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As confidentially submitted to the Securities and Exchange Commission on January 20, 2017

Registration No. 333-

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

Confidential Draft Submission No. 1

Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Select Energy Services, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	1389 (Primary Standard Industrial Classification Code Number)	81-4561945 (IRS Employer Identification No.)
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1820 North I-35, P.O. Box 1715
Gainesville, Texas 76241
(940) 668-0259

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John D. Schmitz
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Approximate date of commencement of proposed sale of the securities to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a
smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Class A common stock, par value \$0.01 per share	\$	\$

- (1) Includes shares issuable upon exercise of the underwriters' option to purchase additional shares of Class A common stock.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
- (3) To be paid in connection with the initial filing of the registration statement.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS
(Subject to completion, dated _____, 2017)

Shares



Select Energy Services, Inc.

CLASS A COMMON STOCK

This is the initial public offering of the Class A common stock of Select Energy Services, Inc., a Delaware corporation. We are offering _____ shares of our Class A common stock and the selling shareholders are selling _____ shares of Class A common stock. We will not receive any proceeds from the sale of shares by the selling shareholders. No public market currently exists for our Class A common stock. We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012, and as such, we have elected to take advantage of certain reduced public company reporting requirements for this prospectus and future filings. Please see "Risk Factors" and "Summary—Emerging Growth Company Status."

We intend to apply to list our Class A common stock on the New York Stock Exchange under the symbol "_____."

We anticipate that the initial public offering price of our Class A common stock will be between \$ _____ and \$ _____ per share.

Investing in our Class A common stock involves risks. Please see "Risk Factors" beginning on page 21 of this prospectus.

	Per share	Total
Price to public	\$ _____	\$ _____
Underwriting discounts and commissions(1)	\$ _____	\$ _____
Proceeds to Select Energy Services, Inc. (before expenses)	\$ _____	\$ _____

(1) We refer you to "Underwriting" beginning on page 139 of this prospectus for additional information regarding underwriting compensation.

We have granted the underwriters an option for a period of 30 days to purchase up to _____ additional shares of Class A common stock on the same terms and conditions set forth above if the underwriters sell more than _____ shares of Class A common stock in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about _____, 2017.

Prospectus dated _____, 2017.

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You should rely only on the information contained in this prospectus or in any free writing prospectus prepared by us or on behalf of us or to which we have referred you. Neither we, the selling shareholders nor underwriters have authorized any other person to provide you with information different from that contained in this prospectus and any free writing prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we, the selling shareholders nor the underwriters are making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our Class A common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. Please read "Risk Factors" and "Forward-Looking Statements."

MARKET DATA

We use market data and industry forecasts throughout this prospectus, and in particular in the sections entitled "Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Market data used in this prospectus has been obtained from publicly available information and publications as well as our good faith estimates. The industry data sourced from The Freedonia Group is from its "Industry Study #3352: Oilfield Chemicals" report published in November of 2015. The industry data sourced from Spears & Associates is generally from its "Drilling and Production Outlook" report published in September of 2016 as well as its "Hydraulic Fracturing Market Report" published in the third quarter of 2016 and other supporting materials. We

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believe that these third-party sources are reliable. We believe that the information contained therein has been obtained from sources believed to be reliable. However, we have not independently verified the data obtained from these sources. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties that apply to the other forward-looking statements that are described in this prospectus. In addition, while we are not aware of any misstatements regarding the market or industry data presented herein, such statements involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors."

SUMMARY

This summary highlights selected information contained elsewhere in this prospectus, but it does not contain all of the information that you may consider important in making your investment decision. Before deciding to invest in our Class A common stock, you should carefully read the entire prospectus, including in particular, "Risk Factors," "Forward-Looking Statements" "Management's Discussion and Analysis of Financial Condition and Results of Operation" and the consolidated financial statements and related notes included elsewhere in this prospectus. The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto included elsewhere in this prospectus.

In this prospectus, unless the context otherwise requires, references to the "Company," "we," "our," "us" or similar terms refer (1) prior to the consummation of the transactions described under "Organizational Structure" to Select Energy Services, LLC, or Select LLC, and SES Holdings, LLC, or SES Holdings, and their consolidated subsidiaries, and (2) after the transactions described under "Organizational Structure," to Select Energy Services, Inc., or Select Inc., and its consolidated subsidiaries.

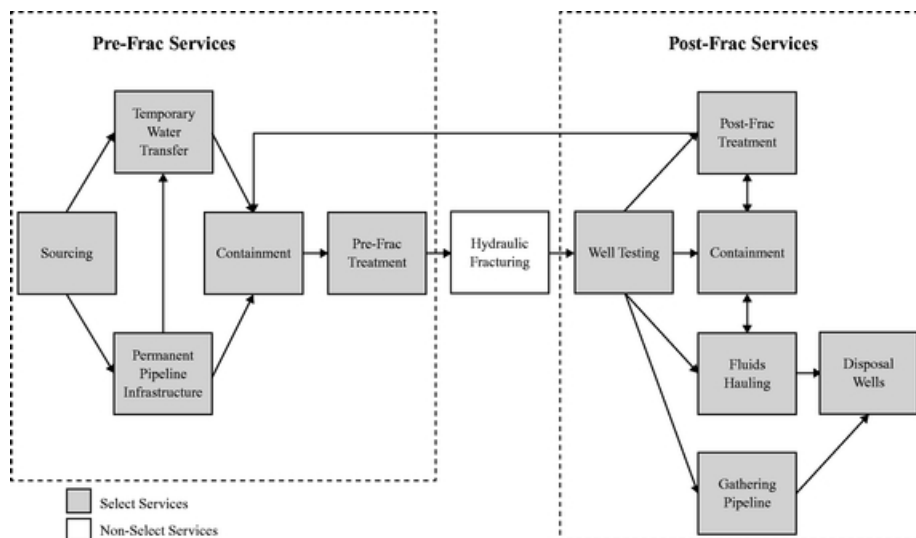
Except as otherwise indicated, all information contained in this prospectus assumes that the underwriters do not exercise their option to purchase additional shares of Class A common stock and excludes Class A common stock reserved for issuance under our equity incentive plan.

