating segment and reporting unit of its Parent. This business will be contributed to KLX Energy Services Holdings, Inc., a subsidiary of Parent, which currently has no assets and no operations. The proposed separation is intended to take the form of a taxable spin-off to Parent's stockholders of 100% of the shares of KLX Energy Services Holdings, Inc.

The separation is conditioned on, among other things, final approval of the transaction by the Parent's Board of Directors.

The Company provides technical services and related tools and equipment to land-based oil and gas exploration and drilling companies often in remote locations.

Basis of Presentation

The Company's condensed financial statements have been derived from the Parent's condensed consolidated financial statements and accounting records as if it was operated on a stand-alone basis and were prepared in accordance with accounting principles generally accepted in the United States (GAAP). All intercompany transactions and account balances within the Company have been eliminated.

The condensed statements of earnings (loss) reflect allocations of general corporate expenses from the Parent, including, but not limited to, executive management, finance, legal, information technology, human resources, employee benefits administration, treasury, risk management, procurement and other shared services. The allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenues generated, costs incurred, headcount or other measures. Management of the Company and Parent considers these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expense the Company would have incurred as a stand-alone company for the periods presented. Actual costs that may have been incurred if the Company had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Parent's cash has not been assigned to the Company for any of the periods presented because those cash balances are not directly attributable to the Company. The Parent will contribute $50 to the Company in connection with the separation. Parent's debt obligations and the related interest expense have not been attributed to the Company for any of the periods presented because Parent's borrowings and the related guarantees on such borrowings are not directly attributable to the businesses that comprise the Company.

Parent has historically used a centralized approach to cash management and financing of its operations. Transactions between the Company and Parent are considered to be effectively settled for

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

FOR THE THREE MONTHS ENDED APRIL 30, 2018 AND 2017

(Unaudited—In millions, except share and per share data)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

cash at the time the transaction is recorded. The net effect of these transactions is included in the condensed statements of cash flows as Net transfers from Parent.

The Company's ability to satisfy its liquidity requirements depends on its future operating performance, which is affected by prevailing economic conditions, the level of drilling, completion, intervention and production activity for North American onshore oil and natural gas resources, and financial and business and other factors, many of which are beyond the Company's control. Due to improvements in the oil and gas industry, cash used in/provided by operating activities improved beginning in mid-2016 and continuing throughout the year ended January 31, 2018. The Company generated cash from operating activities starting in the third quarter of 2017, which continued into the first quarter of 2018. However, the Company remained dependent on funding from Parent, receiving contributions of $58.2 in 2017 and $13.9 in the first quarter of 2018, periods during which revenues grew 110.6% and 73.7%, respectively, as compared with the same periods in the prior years. Contributions from Parent primarily funded the Company's capital expenditures of $48.8 in 2017 and $19.1 in the first quarter of 2018. As a segment of Parent with no capital structure of its own, the Company will not be able to invest in capital expenditures at this level and meet its obligations as they became due without continuing financial support from Parent.

As noted above, Parent has committed to contribute $50 to the Company at the date of separation to support the Company's liquidity. In additon, Parent has committed to provide financial support, as needed, to the Company through the date of the spin-off. Any Parent funding, net of cash remitted to Parent, from the date of the merger agreement to the distribution date will be required to be reimbursed to Parent after the spin-off. Alternatively, any net cash generated by the Company between the merger agreement date and the distribution date will remain with the Company. Management evaluated its liquidity needs for the 12 months following the issuance of these financial statements including consideration of the possible impacts of a significant decline in oil and natural gas prices on the Company's financial results. Management concluded that the Company will meet its obligations during the next year with cash from operating activities, the contribution of $50 by Parent and management's ability to control the timing of capital and other discretionary expenditures in the event of an unexpected downturn.

Parent Company Investment—Parent company investment in the condensed balance sheets represents Parent's historical investment in the Company, the net effect of cost allocations from transactions with Parent and net transfers of cash and assets from Parent. See Note 3 for a further description of the transactions between the Company and Parent.

Financial Statement Preparation—The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. All adjustments which, in the opinion of the Company's management, are considered necessary for a fair presentation of the results of operations for the periods shown are of a normal recurring nature and have been reflected in the

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

FOR THE THREE MONTHS ENDED APRIL 30, 2018 AND 2017

(Unaudited—In millions, except share and per share data)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

condensed financial statements. The results of operations for the periods presented are not necessarily indicative of the results expected for the full fiscal year or for any future period.

Recent Accounting Pronouncements

In May 2017, the FASB issued Accounting Standards Update ("ASU") 2017-09, Compensation—Stock Compensation (Topic 718). This ASU was issued to provide clarity and reduce diversity in practice regarding the application of guidance on the modification of equity awards. The ASU states that an entity should account for the effects of a modification unless all of the following are met: the fair value, vesting conditions and the classification of the instrument as equity or liability of the modified award is the same as that of the original award immediately before such award is modified. The guidance is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual reporting periods with early adoption permitted and should be applied prospectively to an award modified on or after the adoption date. The Company does not expect a material impact upon adoption of this ASU to its condensed financial statements as the Company historically has accounted for all modifications in accordance with Topic 718 and has not been subject to the exception described under this ASU.

In January 2017, the FASB issued ASU 2017-01, Business Combinations. This update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The adoption of ASU 2017-01 is not expected to have a material impact on the Company's condensed financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15") related to how certain cash receipts and payments are presented and classified in the statement of cash flows. These cash flow issues include debt prepayment or extinguishment costs, settlement of zero-coupon debt, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows. This ASU is effective for fiscal years beginning after December 15, 2018, and December 15, 2019 for interim periods with early adoption permitted and should be applied retrospectively. The Company does not expect a material impact upon adoption of this ASU to its condensed financial statements as the Company's condensed statements of cash flows are not impacted by the eight issues listed above.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, which amends ASC Topic 718, Compensation—Stock Compensation. The ASU includes multiple provisions intended to simplify various aspects of the accounting for share-based payments, including that excess tax benefits and shortfalls be recorded as income tax benefit or expense in the income statement, rather than equity, and requires excess tax benefits from stock-based compensation

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

FOR THE THREE MONTHS ENDED APRIL 30, 2018 AND 2017

(Unaudited—In millions, except share and per share data)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to be classified in cash flow from operations. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The Company does not expect a material impact upon adoption of this ASU to its condensed financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases, which supersedes ASC Topic 840, Leases, and creates a new topic, ASC Topic 842, Leases. This update is effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Earlier adoption is permitted. ASU 2016-02 requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative and qualitative disclosures surrounding leases. ASU 2016-02 will be applied using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is currently evaluating the effect of this update on its condensed financial statements.

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers, which updated the guidance in ASC Topic 606, Revenue Recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. In August 2015, the FASB deferred the effective date for implementation of ASU 2014-09 by one year and during 2016, the FASB issued various related accounting standard updates, which clarified revenue accounting principles and provided supplemental adoption guidance. The guidance under ASU 2014-09 is effective for fiscal years beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019. To assess the impact of this guidance, the Company has established a cross functional implementation project team, inventoried its revenue streams and contracts with customers and applied the principles of the guidance against a selection of contracts to assist in the determination of potential revenue accounting differences. Based on its preliminary assessment, the Company expects to provide increased disclosures to comply with the ASU but does not expect significant changes to its balance sheet or prior period statements of earnings (loss).

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

FOR THE THREE MONTHS ENDED APRIL 30, 2018 AND 2017

(Unaudited—In millions, except share and per share data)

2. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	Useful Life (Years)	April 30, 2018	January 31, 2018
Land, buildings and improvements	3 - 30	$ 30.4	$ 29.6
Machinery	5 - 20	128.2	125.6
Furniture and equipment	5	161.0	153.2
		319.6	308.4
Less accumulated depreciation		132.9	128.9
		$ 186.7	$ 179.5

Depreciation expense was $8.8 and $8.4 for the three months ended April 30, 2018 and 2017.

3. RELATED PARTY TRANSACTIONS

The condensed statements of earnings (loss) for the three months ended April 30, 2018 and 2017 include an allocation of general corporate expenses from KLX. These costs were allocated to the Company on a systematic and reasonable basis utilizing a direct usage basis when identifiable, with the remainder allocated on the basis of costs incurred, headcount or other measures.

Allocations for general corporate expenses, including management costs and corporate support services provided to the Company, totaled $7.7 and $4.4 for the three months ended April 30, 2018 and 2017, respectively, and were reported in the Company's selling, general and administrative expenses on its condensed statements of earnings (loss). These amounts include costs for allocations related to Parent's strategic alternatives review process as well as for functions including executive management, finance, legal, information technology, human resources, employee benefits administration, treasury, risk management, procurement and other shared services.

4. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	April 30, 2018	January 31, 2018
Accrued salaries, vacation and related benefits	$ 9.7	$ 6.8
Accrued bonuses	1.9	6.3
Accrued property taxes	1.1	1.1
Other accrued liabilities	2.0	2.0
	$ 14.7	$ 16.2

5. FAIR VALUE INFORMATION

All financial instruments are carried at amounts that approximate estimated fair value. The fair value is the price at which an asset could be exchanged in a current transaction between

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

FOR THE THREE MONTHS ENDED APRIL 30, 2018 AND 2017

(Unaudited—In millions, except share and per share data)

5. FAIR VALUE INFORMATION (Continued)

knowledgeable, willing parties. Assets measured at fair value are categorized based upon the lowest level of significant input to the valuations.

Level 1—quoted prices in active markets for identical assets and liabilities.

Level 2—quoted prices for identical assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3—unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The carrying amounts of cash and cash equivalents (which the Company classifies as Level 1 assets), accounts receivable-trade and accounts payable represent their respective fair values due to their short-term nature. There are no financial instruments with Level 2 or Level 3 inputs at any date.

6. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE-SHEET ARRANGEMENTS

Lease Commitments—The Company finances its use of certain facilities and equipment under committed lease arrangements provided by various institutions. Since the terms of these arrangements meet the accounting definition of operating lease arrangements, the aggregate sum of future minimum lease payments is not reflected on the condensed balance sheets. At April 30, 2018, future minimum lease payments under these arrangements approximated $34.6, of which $21.6 is related to long-term real estate leases.

Litigation—The Company is a defendant in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on the Company's condensed financial statements.

Indemnities, Commitments and Guarantees—During its normal course of business, the Company has made certain indemnities, commitments and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities include indemnities to various lessors in connection with facility leases for certain claims arising from such facility or lease and indemnities to other parties to certain acquisition agreements. The duration of these indemnities, commitments and guarantees varies, and in certain cases, is indefinite. Many of these indemnities, commitments and guarantees provide for limitations on the maximum potential future payments the Company could be obligated to make. However, the Company is unable to estimate the maximum amount of liability related to its indemnities, commitments and guarantees because such liabilities are contingent upon the occurrence of events that are not reasonably determinable. Management believes that any liability for these indemnities, commitments and guarantees would not be material to the accompanying condensed financial statements. Accordingly, no significant amounts have been accrued for indemnities, commitments and guarantees.

The Company has employment agreements with certain key members of management expiring on various dates. The Company's employment agreements generally provide for certain protections in the

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

FOR THE THREE MONTHS ENDED APRIL 30, 2018 AND 2017

(Unaudited—In millions, except share and per share data)

6. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE-SHEET ARRANGEMENTS (Continued)

event of a change of control. These protections generally include the payment of severance and related benefits under certain circumstances in the event of a change of control.

7. ACCOUNTING FOR STOCK-BASED COMPENSATION

The Parent has a Long-Term Incentive Plan ("LTIP") under which its Compensation Committee granted stock options, stock appreciation rights, restricted stock, restricted stock units or other forms of equity based or equity related awards.

Compensation cost is generally recorded on a straight-line basis over the vesting term of the shares based on the grant date value using the closing trading price. Share based compensation of $2.6 and $2.8 was recorded in selling, general and administrative expense for the three months ended April 30, 2018 and 2017, respectively, including both the amounts related specifically to the Company's employees and the corresponding expense allocated by the Parent to the Company as previously discussed in the related party transaction footnote above. Unrecognized compensation cost related to these grants was $10.7 at April 30, 2018.

The Parent has established a qualified Employee Stock Purchase Plan, the terms of which allow for qualified employees (as defined in the Plan) to participate in the purchase of designated shares of the Parent's common stock at a price equal to 85% of the closing price on the last business day of each semi-annual stock purchase period. The Parent has not issued any shares of common stock to employees of the Company under the Employee Stock Purchase Plan during the three months ended April 30, 2018 and 2017, respectively.