Company Overview

We are a leading provider of total water solutions to the U.S. unconventional oil and gas industry. Within the major shale plays in the United States, we believe we are the market leader in sourcing and transfer of water (both by permanent pipeline and temporary pipe) prior to its use in drilling and completion activities associated with hydraulic fracturing or "fracking," which we collectively refer to as "pre-frac water services." In most of our areas of operations, we provide complementary water-related services that support oil and gas well completion and production activities including containment, monitoring, treatment, flowback, hauling and disposal. Our services are necessary to establish and maintain production of oil and gas over the productive life of a horizontal well. Water and related services are increasingly important as oil and gas exploration and production ("E&P") companies have increased the complexity and completion intensity of horizontal wells (including the use of longer horizontal wellbore laterals, tighter spacing of frac stages in the laterals and increased water and proppant use per foot of lateral) in order to improve production and recovery of hydrocarbons. Historically, we have generated a substantial majority of our revenues through providing total water solutions to our customers. We provide our services to major integrated and large E&P companies, who typically represent the largest producers in each of our areas of operations.

Water is essential to the development and completion of unconventional oil and gas wells, where producers rely on fracking to stimulate the production of oil and gas from dense subsurface rock formations. Prior to the fracking process, we source, transfer, provide containment of and treat the water used by our customers in the well completion process. The fracking process involves the injection of significant amounts of water and proppants (typically sand) under high pressure, through a cased and cemented wellbore into targeted subsurface formations thousands of feet underground to fracture the surrounding rock. The fractures created allow hydrocarbons to flow into the wellbore for extraction. After the water is pumped into the well, it returns to the surface over time. Ten to fifty percent of the water returns as flowback during the first several weeks following the well completion process, and a large percentage of the remainder, as well as pre-existing water in the formation, returns to the surface as produced water over the life of the well. After the fracking process is completed, we provide a variety of services related to flowback and produced water and fluids that complement oil and gas completion and production activities.

The diagram below illustrates the services we provide during the completion cycle of a horizontal well:



As the development of unconventional reservoirs has evolved, the water service needs of E&P companies have grown and diversified. Increasing completion intensity and the shift to multi-well pad drilling have significantly increased the demand for water and resulted in more complex logistical challenges in sourcing, transferring, containing and disposing of the water needed to drill and complete wells as well as to maintain production. Seeking to maximize the efficiency of their completion techniques, E&P companies have found that substantially increasing the amount of water and proppant injected into the formation can dramatically increase production. Management estimates that the completion of a horizontal well in 2009 required an average of approximately 75,000 barrels of water or approximately 575 tank truck loads, while a current horizontal well completion can require in excess of 500,000 barrels per well or approximately 3,850 tank truck loads. These volumes are amplified in multi-well pad completions which can require in excess of 5 million barrels of water per pad, or the equivalent of 38,500 tank truck loads. Significant mechanical, logistical, environmental and safety issues related to the transfer of such large volumes via tank truck have resulted in E&P companies shifting their operational focus away from traditional tank truck operators and small, local water service providers, to larger, regional and national players, like us, who have the expertise and scale to provide high quality, reliable and comprehensive water solution services.

We believe our broad geographic footprint, comprehensive suite of water services, inventory of water sources and permanent and temporary pipeline infrastructure position us to be a leading provider of water solutions in all of the shale plays that we serve. We have well-established field operations in what we believe to be core areas of all major shale plays in the United States, including the Permian Basin, SCOOP/STACK, Bakken, Eagle Ford, Marcellus, Utica, Haynesville, Rockies (DJ Basin, Niobrara Shale and Powder River Basin) and other Mid-Continent basins (Woodford, Barnett, Fayetteville, Granite Wash and Mississippian). Our broad footprint enables us to service the majority of current domestic unconventional drilling and completions activity. We estimate that over 80% of all currently active U.S. onshore horizontal rigs are operating in our primary service areas and anticipate that the vast majority of rigs that will be deployed in the near- to medium-term will be situated in these areas. In particular, we have established a strong position in the Permian Basin, which is presently our largest operating region, and where we expect producers to invest significant capital as commodity prices continue to recover from recent lows.

We seek to be a "one-stop" provider of total water solutions for our customers in most of our areas of operations. We have the capability to provide all of the water services our customers require in their drilling and completion activities (predominantly for fracking), including the sourcing, transferring, containing and monitoring of water. We also offer various complementary water-related services that support oil and gas completion and production activities, including well testing, flowback, fluid hauling, pipeline gathering, treatment, recycling and disposal of water. For 2015, 72% of our water solutions segment revenue was generated from pre-frac and well testing activities with the remaining 28% from flowback and produced water services. For the nine months ended September 30, 2016, 75% of our water solutions segment revenue was generated from pre-frac and well testing activities with the remaining 25% from flowback and produced water services. Due to the increasing amount of water and fluid involved in completing a productive horizontal well by current industry standards, production of oil and gas in unconventional basins would not be commercially viable without the kind of extensive and complex water solutions and logistics-related services that we provide.

Our inventory of water sources is a key competitive advantage and enables us to offer our customers reliable access to the volume of water essential for fracking operations. Water sources are often difficult to locate, permit and reliably access, particularly in the quantities required for multi-well pad development programs. Navigating applicable regulations is especially difficult as the rules governing the sourcing of fresh water vary by state, county and municipality and each water resource may be overseen by federal and state agencies, regional water basin commissions, local water planning agencies and individual landowners. We have spent the past five or more years obtaining strategic water sources and have secured permits or long-term access rights to approximately 1.5 billion barrels of water annually from currently in excess of 350 sources, a number which varies over time, including large scale sources such as the Brazos, Missouri, Ohio, Poudre, Rio Grande, Sabine, San Antonio, South Platte and Washita Rivers. In the Bakken, for example, we have established a market leading position by securing three governmental permits which enable us to withdraw up to 100 million barrels of water annually from the Missouri River and Lake Sakakawea in North Dakota. Freshwater access cannot be easily replicated on Lake Sakakawea today as there are multiple environmental and regulatory conditions that must be met before an industrial water intake location can be built. New permits will also not be granted within 25 miles of an intake location associated with an existing permit. We have three of the five existing permits off Lake Sakakawea. In addition to surface water rights, groundwater resources are a key component of our extensive water portfolio. These sources have been secured or developed within our water solutions group and are designed with dedicated storage and transfer logistics to offer a complete water management service. Going forward, we believe that our expertise and relationships in water sourcing will provide us with a competitive advantage in identifying and securing additional sources of water.

As a complement to our water sourcing rights, we have also made significant investments in strategic pipelines that provide reliable and cost effective water transfer. Our most significant pipeline assets are located in the Bakken and allow us to take advantage of our water permits in that area. Our Bakken pipelines consist of two active underground pipeline systems in McKenzie County, North Dakota that can currently deliver up to 62 million barrels of fresh water per year. We are in the process of developing a third underground pipeline to support Williams County and western Mountrail County in North Dakota that would increase our capacity to take advantage of our maximum permitted right to 100 million barrels of fresh water per year. We have signed long-term contracts supported by Areas of Mutual Interest ("AMIs") with major Bakken producers that we believe will utilize a significant portion of our current pipeline capacity. We have also made investments outside of the Bakken, including our pipeline serving the SCOOP area of Oklahoma and our pipeline serving the Haynesville area. In addition to our permanent water delivery systems, we have invested over \$100 million in temporary piping systems, including approximately 550 miles of lay-flat hose, a temporary piping solution, and other related assets. These investments enable us to provide our customers with temporary water transfer systems that have substantially lower risk of leaks or spills

compared to many alternative temporary piping options. Our expansive inventory of lay-flat hose, in combination with our customers' preference for this temporary water transfer method, enables us to be the market leader for this class of water transfer services. Going forward, we intend to make additional investments in water transfer infrastructure and believe we are well positioned to capture attractive opportunities due to our market position, customer relationships and industry experience and expertise.

Other Services

In addition to our comprehensive water solutions, we also offer our customers services through our accommodations and equipment rentals segment as well as our wellsite completion and construction services segment. Our accommodations and rentals segment provides workforce accommodations and surface rental equipment supporting oil and gas drilling, completion and production operations. Our wellsite completion and construction services segment includes crane and logistics services, wellsite and pipeline construction and various field services. We provide our accommodation and rentals and wellsite completion and construction services to a wide range of customers in most of the major shale plays or basins in the United States.

Industry Trends and Market Recovery

While demand for our services has declined from its highs in late 2014 as a result of the downturn in commodity prices and the corresponding decline in oil and gas drilling and completion activity, we believe that demand for our services will increase over the near-to-medium term as producers resume drilling and completion activities, including completion of their drilled but uncompleted wells, which we refer to as "DUCs." According to Baker Hughes' North American Rotary Rig Count, as of the week ended December 30, 2016, the number of active drilling rigs across our areas of operations has remained constant or increased in 29 of the last 32 weeks and has increased by approximately 76% since recent lows in late May 2016. If commodity prices continue to stabilize or rise, we expect to continue to see an increase in oil and gas drilling and completion activities leading to increased demand for our services.

We believe we will benefit from the emerging recovery of domestic drilling and completion activity as a result of our presence in what we believe to be the core of key domestic shale basins and the consistent industry trends of (i) increases in horizontal drilling, (ii) greater rig efficiency, characterized by multi-well pad development programs that enable our customers to drill more wells with each active rig and (iii) higher horizontal well completion intensity characterized by the use of longer horizontal wellbore laterals, tighter spacing of frac stages in the laterals and increased water and proppant use per foot of lateral. We also anticipate that the initial increases in drilling and completion activity will occur within our service footprint as capital spending will first be concentrated in the acreage that offers the most attractive economics to our upstream customers. These industry trends toward completion intensity and increased rig efficiency will directly benefit companies, like us, that provide consumable completion services, such as water or proppant. Given the increased production, recoveries and expected returns that E&P companies have reported due to greater rig efficiency and increasing completion intensity, we project a continuation of these trends. Therefore, we believe that growth in demand for water-related services will significantly outpace the growth in rig count throughout the industry recovery.

We also expect to see an increase in demand for our services as oil and gas producers complete their inventory of DUCs. While oil and gas producers typically have some inventory of DUCs, the backlog has grown significantly during the past two years as oil and gas producers have deliberately delayed completing drilled wells in anticipation of higher commodity prices that would generate higher returns on invested capital. According to the Drilling Productivity Report released by the U.S. Energy Information Administration, or the EIA, on December 12, 2016, there are over 5,000 DUCs in the major U.S. shale plays, representing approximately 13 DUCs per active horizontal drilling rig in the

same areas. This is a significant increase from a historical normalized average of approximately two DUCs per active horizontal drilling rig. As commodity prices increase to levels that meet the targeted returns of E&P companies, we expect E&P companies will complete their DUC inventory. We expect the completion of this DUC inventory will increase the demand for water and our water-related completion services above the rate of growth in rigs in the near-to-medium term.

As a result of the prolonged decline in oil and gas completion and production activity and the relative oversupply of the services we offer in the market, the prices that we charge for our water and water-related services have declined. We estimate that across all service lines and regions, prices are down 30% to 35% from late 2014. For the reasons discussed above, we expect oil and gas drilling, completion and production activity, and the related demand for our services, to increase in the near-to-medium term. As this demand increases, we expect that supply constraints and the returns that our customers are able to achieve on their upstream investments should allow us to increase the prices that we charge for our services.