8. INCOME TAXES

Income taxes as presented are calculated on a separate tax return basis. The Company determined the provision for income taxes using the asset and liability approach. Under this approach, deferred income taxes represent the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities.

The Company's quarterly income tax expense is measured using an estimated annual effective income tax rate, adjusted for discrete items within the period. The comparison of effective income tax rates between periods is significantly affected by discrete items recognized during the periods, the level and mix of earnings by tax jurisdiction and permanent differences.

For the three months ended April 30, 2018 and 2017, the Company did not incur any income tax expense. The effective income tax rate varies from the federal statutory rate of 21% in 2018 (35% in 2017) primarily due to the utilization of deferred tax assets. The 2018 federal statutory rate is lower than the prior year as a result of recently enacted tax legislation.

9. SEGMENT REPORTING

The Company is organized on a geographic basis. The Company's reportable segments which are also its operating segments, are comprised of the Southwest (the Permian Basin and Eagle Ford Shale),

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

FOR THE THREE MONTHS ENDED APRIL 30, 2018 AND 2017

(Unaudited—In millions, except share and per share data)

9. SEGMENT REPORTING (Continued)

the Rocky Mountains (the Bakken formation, Williston, DJ, Uinta and Piceance Basins and Niobrara Shale) and the Northeast (the Marcellus and Utica Shales as well as the Mid-Continent STACK and SCOOP and Haynesville). The segments regularly report their results of operations and make requests for capital expenditures and acquisition funding to the Company's chief operational decision-making group ("CODM"). This group is comprised of the Chairman and Chief Executive Officer and the Senior Vice President and Chief Financial Officer. As a result, the CODM has determined the Company has three reportable segments.

The following table presents revenues and operating earnings (losses) by reportable segment:

	THREE MONTHS ENDED	
	APRIL 30, 2018	APRIL 30, 2017
Revenues		
Southwest	$ 39.8	$ 21.1
Rocky Mountains	40.2	25.8
Northeast	30.3	16.6
Total revenues	110.3	63.5
Operating earnings (loss)(1)		
Southwest	2.1	(5.4)
Rocky Mountains	1.2	(1.1)
Northeast	2.5	(3.9)
Earnings (loss) before income taxes	$ 5.8	$ (10.4)

(1) Operating earnings (loss) include an allocation of employees benefits and general and administrative costs primarily based on each segment's percentage of total revenues for the three months ended April 30, 2018 and 2017.

The following table presents revenues by service offering by reportable segment:

	Three Months Ended April 30, 2018			
	Southwest	Rocky Mountains	Northeast	Total
Completion revenues	$ 22.8	$ 19.2	$ 15.8	$ 57.8
Intervention revenues	10.9	11.3	7.9	30.1
Production revenues	6.1	9.7	6.6	22.4
Total revenues	$ 39.8	$ 40.2	$ 30.3	$ 110.3

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

FOR THE THREE MONTHS ENDED APRIL 30, 2018 AND 2017

(Unaudited—In millions, except share and per share data)

9. SEGMENT REPORTING (Continued)

	Three Months Ended April 30, 2017			
	Southwest	Rocky Mountains	Northeast	Total
Completion revenues	$ 11.4	$ 9.3	$ 7.4	$ 28.1
Intervention revenues	6.5	10.4	5.3	22.2
Production revenues	3.2	6.1	3.9	13.2
Total revenues	$ 21.1	$ 25.8	$ 16.6	$ 63.5

The following table presents capital expenditures by reportable segment:

	THREE MONTHS ENDED	
	APRIL 30, 2018	APRIL 30, 2017
Southwest	$ 2.8	$ 1.8
Rocky Mountains	8.4	5.9
Northeast	7.9	1.8
	$ 19.1	$ 9.5

Capital expenditures for the administrative office and functions have been allocated to the above segments based on each segment's percentage of total capital expenditures.

The following table presents total assets by reportable segment:

	APRIL 30, 2018	JANUARY 31, 2018
Southwest	$ 69.2	$ 68.8
Rocky Mountains	138.2	124.9
Northeast	90.9	80.1
	$ 298.3	$ 273.8

Assets for the administrative office and functions have been allocated to the above segments based on each segment's percentage of total assets.

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for potential recognition and disclosure through June 20, 2018, the date the financial statements were issued.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of KLX Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of the Energy Services Group Business of KLX Inc. (the "Company") as of January 31, 2018 and 2017, the related statements of earnings (loss), parent company equity, and cash flows, for each of the three years in the period ended January 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

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 Public Company Accounting Oversight Board (United States) (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 and in accordance with auditing standards generally accepted in the United States of America. 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements have been derived from KLX Inc.'s consolidated financial statements and accounting records. The financial statements also include allocations of certain corporate expenses historically incurred by KLX Inc. These allocations may not be reflective of the actual expenses which would have been incurred had the Company operated as a separate entity during the periods presented.

/s/ Deloitte & Touche LLP

Certified Public Accountants

Boca Raton, Florida
June 20, 2018

We have served as the Company's auditor since 2018.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

BALANCE SHEETS AS OF JANUARY 31, 2018 AND 2017

(In millions)

	January 31, 2018	January 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ —	$ —
Accounts receivable—trade, less allowance for doubtful accounts ($2.3 at January 31, 2018 and $2.7 at January 31, 2017)	73.9	30.5
Inventories, net	10.2	9.3
Other current assets	2.0	0.6
Total current assets	86.1	40.4
Property and equipment, net of accumulated depreciation ($128.9 at January 31, 2018 and $98.2 at January 31, 2017)	179.5	161.0
Identifiable intangible assets, net	2.8	3.1
Other assets	5.4	0.5
	$ 273.8	$ 205.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 31.8	$ 15.4
Accrued liabilities	16.2	10.2
Total current liabilities	48.0	25.6
Other non-current liabilities	1.2	1.4
Commitments, contingencies and off-balance sheet arrangements (Note 5)		
Parent company equity:		
Parent company investment	1,025.8	955.1
Accumulated deficit	(801.2)	(777.1)
Total Parent company equity	224.6	178.0
	$ 273.8	$ 205.0

See accompanying notes to financial statements.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

STATEMENTS OF LOSS

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions)