Our Operating Segments

Our services are offered through three operating segments: water solutions (80% of fiscal year 2015 revenue), accommodations and rentals (10% of fiscal year 2015 revenue) and wellsite completion and construction services (10% of fiscal year 2015 revenue).

- *Water Solutions.* Our water solutions segment, operating primarily under our subsidiary Select Energy Services, LLC, is a leading provider of total water solutions to customers that include major integrated oil companies and independent oil and gas producers. These services include: the sourcing of water; the transfer of the water to the wellsite through permanent pipeline infrastructure and temporary pipe; the containment of fluids off- and on-location; measuring and monitoring of water; the filtering and treatment of fluids, well testing and handling of flowback and produced formation water; and the transportation and recycling or disposal of drilling, completion and production fluids. We possess an extensive asset base, which we believe is the largest in the water solutions industry, including approximately 1.5 billion barrels of source water, 600 water transfer pumps, 1,360 miles of permanent and temporary pipeline distribution systems, 120 well testing spreads and 220 owned and leased tractors, approximately 287,000 barrels per day in permitted disposal capacity, 1,300 frac tanks, and 34 above ground high capacity storage tanks. We own or have contractual access rights to 111 miles of permanent pipelines. We also have investments in or strategic relationships with treatment technology companies providing bubble flotation, chemical precipitation, chemical disinfection and distillation, through in-house equipment, strategic licensing, investments and relationships. Our water solutions segment includes our engineered water solutions group, which consists of professionals with significant technical and project development experience.
- *Accommodations and Rentals.* Our accommodations and rentals segment, operating under our subsidiary Peak Oilfield Services, LLC ("Peak"), provides workforce accommodations and surface rental equipment supporting drilling, completion and production operations to the U.S. onshore oil and gas industry. The services provided include fully furnished office and living quarters, fresh water supply and waste water removal, portable power generation and light plants, internet, phone, intercom, surveillance and monitoring services and other long-term rental supporting field personnel.
- *Wellsite Completion and Construction Services.* Our wellsite completion and construction services segment, operating under our subsidiary Affirm Oilfield Services, LLC ("Affirm"), provides oil and gas operators with a variety of services, including crane and logistics services, wellsite and pipeline construction and field services. These services are performed to establish, maintain and

improve production throughout the productive life of an oil or gas well, or to otherwise facilitate other services performed on a well.

We also incur certain administrative costs and expenses that we have not allocated to our operating segments. These costs include compensation for corporate executives and officers, corporate office and administrative salaries, management fees paid to certain affiliates, professional fees for accounting, tax and legal services, interest expense and state and federal income tax expense.

Our Competitive Strengths

We believe that the following competitive strengths will allow us to successfully execute our business strategies.

Leading Market Position Offering Critical Water Solutions. We are a market leader in providing pre-frac water services to the U.S. unconventional oil and gas industry. In most of our areas of operations, we also provide complementary water-related services that support oil and gas completion and production activities. Our principal competitors are typically smaller, private companies operating in fewer shale basins and in only one or two water services-related product lines. By comparison, in most of our areas of operations, we offer our customers comprehensive, integrated water solutions, from initial sourcing of water to disposal of flowback or produced water. Further, our scale allows us to cost-effectively increase our service offering to match increases in drilling and completions activity by our customers. We have an engineered water solutions team with significant experience in field planning, logistics management, regulatory compliance, technical design, petroleum and chemical engineering, geographical information systems, water resources and environmental science. This team is capable of designing, developing and operating projects across the productive life of a field and provides us with a unique competitive advantage in meeting customer requirements for complex and customized water solutions. We believe our ability to engineer and deliver end-to-end water solutions differentiates us from our competitors and enables us to be a value-added partner to E&P companies.

National Footprint Focused in the Core of Each Major Shale Play. Our operations are concentrated in what we believe to be the core areas of the major shale plays in the United States, including the Permian Basin, SCOOP/STACK, Bakken, Eagle Ford, Marcellus, Utica, Haynesville, Rockies (DJ Basin, Niobrara Shale and Powder River Basin) and other Mid-Continent basins (Woodford, Barnett, Fayetteville, Granite Wash and Mississippian). In each of our core geographic regions, we have a high quality customer base, including major integrated and large E&P companies, who represent the largest producers in those areas of operations. Our geographic breadth and diversification have allowed us to accumulate significant knowledge regarding the water solutions required in both oil and gas formations with varying geological characteristics and allows us to translate, apply and adapt water solutions developed in one region to other regions. In addition, we have the ability to shift assets among geographic regions as activity levels fluctuate due to market or regulatory forces. Finally, our national footprint allows us to satisfy the needs of major integrated and large independent E&P companies that demand multi-basin service capabilities.

Unique Inventory of Strategic Water Sources. To support our pre-frac water capabilities, we have secured water sources that differentiate us from our competitors and drive water transfer and other related service revenues. Identifying and securing these water sources is not easily replicated given the significant know-how and relationships with local, state and federal government agencies as well as private landowners that we have developed over the last five or more years. Specifically, through a portfolio of contracts with and permits from regulatory bodies, corporations and individual landowners, we have secured rights to approximately 1.5 billion barrels of water annually from currently in excess of 350 sources, a number which varies over time, including permits on 9 major rivers in U.S. shale basins. We estimate that approximately 20% to 25% of these sources or volumes are on an exclusive basis. Our deep knowledge of each basin and long-term customer relationships allow us to develop water sources

that are logistically correct, providing a reliable, scalable water delivery system that is in close proximity to current and future drilling and completion activity. For example, in the Bakken we have three governmental permits that enable us to withdraw up to 100 million barrels of water annually from the Missouri River and Lake Sakakawea in North Dakota. Freshwater access cannot be easily replicated on Lake Sakakawea today as there are multiple environmental and regulatory conditions that must be met before an industrial water intake location can be built. New permits will also not be granted within 25 miles of an intake location associated with an existing permit. We have three of the five existing permits off Lake Sakakawea. Our water resources have historically attracted and will continue to attract customers seeking abundant water supply to plan long-term field developments. Further, we have successfully marketed other water-related services to our water sourcing customers in the past and we expect we will continue to do so in the future.