	Year Ended		
	January 31, 2018	January 31, 2017	January 31, 2016
Service revenues	$ 320.5	$ 152.2	$ 251.2
Cost of sales	269.1	181.3	282.8
Selling, general and administrative	73.4	60.1	78.5
Research and development costs	2.0	0.3	—
Goodwill impairment charge	—	—	310.4
Long-lived asset impairment charge	—	—	329.8
Operating loss	(24.0)	(89.5)	(750.3)
Income tax expense	0.1	0.1	0.1
Net loss	$ (24.1)	$ (89.6)	$ (750.4)

See accompanying notes to financial statements.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

STATEMENTS OF PARENT COMPANY EQUITY

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions)

	Parent Company Investment	Accumulated Earnings (Deficit)	Total Parent Company Equity
Balance, January 31, 2015	$ 780.9	$ 62.9	$ 843.8
Net transfers from Parent	98.7	—	98.7
Net loss	—	(750.4)	(750.4)
Balance, January 31, 2016	879.6	(687.5)	192.1
Net transfers from Parent	75.5	—	75.5
Net loss	—	(89.6)	(89.6)
Balance, January 31, 2017	955.1	(777.1)	178.0
Net transfers from Parent	70.7	—	70.7
Net loss	—	(24.1)	(24.1)
Balance, January 31, 2018	$ 1,025.8	$ (801.2)	$ 224.6

See accompanying notes to financial statements.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions)

	Year Ended		
	January 31, 2018	January 31, 2017	January 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (24.1)	$ (89.6)	$ (750.4)
Adjustments to reconcile net loss to net cash flows provided by (used in) operating activities:			
Depreciation and amortization	33.5	36.2	46.6
Asset impairment charge	—	—	640.2
Non-cash compensation	12.5	9.0	4.3
Provision for doubtful accounts	(0.4)	(1.6)	3.8
Loss on disposal of property, equipment and other	0.9	3.7	2.3
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable	(43.0)	8.9	59.2
Inventories	(0.9)	1.2	(1.2)
Other current and non-current assets	(6.3)	5.9	(0.6)
Accounts payable	12.6	(3.9)	6.1
Other current and non-current liabilities	5.8	(7.3)	(0.5)
Net cash flows (used in) provided by operating activities	(9.4)	(37.5)	9.8
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(48.8)	(29.0)	(98.9)
Acquisitions, net of cash acquired	—	—	(5.3)
Net cash flows used in investing activities	(48.8)	(29.0)	(104.2)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net transfers from Parent	58.2	66.5	94.4
Net cash flows provided by financing activities	58.2	66.5	94.4
Net change in cash and cash equivalents	—	—	—
Cash and cash equivalents, beginning of period	—	—	—
Cash and cash equivalents, end of period	$ —	$ —	$ —
Supplemental schedule of non-cash activities:			
Accrued property additions	$ 4.8	$ 1.0	$ 5.4

See accompanying notes to financial statements.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Board of Directors of KLX Inc. ("KLX" or "Parent") has authorized management to pursue a plan to separate its Energy Services Group business ("ESG" or the "Company") into an independent, publicly-traded company. ESG represents an operating segment and reporting unit of its Parent. This business will be contributed to KLX Energy Services Holdings, Inc., a subsidiary of Parent, which currently has no assets and no operations. The proposed separation is intended to take the form of a taxable spin-off to Parent's stockholders of 100% of the shares of KLX Energy Services Holdings, Inc.

The separation is conditioned on, among other things, final approval of the transaction by the Parent's Board of Directors.

The Company provides technical services and related tools and equipment to land-based oil and gas exploration and drilling companies often in remote locations.

Basis of Presentation

The Company's financial statements have been derived from the Parent's consolidated financial statements and accounting records as if they were operated on a stand-alone basis and were prepared in accordance with accounting principles generally accepted in the United States (GAAP). All intercompany transactions and account balances within the Company have been eliminated.

The statements of loss reflect allocations of general corporate expenses from the Parent, including, but not limited to, executive management, finance, legal, information technology, human resources, employee benefits administration, treasury, risk management, procurement and other shared services. The allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenues generated, costs incurred, headcount or other measures. Management of the Company and Parent considers these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expense the Company would have incurred as a stand-alone company for the periods presented. Actual costs that may have been incurred if the Company had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Parent's cash has not been assigned to the Company for any of the periods presented because those cash balances are not directly attributable to the Company nor is the Company expected to acquire or assume Parent cash presently or in connection with the separation. Parent's debt obligations and the related interest expense have not been attributed to the Company for any of the periods presented because Parent's borrowings and the related guarantees on such borrowings are not directly attributable to the businesses that comprise the Company.

Parent has historically used a centralized approach to cash management and financing of its operations. Transactions between the Company and Parent are considered to be effectively settled for cash at the time the transaction is recorded. The net effect of these transactions is included in the statements of cash flows as Net transfers from Parent.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company's ability to satisfy its liquidity requirements depends on its future operating performance, which is affected by prevailing economic conditions, the level of drilling, completion, intervention and production activity for North American onshore oil and natural gas resources, and financial and business and other factors, many of which are beyond the Company's control. Due to improvements in the oil and gas industry, cash used in/provided by operating activities improved beginning in mid-2016 and continuing throughout the year ended January 31, 2018. The Company generated cash from operating activities starting in the third quarter of 2017. However, the Company remained dependent on funding from Parent, receiving contributions of $58.2 in 2017, a period during which revenues grew 110.6% as compared with the same period in the prior year. Contributions from Parent primarily funded the Company's capital expenditures of $48.8 in 2017. As a segment of Parent with no capital structure of its own, the Company will not be able to invest in capital expenditures at this level and meet its obligations as they became due without continuing financial support from Parent.

As noted above, Parent has committed to contribute $50 to the Company at the date of separation to support the Company's liquidity. In additon, Parent has committed to provide financial support, as needed, to the Company through the date of the spin-off. Any Parent funding, net of cash remitted to Parent, from the date of the merger agreement to the distribution date will be required to be reimbursed to Parent after the spin-off. Alternatively, any net cash generated by the Company between the merger agreement date and the distribution date will remain with the Company. Management evaluated its liquidity needs for the 12 months following the issuance of these financial statements including consideration of the possible impacts of a significant decline in oil and natural gas prices on the Company's financial results. Management concluded that the Company will meet its obligations during the next year with cash from operating activities, the contribution of $50 by Parent and management's ability to control the timing of capital and other discretionary expenditures in the event of an unexpected downturn.

Parent Company Investment—Parent company investment in the balance sheets represents Parent's historical investment in the Company, the net effect of cost allocations from transactions with Parent and net transfers of cash and assets from Parent. See Note 3 for a further description of the transactions between the Company and Parent.