Significant Investment in Water Delivery Systems and Infrastructure. We have made significant investment in infrastructure to efficiently deliver water from the source to the well site. Our fixed, underground pipeline systems provide a cost-effective, reliable source of freshwater transfer and offer us the ability to scale our operations as market activity fluctuates. Our most significant pipelines today service what we believe to be core acreage in the Bakken. Our Bakken pipeline systems consist of two underground, independent pipeline systems in McKenzie County, North Dakota totaling approximately 90 miles of pipeline, including 38 miles that we own and an additional 52 miles that we have contractual rights to access. We use our Bakken pipeline systems to supply fresh water to support drilling, completion and production activities. We believe our Bakken water rights and the proximity of our infrastructure to the most economic acreage in the Bakken represent significant competitive advantages with respect to supplying and transferring water required for well completions that should generate high margins as the basin recovers. Since the second pipeline was put into service in eastern McKenzie County in the second quarter of 2015, we have successfully won all of our bids for frac water transfer jobs within seven miles of this pipeline. In addition to our fixed pipeline assets, we believe that we are the largest domestic provider of lay-flat hose, with approximately 550 miles available, which provides our customers with flexible temporary water transfer solutions. We believe that our investment in water transfer infrastructure differentiates us from our competition and will enable us to acquire new customers and drive revenue growth as drilling and completions activity increases.

Technology. We are committed to technology and product innovation. As such, we believe we are the industry leader in developing and applying technological solutions to provide value, precision and convenience to our clients. We developed AquaView®, a suite of proprietary monitoring and automation devices and related services that remotely and accurately measure and monitor water assets in real time. We also developed AquaLogic™, which consists of proprietary methods to remotely and automatically control and manage water transfer operations. These service offerings allow for more efficient, safer performance at an affordable cost for our customers, and we believe this is a competitive advantage in capturing and retaining business. We will continue to invest in technology in order to maintain our position as the leading water solutions provider, manage our costs of goods sold and improve gross margins.

Experienced Management Team with Significant Equity Ownership. Our management team has an extensive track record in the oilfield services industry with an average of over 20 years of oilfield services experience. Our Chief Executive Officer, John Schmitz, has a decades-long history of founding and building successful oilfield service companies. The majority of our management team has worked together since SES Holdings' formation in July 2008. Further, our management team has significant equity ownership which aligns their incentives with the other equity owners of the business. Following this offering, management will own an approximate % indirect economic interest in us. In addition, following this offering, funds controlled by Crestview Partners II GP, L.P. ("Crestview GP") and managed by Crestview Advisors, L.L.C. ("Crestview Partners"), a private equity firm focused on long-term, proprietary investments that manages over \$7 billion of aggregate commitments, will own an

approximate % economic interest in us. We believe we have benefited from Crestview Partners' investment in our business and expect to continue to benefit from their ongoing involvement in the business following this offering.

Financial Strength and Flexibility. Following the closing of this offering, we expect to have a strong credit profile and approximately \$ million in total liquidity, including cash on hand and availability under our credit facility. Our total liquidity will be reduced by the cash consideration which may be used to complete an acquisition in the Permian Basin, also described in "—Recent Developments" below. Our low leverage and sufficient available liquidity will enable us to fund our business and selectively pursue accretive acquisitions and organic growth opportunities as they arise.

Strong Focus on Operational Safety and Environmental Stewardship. We maintain a culture that prioritizes safety, the environment and our relationship with the communities in which we operate. We place a strong emphasis on the safe execution of our operations, including safety training for our employees and the development of a variety of safety programs designed to make us a market leader in safety standards. In addition, we work closely with federal, state and local governments and community organizations to help ensure that our operations comply with legal requirements and community standards. We believe that our customers will select their service providers based in part on the quality of their safety and compliance records, and therefore, we will continue to make significant investments to be a market leader in this area.

Our Business Strategies

Our primary objective is to provide superior returns to our stockholders as a leading provider of total water solutions to E&P companies operating in the major shale plays in the United States. We believe we will be able to achieve this objective by executing on the following strategies.

Capitalize on the Recovery in Activity in Unconventional Resource Plays. Water is essential, and increasingly important, to the development and completion of oil and gas wells in the major shale plays that we serve in the United States. Due to our strategic positioning in what we believe to be core acreage in the shale plays, we believe we are well situated to benefit from the anticipated increase in drilling and completion activity as commodity prices rise from their recent lows. Furthermore, we believe the industry trends discussed above will drive growth in demand for total water solutions that will significantly outpace the growth in rig count. Horizontal drilling techniques in the regions we serve have continued to evolve, and operators have dramatically increased the amount of water and proppant used during the completion of horizontal wells. As market dynamics improve further, we expect to benefit from our market leading position and footprint and gain market share in the basins where we currently operate and expand our operations into emerging resource plays as they develop.

Build out or Acquire Water Infrastructure. Our fixed pipeline assets are a key competitive advantage and allow us to deliver water efficiently and cost effectively. We are pursuing and evaluating several near-term opportunities to make additional investments in water infrastructure. We have executed a non-binding Letter of Intent to purchase a company with extensive freshwater pipeline and water rights to service producers in the Permian Basin. We are also currently developing a third system to provide water to Williams County and western Mountrail County in North Dakota to augment our already strong position with our two pipelines servicing McKenzie County. We have entered into, and depending on market conditions may continue to enter into, long-term contracts to support our Bakken development efforts. We have identified additional expansion opportunities for our other two existing pipeline systems in the SCOOP area of Oklahoma and the Haynesville area. Beyond these prospects, we plan to invest opportunistically in organic growth to gain market share in our current areas of operations and selectively pursue acquisitions that will allow us to strengthen our footprint and market our total water solutions to our customers.

Strengthen and Expand Our Customer Relationships Through Pre-Frac Water Services. We will continue to focus on being the market leader in pre-frac water services, expanding our market position to be a high value-add service provider, and offering our customers end-to-end water and related services associated with oil and gas drilling, completion and production activities. Looking forward, our broad service offering and focused expertise should allow us to expand our relationships with existing customers and attract new customers as demand for water and water solutions increases. Furthermore, we believe we can expand certain customer relationships that are currently limited to a single basin and become a preferred provider in multiple basins. In addition, for customers seeking to outsource field planning and logistical services, our engineered water solutions group designs, develops, operates and manages water solutions across the life cycle of a development plan.

Expand and Utilize Our Water Sources. One of our key differentiators is our portfolio of water rights, which serves as a reliable, scalable and cost effective source of water for our customers. We will also seek to identify and secure additional water sources to meet the ongoing and future water needs of our customers. Our dedicated access to high volume water sources that can support long-term development plans should allow us to attract new customers and strengthen our existing customer relationships. In the future, we plan to utilize the relationships and expertise we have developed in the process of obtaining our current portfolio of water rights to further expand our water sources.

Continue to Invest in Technology and Personnel. Satisfying the water-related service needs of an operator drilling or producing from a shale well is a highly complex and ever-changing process that requires significant technical expertise in diverse areas such as geology, engineering, environmental science and regulatory affairs. We have made significant investments in software, hardware and proprietary systems that have enabled us to develop technology and become one of the leading firms in the water solutions industry. In addition, we have built a strong team of experienced professionals holding advanced degrees to develop and execute new technologies as well as provide the technical knowledge to be a value-added partner to our customers. We plan to continue to invest in our personnel through personal, professional and job-specific training and to invest selectively in technologies that we believe will enhance the breadth and quality of our service offerings.

Maintain Financial Strength and Flexibility. We will seek to maintain a conservative balance sheet, which allows us to better react to changes in commodity prices and related demand for our services, as well as overall market conditions. As of the closing of this offering, we expect to have \$ million outstanding and \$ million available under our credit facility, which is scheduled to mature in 2020. We believe this borrowing capacity, along with our cash flow from operations and the proceeds from this offering, will provide us with sufficient liquidity to execute the business strategies discussed above.

Recent Developments

Permian Letter of Intent. On November 22, 2016, we executed a non-binding Letter of Intent (the "Permian LOI") to acquire a company in the Permian Basin with significant proprietary fresh water sources and water transport infrastructure, including pipeline infrastructure, storage facilities and pumps. The target company currently provides water-related services to E&P companies in the Permian Basin. We estimate that the total consideration payable by us for this acquisition will be approximately \$48.5 million (assuming the target company has a minimum of \$6 million in working capital as of the closing), with 75% paid in cash and 25% paid in equity. We expect to fund the cash portion of the consideration for this acquisition with a portion of the net proceeds of this offering. If consummated, we believe that this acquisition will improve our competitive positioning in the Permian Basin. Our entry into definitive agreements related to the acquisition is subject to our completion of satisfactory accounting, financial and other due diligence related to the target company and we can provide no assurance as to whether, or the terms on which, we will consummate this acquisition.

144A Offering. On December 20, 2016, we completed a private placement to qualified institutional buyers, accredited investors and certain foreign investors of 16,100,000 shares of our Class A-1 common stock, par value \$0.01 per share, for gross proceeds of \$322,000,000, pursuant to which FBR Capital Markets & Co. ("FBR") acted as initial purchaser and placement agent (the "144A Offering"). The shares of Class A-1 common stock will automatically convert to Class A common stock upon the effectiveness of a registration statement filed to permit resales of shares purchased in the 144A Offering. For more information on the 144A Offering, please read "Description of our Capital Stock—Class A-1 Common Stock."

Risk Factors

An investment in our Class A common stock involves a number of risks. You should carefully consider, in addition to the other information contained in this prospectus (including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes), the risks described in "Risk Factors" before investing in our Class A common stock. These risks could adversely affect our business, financial condition and results of operations, and cause the trading price of our Class A common stock to decline. You could lose part or all of your investment. In reviewing this prospectus, you should bear in mind that past results are no guarantee of future performance. You should read the section titled "Forward-Looking Statements" for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this prospectus.

These "Risk Factors" include, but are not limited to:

- Our business depends on domestic capital spending by the oil and gas industry, and reductions in capital spending could have a material adverse effect on our liquidity, results of operations and financial condition;
- If oil prices or gas prices fail to increase or decline further, the demand for our services could be adversely affected;
- We are subject to environmental and occupational health and safety laws and regulations that may expose us to significant liabilities for penalties, damages or costs of remediation or compliance;
- Federal, state and local legislative and regulatory initiatives related to hydraulic fracturing could result in operating restrictions or delays in the drilling and completion of oil and gas wells that may reduce demand for our services and could have a material adverse effect on our liquidity, consolidated results of operations and consolidated financial condition;
- There is currently no public market for our Class A common stock, a trading market for our Class A common stock may never develop following this offering and our Class A common stock price may be volatile and could decline substantially following this offering;
- We are a holding company; our sole material asset after completion of this offering will be our equity interest in SES Holdings and, accordingly, we will be dependent upon distributions and payments from SES Holdings to pay taxes, make payments under the Tax Receivable Agreements (as defined below) and cover our corporate and other overhead expenses; and
- Legacy Owner Holdco and the Legacy Owners (as defined below) have interests that conflict with holders of shares of our Class A common stock.