Financial Statement Preparation—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and related disclosures. Actual results could differ from those estimates.

Revenue Recognition—Sales of products and services are recorded when the earnings process is complete. Service revenues from oilfield technical services and related tools and equipment are recorded when services are performed and/or equipment is rented pursuant to a completed purchase order or master services agreement that sets forth firm pricing and payment terms.

Accounts Receivable, Net—The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current creditworthiness, as

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

determined by review of their current credit information. The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. The allowance for doubtful accounts at January 31, 2018 and 2017 was $2.3 and $2.7, respectively.

Inventories—Inventories, made up of finished goods, primarily consist of packers, plugs and other consumables used to perform services for ESG's customers. The Company values inventories at the lower of cost or net realizable value. Reserves for excess and obsolete inventory were approximately $1.1 and $0.1 as of January 31, 2018 and 2017, respectively.

Property and Equipment, Net—Property and equipment are stated at cost and depreciated generally under the straight-line method over their estimated useful lives of three to thirty years (or the lesser of the term of the lease for leasehold improvements, as appropriate).

Goodwill and Intangible Assets, Net—The Company's acquired intangible asset consists of developed technologies with a definite life of fifteen years and is amortized over its useful life. The cost basis is $3.3 and accumulated amortization was $0.5 and $0.2 at January 31, 2018 and 2017, respectively. Amortization expense was $0.3, $0.2 and $5.1 for the years ended January 31, 2018, 2017 and 2016, respectively.

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, Intangibles—Goodwill and Other, goodwill and indefinite-lived intangible assets are reviewed at least annually for impairment. Acquired intangible assets with definite lives are amortized over their individual useful lives.

Goodwill is tested at least annually as of December 31, and the Company's management assesses whether there has been any impairment in the value of goodwill by first comparing the fair value to the net carrying value. If the carrying value exceeds its estimated fair value, a second step is performed to compute the amount of the impairment. An impairment loss is recognized if the implied fair value of the asset being tested is less than its carrying value. In this event, the asset is written down accordingly. The fair value is determined using valuation techniques based on estimates, judgments and assumptions that the Company's management believes are appropriate in the circumstances.

During the year ended January 31, 2016, the continued downturn in the oil and gas industry, including the nearly 75% decrease in the number of onshore drilling rigs and the resulting significant cutbacks in the capital expenditures of the Company's customers, represented a significant adverse change in the business climate, which indicated that the ESG reporting unit's goodwill was impaired and the ESG asset group's long-lived assets may not be recoverable. As a result, during the third quarter ended October 31, 2015, the Company performed an interim goodwill impairment test and a long-lived asset recoverability test. As a result, the Company determined goodwill was fully impaired and recorded a pre-tax impairment charge of $310.4.

Long-Lived Assets—Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are tested for impairment when there is evidence that events or changes in

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

circumstances indicate that the carrying amount of an asset may not be recovered. An impairment loss is recognized when the undiscounted cash flows expected to be generated by an asset (or group of assets) is less than its carrying amount. Any required impairment loss is measured as the amount by which the asset's carrying value exceeds its fair value and is recorded as a reduction in the carrying value of the related asset and a charge to operating results. For the years ended January 31, 2018 and 2017, there were no impairments of long lived assets. For the year ended January 31, 2016, the Company used a combination of a cost and market approaches for determining the fair value of the ESG asset group's long lived assets and recognized impairment charges related to identified intangibles and property and equipment of $177.8 and $152.0, respectively.

Accounting for Stock-Based Compensation—The Company accounts for share-based compensation arrangements in accordance with the provisions of FASB ASC 718, whereby share-based compensation cost is measured on the date of grant, based on the fair value of the award, and is recognized over the requisite service period.

Compensation cost recognized during the years ended January 31, 2018, 2017 and 2016 related to grants of restricted stock, restricted stock units and stock options granted by Parent.

The Parent has established a qualified Employee Stock Purchase Plan. The Employee Stock Purchase Plan allows qualified employees (as defined in the plan) to participate in the purchase of designated shares of the Parent's common stock at a price equal to 85% of the closing price for each semi-annual stock purchase period. The fair value of employee purchase rights represents the difference between the closing price of Parent's shares on the date of purchase and the purchase price of the shares. The value of the rights under this Plan granted during the years ended January 31, 2018, 2017 and 2016 was $0.1, $0.1 and $0.1, respectively.

Concentration of Risk—The Company provides products and services to energy industry customers who focus on developing and producing oil and gas onshore in North America. The Company's management performs ongoing credit evaluations on the financial condition of all of its customers and maintains allowances for uncollectible accounts receivable based on expected collectability. Credit losses have historically been within management's expectations and the provisions established.

Significant customers change from year to year depending on the level of exploration and production activity and the use of the Company's services. During the years ended January 31, 2018, 2017 and 2016, no single customer accounted for more than 10% of the Company's revenues.

Recent Accounting Pronouncements

In May 2017, the FASB issued Accounting Standards Update ("ASU") 2017-09, Compensation—Stock Compensation (Topic 718). This ASU was issued to provide clarity and reduce diversity in practice regarding the application of guidance on the modification of equity awards. The ASU states that an entity should account for the effects of a modification unless all of the following are met: the fair value, vesting conditions and the classification of the instrument as equity or liability of the modified award is the same as that of the original award immediately before such award is modified.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The guidance is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual reporting periods with early adoption permitted and should be applied prospectively to an award modified on or after the adoption date. The Company does not expect a material impact upon adoption of this ASU to its financial statements as the Company historically has accounted for all modifications in accordance with Topic 718 and has not been subject to the exception described under this ASU.

In January 2017, the FASB issued ASU 2017-01, Business Combinations. This update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The adoption of ASU 2017-01 is not expected to have a material impact on the Company's financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15") related to how certain cash receipts and payments are presented and classified in the statement of cash flows. These cash flow issues include debt prepayment or extinguishment costs, settlement of zero-coupon debt, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows. This ASU is effective for fiscal years beginning after December 15, 2018, and December 15, 2019 for interim periods with early adoption permitted and should be applied retrospectively. The Company does not expect a material impact upon adoption of this ASU to its financial statements as the Company's statements of cash flows are not impacted by the eight issues listed above.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, which amends ASC Topic 718, Compensation—Stock Compensation. The ASU includes multiple provisions intended to simplify various aspects of the accounting for share-based payments, including that excess tax benefits and shortfalls be recorded as income tax benefit or expense in the income statement, rather than equity, and requires excess tax benefits from stock-based compensation to be classified in cash flow from operations. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The Company does not expect a material impact upon adoption of this ASU to its financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases, which supersedes ASC Topic 840, Leases, and creates a new topic, ASC Topic 842, Leases. This update is effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

December 15, 2020. Earlier adoption is permitted. ASU 2016-02 requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative and qualitative disclosures surrounding leases. ASU 2016-02 will be applied using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is currently evaluating the effect of this update on its financial statements.