Organization

The Company was incorporated as a Delaware corporation on November 21, 2016. The Company is a holding company whose sole material asset consists of a membership interest in SES Holdings. SES

Holdings was formed as a Delaware limited liability company in July 2008 and owns all of the equity interests of the primary operating subsidiaries through which we operate our business. The Company is the sole managing member of SES Holdings, is responsible for all operational, management and administrative decisions relating to SES Holdings' business and consolidates the financial results of SES Holdings and its subsidiaries.

In December 2016, in connection with the 144A Offering we completed certain reorganization transactions including:

- Legacy Owner Holdco acquired by merger all of the outstanding membership interests in SES Holdings from the existing owners of such membership interests, whom we refer to as the "Legacy Owners," in exchange for membership interests in Legacy Owner Holdco;
- the membership interests of SES Holdings were converted into a single class of common units, which we refer to as "SES Holdings LLC Units";
- the Company acquired, directly or indirectly, SES Holdings LLC Units that were directly and indirectly owned by certain affiliates of the Legacy Owners, whom we refer to as the "Contributing Legacy Owners," in exchange for 3,802,972 shares of Class A common stock;
- the Company issued 16,100,000 shares of Class A-1 common stock, which will be automatically converted to shares of Class A common stock upon the effectiveness of a registration statement filed to permit resales of shares purchased in the 144A Offering;
- the Company issued 38,462,541 shares of its Class B common stock and contributed these shares and all of the net proceeds of the 144A Offering to SES Holdings in exchange for a number of SES Holdings LLC Units equal to the number of shares of Class A-1 common stock issued to the purchasers in the 144A Offering; and
- SES Holdings distributed to Legacy Owner Holdco all of the Class B common stock it received from the Company, with Legacy Owner Holdco receiving one share of Class B common stock for each SES Holdings LLC Unit that Legacy Owner Holdco owns.

Each share of Class B common stock has no economic rights but entitles its holder to one vote on matters to be voted on by our stockholders. Holders of Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or by our certificate of incorporation. We do not intend to list our Class B common stock on any stock exchange. All of our Class B common stock is held by Legacy Owner Holdco; accordingly, the board of managers of Legacy Owner Holdco exercise voting control over all Class B common stock.

Subject to certain limitations, Legacy Owner Holdco (and its permitted transferees, including certain members of Legacy Owner Holdco under the SES Holdings LLC Agreement) has the right, which we refer to as the "Exchange Right," to cause SES Holdings to acquire all or a portion of its SES Holdings LLC Units (along with a corresponding number of shares of our Class B common stock) for, at SES Holdings' election, (i) shares of our Class A common stock at an exchange ratio of one share of Class A common stock for each SES Holdings LLC Unit exchanged, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions or (ii) cash in an amount equal to the Cash Election Value of such Class A common stock. Alternatively, upon the exercise of any Exchange Right, the Company (instead of SES Holdings) will have the right, which we refer to as our "Call Right," to acquire the tendered SES Holdings LLC Units from the exchanging unitholder for, at its election, (i) the number of shares of Class A common stock the exchanging unitholder would have received under the Exchange Right or (ii) cash in an amount equal to the Cash Election Value of such Class A common stock. The board of managers of Legacy Owner Holdco, which consists of our CEO, John Schmitz, and two representatives of funds controlled by Crestview GP, must

unanimously approve any exchange of ownership interests in Legacy Owner Holdco for SES Holdings LLC Units except, following listing of our Class A common stock on a national securities exchange, for exchanges by affiliates of John Schmitz and Crestview GP (which may be made at the election of such affiliates). If such exchange is approved, such members of Legacy Owner Holdco will have the same "Exchange Right" as Legacy Owner Holdco, subject to the terms and conditions described above. In connection with any exchange of SES Holdings LLC Units pursuant to an Exchange Right or our Call Right, the corresponding number of shares of Class B common stock will be cancelled. The Exchange Rights will be subject to restrictions intended to ensure that SES Holdings will continue to be treated as a partnership for U.S. federal income tax purposes. Please read "Certain Relationships and Related Party Transactions—SES Holdings LLC Agreement."