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers, which updated the guidance in ASC Topic 606, Revenue Recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. In August 2015, the FASB deferred the effective date for implementation of ASU 2014-09 by one year and during 2016, the FASB issued various related accounting standard updates, which clarified revenue accounting principles and provided supplemental adoption guidance. The guidance under ASU 2014-09 is effective for fiscal years beginning after December 15, 2018 and interim periods within annual reporting periods beginning after December 15, 2019. To assess the impact of this guidance, the Company has established a cross functional implementation project team, inventoried its revenue streams and contracts with customers and applied the principles of the guidance against a selection of contracts to assist in the determination of potential revenue accounting differences. Based on its preliminary assessment, the Company expects to provide increased disclosures to comply with the ASU but does not expect significant changes to its balance sheet or prior period statements of loss.

2. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	Useful Life (Years)	January 31, 2018	January 31, 2017
Land, buildings and improvements	3 - 30	$ 29.6	$ 25.1
Machinery	5 - 20	125.6	110.3
Computer equipment and software	3	—	0.2
Furniture and equipment	5	153.2	123.6
		308.4	259.2
Less accumulated depreciation		128.9	98.2
		$ 179.5	$ 161.0

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

2. PROPERTY AND EQUIPMENT, NET (Continued)

Depreciation expense was $33.2, $36.0 and $41.5 for the years ended January 31, 2018, 2017 and 2016.

3. RELATED PARTY TRANSACTIONS

The statements of loss for the years ended January 31, 2018, 2017 and 2016 include an allocation of general corporate expenses from KLX. These costs were allocated to the Company on a systematic and reasonable basis utilizing a direct usage basis when identifiable, with the remainder allocated on the basis of costs incurred, headcount or other measures.

Allocations for general corporate expenses, including management costs and corporate support services provided to the Company, totaled $18.7, $15.5 and $19.6 for the years ended January 31, 2018, 2017 and 2016, respectively, and were reported in the Company's selling, general and administrative expenses on its statements of loss. These amounts include costs for functions including executive management, finance, legal, information technology, human resources, employee benefits administration, treasury, risk management, procurement and other shared services.

4. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	January 31, 2018	January 31, 2017
Accrued salaries, vacation and related benefits	$ 6.8	$ 4.1
Accrued bonuses	6.3	2.7
Accrued property taxes	1.1	0.9
Other accrued liabilities	2.0	2.5
	$ 16.2	$ 10.2

5. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE-SHEET ARRANGEMENTS

Lease Commitments—The Company finances its use of certain facilities and equipment under committed lease arrangements provided by various institutions. Since the terms of these arrangements meet the accounting definition of operating lease arrangements, the aggregate sum of future minimum lease payments is not reflected on the balance sheets. At January 31, 2018, future minimum lease payments under these arrangements approximated $34.2, of which $23.0 is related to long-term real estate leases.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

5. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE-SHEET ARRANGEMENTS (Continued)

Rent expense for the years ended January 31, 2018, 2017 and 2016 was $19.7, $12.9 and $22.8, respectively. Future payments under operating leases with terms greater than one year as of January 31, 2018 are as follows:

Year Ending January 31,	
2019	$ 10.7
2020	9.2
2021	4.4
2022	3.2
2023	2.5
Thereafter	4.2
Total	$ 34.2

Litigation—The Company is a defendant in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on the Company's financial statements.

Indemnities, Commitments and Guarantees—During its normal course of business, the Company has made certain indemnities, commitments and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities include indemnities to various lessors in connection with facility leases for certain claims arising from such facility or lease and indemnities to other parties to certain acquisition agreements. The duration of these indemnities, commitments and guarantees varies, and in certain cases, is indefinite. Many of these indemnities, commitments and guarantees provide for limitations on the maximum potential future payments the Company could be obligated to make. However, the Company is unable to estimate the maximum amount of liability related to its indemnities, commitments and guarantees because such liabilities are contingent upon the occurrence of events that are not reasonably determinable. Management believes that any liability for these indemnities, commitments and guarantees would not be material to the accompanying financial statements. Accordingly, no significant amounts have been accrued for indemnities, commitments and guarantees.

The Company has employment agreements with certain key members of management expiring on various dates. The Company's employment agreements generally provide for certain protections in the event of a change of control. These protections generally include the payment of severance and related benefits under certain circumstances in the event of a change of control.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

6. EMPLOYEE RETIREMENT PLANS

The Parent sponsors and contributes to a qualified, defined contribution savings and investment plan, covering substantially all U.S. employees. Balances related to the Company employees' participation in Parent's plans were determined by specifically identifying the balances for the Company's participants and adding to that amount the corresponding expense allocated by the Parent to the Company as previously discussed in the related party transaction footnote above. The KLX Inc. Retirement Plan was established pursuant to Section 401(k) of the Internal Revenue Code. Under the terms of this plan, covered employees may contribute up to 100% of their pay, limited to certain statutory maximum contributions. Participants are vested in matching contributions immediately and the matching percentage is 100% of the first 3% of employee contributions and 50% on the next 2% of employee contributions. Total expense for the plan was $2.1, $1.5 and $2.0 for the years ended January 31, 2018, 2017 and 2016. The Parent also sponsors and contributes to a supplemental executive retirement plan ("SERP"), which was established pursuant to Section 409A of the Internal Revenue Code, for certain Company employees. The SERP is an unfunded plan maintained for the purpose of providing deferred compensation for certain employees. This plan allows certain employees to annually elect to defer a portion of their compensation, on a pre-tax basis, until their retirement. The retirement benefit to be provided is based on the amount of compensation deferred. Compensation expense under this program was $0.1, $0.1 and $0.1 for the years ended January 31, 2018, 2017 and 2016, respectively.

7. PARENT COMPANY EQUITY

Long-Term Incentive Plan—B/E Aerospace, the former parent of KLX Inc., had a Long-Term Incentive Plan ("LTIP") under which its Compensation Committee granted stock options, stock appreciation rights, restricted stock, restricted stock units or other forms of equity based or equity related awards. The Parent adopted an LTIP similar to the B/E Aerospace Long-Term Incentive Plan upon its spin-off from B/E Aerospace, and unvested shares in the B/E Aerospace plan were transferred with the employees to KLX on the same terms and conditions on an exchange ratio of 1.8139 such that the impact was neutral to employees at the date of the spin-off.

During 2014, B/E Aerospace granted restricted stock under the LTIP to certain members of the Company's management, and subsequently, the Parent granted restricted stock under the LTIP to certain members of the Company's management. Restricted stock grants vest over four years and are granted at the discretion of the Compensation Committee of the Parent's Board of Directors. Certain awards also vest upon attainment of performance goals. Compensation cost is recorded on a straight-line basis over the vesting term of the shares based on the grant date value using the closing trading price. Share based compensation of $12.5, $9.0 and $4.3 was recorded in selling, general and administrative expense for the years ended January 31, 2018, 2017 and 2016, respectively, including both the amounts related specifically to the Company's employees and the corresponding expense allocated by the Parent to the Company as previously discussed in the related party transaction footnote above. Unrecognized compensation cost related to these grants was $12.4 at January 31, 2018.

The following table summarizes shares of restricted stock that were granted, vested, forfeited and outstanding with certain members of the Company's management. The table does not include the

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

7. PARENT COMPANY EQUITY (Continued)

shares of restricted stock associated with the shared based compensation expense allocated by the Parent to the Company as it would not be practicable to do so:

	January 31, 2018			January 31, 2017		
	Shares (in thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Vesting Period (in years)	Shares (in thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Vesting Period (in years)
Outstanding, beginning of period	368.8	$ 37.68	2.46	446.8	$ 36.00	3.37
Shares granted	80.1	56.89		86.4	42.44	
Shares vested	(138.2)	39.55		(112.8)	35.65	
Shares forfeited	(54.0)	37.64		(51.6)	35.52	
Outstanding, end of period	256.7	$ 42.68	1.83	368.8	$ 37.68	2.46

8. EMPLOYEE STOCK PURCHASE PLAN

The Parent has established a qualified Employee Stock Purchase Plan, the terms of which allow for qualified employees (as defined in the Plan) to participate in the purchase of designated shares of the Parent's common stock at a price equal to 85% of the closing price on the last business day of each semi-annual stock purchase period. The Parent issued approximately 14,000, 16,000 and 16,000 shares of common stock to employees of the Company during the years ended January 31, 2018, 2017 and 2016, respectively, at a weighted average price per share of $49.63, $31.01 and $30.59, respectively.

9. FAIR VALUE INFORMATION

All financial instruments are carried at amounts that approximate estimated fair value. The fair value is the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. Assets measured at fair value are categorized based upon the lowest level of significant input to the valuations.

Level 1—quoted prices in active markets for identical assets and liabilities.

Level 2—quoted prices for identical assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3—unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The carrying amounts of cash and cash equivalents (which the Company classifies as Level 1 assets), accounts receivable-trade and accounts payable represent their respective fair values due to their short-term nature. There are no financial instruments with Level 2 or Level 3 inputs at any date.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

9. FAIR VALUE INFORMATION (Continued)

Goodwill and long-lived assets, including property and equipment and purchased intangibles subject to amortization, were impaired and written down to their estimated fair values during the third quarter of Fiscal 2015. The goodwill level 3 fair value was determined using an income based approach utilizing estimates of future cash flow, discount rate and long-term growth rate, all of which were unobservable. The long-lived asset level 3 fair value was determined using a combination of the cost approach and the market approach, which used inputs that included replacement costs (unobservable), physical deterioration estimates (unobservable), economic obsolescence (unobservable) and market sales data for comparable assets.

The following table summarizes impairments of goodwill and long-lived assets and the related post-impairment fair values of the corresponding ESG assets for the year ended January 31, 2016:

	January 31, 2016	
	Impairment	Fair Value
Property and equipment, net	$ 152.0	$ 174.3
Goodwill	310.4	—
Intangible assets	177.8	—
	$ 640.2	$ 174.3

Fair value is measured as of the impairment date using Level 3 inputs. See Note 1 for a discussion of the asset impairment charge recorded during the third quarter of Fiscal 2015.

10. INCOME TAXES

Income taxes as presented are calculated on a separate tax return basis. The Company determined the provision for income taxes using the asset and liability approach. Under this approach, deferred income taxes represent the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities.

Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. In assessing the need for a valuation allowance, the Company looked to the future reversal of existing taxable temporary differences, taxable income in carryback years and the feasibility of tax planning strategies and estimated future taxable income. The need for a valuation allowance can be affected by changes to tax laws, changes to statutory tax rates and changes to future taxable income estimates.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

10. INCOME TAXES (Continued)

Components of loss before incomes taxes were:

	Year Ended		
	January 31, 2018	January 31, 2017	January 31, 2016
(Loss) before income taxes			
United States	$ (24.0)	$ (89.5)	$ (750.3)
(Loss) before income taxes	$ (24.0)	$ (89.5)	$ (750.3)

Income tax expense consists of the following:

	Year Ended		
	January 31, 2018	January 31, 2017	January 31, 2016
Current:			
Federal	$ —	$ —	$ —
State	0.1	0.1	0.1
	0.1	0.1	0.1
Deferred:			
Federal	—	—	—
State	—	—	—
	—	—	—
Total income tax expense	$ 0.1	$ 0.1	$ 0.1

The difference between income tax benefit and the amount computed by applying the statutory U.S. federal income tax rate (35%) to the pre-tax loss consists of the following:

	Year Ended		
	January 31, 2018	January 31, 2017	January 31, 2016
Statutory federal income tax benefit	$ (8.1)	$ (31.3)	$ (262.6)
U.S. state income taxes	(0.5)	(1.1)	(9.2)
Change in valuation allowance	(98.0)	32.1	271.1
Non-taxable/non-deductible items	(0.2)	0.4	0.8
Rate change	106.9	—	—
	$ 0.1	$ 0.1	$ 0.1

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

10. INCOME TAXES (Continued)

The tax effects of temporary differences and carryforwards that give rise to deferred income tax assets and liabilities consist of the following:

	January 31, 2018	January 31, 2017
Deferred tax assets:		
Accrued liabilities	$ 2.9	$ 3.2
Intangible assets	86.9	152.4
Net operating loss carryforward	98.9	123.5
Inventory capitalization	0.3	0.4
Other	1.4	0.8
	$ 190.4	$ 280.3
Deferred tax liabilities:		
Depreciation	(14.9)	(6.8)
	(14.9)	(6.8)
Net deferred tax asset before valuation allowance	175.5	273.5
Valuation allowance	(175.5)	(273.5)
Net deferred tax asset	$ —	$ —

The Company is subject to taxation in the United States and various states. Tax years that remain subject to examinations by major tax jurisdictions are generally open for tax years ending in 2014 and after.

Although the deferred tax inventory table above reflects a net operating loss carryforward at January 31, 2018 of $98.9, the net operating loss will not be retained by the Company upon spin-off as the attribute will go to the acquirer of the former parent, The Boeing Company.

The Securities and Exchange Commission (SEC) staff issued Staff Accounting Bulletin No. 118 (SAB 118), which provides guidance on accounting for the tax effects of the Tax Cut and Jobs Act of 2017 (the "2017 Tax Act"). SAB 118 provides a measurement period that should not extend beyond one year from the 2017 Tax Act enactment date for companies to complete the accounting relating to the 2017 Tax Act under the Income Taxes Topic of the FASB ASC. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the 2017 Tax Act for which the accounting under the Income Taxes Topic of the FASB ASC is complete. To the extent that a company's accounting for certain income tax effects of the 2017 Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in its financial statements. If a company cannot determine a provisional estimate to be included in its financial statements, it should continue to apply the Income Taxes Topic of the FASB ASC on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the 2017 Tax Act. The ultimate impact of the 2017 Tax Act in the Company's financial statements is provisional and may differ from its estimates due to changes in the interpretations and assumptions made by the Company as well as additional regulatory guidance that may be issued.

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

10. INCOME TAXES (Continued)

On December 22, 2017, President Trump signed into law the legislation generally known as the Tax Cut and Jobs Act of 2017. The tax law includes significant changes to the U.S. corporate tax systems including a rate reduction from 35% to 21% beginning in January of 2018. In accordance with ASC 740, "Income Taxes," the impact of a change in tax law is recorded in the period of enactment. During the fourth quarter of 2017, the Company recorded a material, non-cash, change in its net deferred income tax balances of approximately $106.9 million related to the tax rate change.

11. SEGMENT REPORTING

The Company is organized on a geographic basis. The Company's reportable segments which are also its operating segments, are comprised of the Southwest (the Permian Basin and Eagle Ford Shale), the Rocky Mountains (the Bakken formation, Williston, DJ, Uinta and Piceance Basins and Niobrara Shale) and the Northeast (the Marcellus and Utica Shales as well as the Mid-Continent STACK and SCOOP and Haynesville). The segments regularly report their results of operations and make requests for capital expenditures and acquisition funding to the Company's chief operational decision-making group ("CODM"). This group is comprised of the Chairman and Chief Executive Officer and the Senior Vice President and Chief Financial Officer. As a result, the CODM has determined the Company has three reportable segments.

The following table presents revenues and other financial information by reportable segment:

	Year Ended January 31, 2018			
	Southwest	Rocky Mountains	Northeast	Total
Revenues	$ 109.5	$ 127.0	$ 84.0	$ 320.5
Operating (loss)(1)	(12.8)	(0.8)	(10.4)	(24.0)
Total assets(1)	68.8	124.9	80.1	273.8
Capital expenditures(1)	12.8	24.9	11.1	48.8
Depreciation and amortization(1)	10.1	12.1	11.3	33.5

	Year Ended January 31, 2017			
	Southwest	Rocky Mountains	Northeast	Total
Revenues	$ 56.5	$ 55.8	$ 39.9	$ 152.2
Operating (loss)(1)	(37.1)	(24.1)	(28.3)	(89.5)
Total assets(1)	59.6	76.7	68.7	205.0
Capital expenditures(1)	9.7	8.2	11.1	29.0
Depreciation and amortization(1)	13.3	10.8	12.1	36.2

ENERGY SERVICES GROUP BUSINESS OF KLX INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE YEARS ENDED JANUARY 31, 2018, 2017 AND 2016

(In millions, except share and per share data)

11. SEGMENT REPORTING (Continued)

	Year Ended January 31, 2016			
	Southwest	Rocky Mountains	Northeast	Total
Revenues	$ 94.8	$ 73.6	$ 82.8	$ 251.2
Operating (loss)(1)	(277.9)	(208.4)	(264.0)	(750.3)
Total assets(1)	66.6	65.9	102.3	234.8
Capital expenditures(1)	24.1	42.6	32.2	98.9
Depreciation and amortization(1)	18.3	10.3	18.0	46.6

(1) Administrative-level assets, capital expenditures and depreciation and amortization have been allocated to the above segments based on each segment's pro rata share of the respective financial statement line item. Operating expenses have been allocated to the above segments based on each segment's pro rata share of revenues.

The following table presents revenues by service offering by reportable segment:

	Year Ended January 31, 2018			
	Southwest	Rocky Mountains	Northeast	Total
Completion revenues	$ 62.8	$ 52.2	$ 39.6	$ 154.6
Intervention revenues	30.9	42.0	22.7	95.6
Production revenues	15.8	32.8	21.7	70.3
Total revenues	$ 109.5	$ 127.0	$ 84.0	$ 320.5

	Year Ended January 31, 2017			
	Southwest	Rocky Mountains	Northeast	Total
Completion revenues	$ 33.9	$ 19.9	$ 20.2	$ 74.0
Intervention revenues	10.0	15.3	9.7	35.0
Production revenues	12.6	20.6	10.0	43.2
Total revenues	$ 56.5	$ 55.8	$ 39.9	$ 152.2

	Year Ended January 31, 2016			
	Southwest	Rocky Mountains	Northeast	Total
Completion revenues	$ 59.7	$ 14.7	$ 60.0	$ 134.4
Intervention revenues	15.5	22.3	7.7	45.5
Production revenues	19.6	36.6	15.1	71.3
Total revenues	$ 94.8	$ 73.6	$ 82.8	$ 251.2

12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for potential recognition and disclosure through June 20, 2018, the date the financial statements were issued.