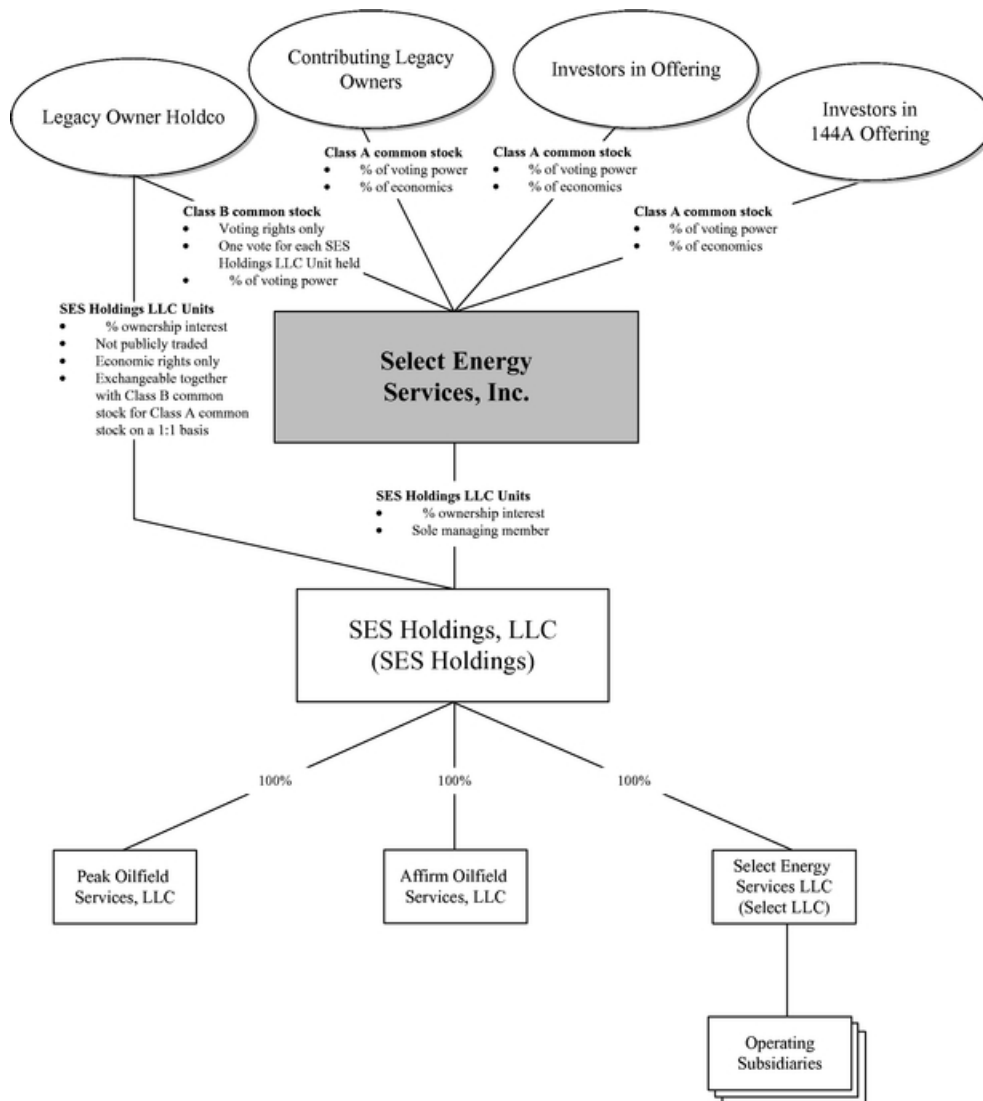
In connection with the 144A Offering, we entered into two tax receivable agreements, which we refer to as the "Tax Receivable Agreements," with Legacy Owner Holdco, Crestview GP and certain affiliates of the Legacy Owners, including the Contributing Legacy Owners, whom we collectively refer to as the "TRA Holders."

The first of the Tax Receivable Agreements, which we entered into with Legacy Owner Holdco and Crestview GP, generally provides for the payment by us to such TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that we actually realize (computed using simplifying assumptions to address the impact of state and local taxes) or are deemed to realize in certain circumstances in periods after the 144A Offering as a result of, as applicable to each such TRA Holder, (i) certain increases in tax basis that occur as a result of our acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such TRA Holder's SES Holdings LLC Units in connection with the 144A Offering or pursuant to the exercise of the Exchange Right or our Call Right and (ii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make under such Tax Receivable Agreement.

The second of the Tax Receivable Agreements, which we entered into with an affiliate of the Contributing Legacy Owners, generally provides for the payment by us to such TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that we actually realize (computed using simplifying assumptions to address the impact of state and local taxes) or are deemed to realize in certain circumstances in periods after the 144A Offering as a result of, as applicable to each such TRA Holder, (i) any net operating losses available to us as a result of certain reorganization transactions entered into in connection with the 144A Offering and (ii) imputed interest deemed to be paid by us as a result of any payments we make under such Tax Receivable Agreement.

Under both Tax Receivable Agreements, we will retain the benefit of the remaining 15% of these cash savings. Certain of the TRA Holders' rights under the Tax Receivable Agreements are transferable in connection with a permitted transfer of SES Holdings LLC Units or if the TRA Holder no longer holds SES Holdings LLC Units. For additional information regarding the Tax Receivable Agreements, see "Risk Factors—Risks Relating to the Offering and our Class A Common Stock," "Risk Factors—Risks Related to Our Internal Reorganization and Resulting Structure" and "Certain Relationships and Related Party Transactions—Tax Receivable Agreements."

The diagram below depicts our simplified organizational structure immediately following this offering assuming that the underwriters do not exercise their option to purchase additional shares of Class A common stock:



Our Relationship with Crestview Partners

Following this offering, funds controlled by Crestview GP will indirectly own (i) shares of our Class A common stock, which will represent approximately % of the economic interests in us and % of our voting power (approximately % and %, respectively, if the underwriters exercise in full their option to purchase additional shares of our Class A common stock) and (ii) indirectly through Legacy Owner Holdco, SES Holdings LLC Units and shares of our Class B common stock, which will represent approximately % of the economic interests in SES Holdings and % of

our voting power (approximately % and %, respectively, if the underwriters exercise in full their option to purchase additional shares of our Class A common stock). For more information on our reorganization and the ownership of our common stock by our principal and selling shareholders, see "Organizational Structure" and "Principal and Selling Shareholders."

Founded in 2004, Crestview Partners is a value-oriented private equity firm focused on the middle market. The firm is based in New York and manages funds with over \$7 billion of aggregate capital commitments. The firm is led by a group of partners who have complementary experience and distinguished backgrounds in private equity, finance, operations and management. Crestview Partners' senior investment professionals primarily focus on sourcing and managing investments in each of the specialty areas of the firm: media, energy, financial services and industrials.

Emerging Growth Company Status

We are an "emerging growth company" within the meaning of the federal securities laws. For as long as we are an emerging growth company, we will not be required to comply with certain requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, the reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and the exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the "Securities Act," for complying with new or revised accounting standards.

We intend to take advantage of these exemptions until we are no longer an emerging growth company. We will cease to be an "emerging growth company" upon the earliest of: (i) the last day of the fiscal year in which we have \$1.0 billion or more in annual revenues; (ii) the date on which we become a "large accelerated filer" (the fiscal year-end on which the total market value of our common equity securities held by non-affiliates is \$700 million or more as of June 30); (iii) the date on which we issue more than \$1.0 billion of non-convertible debt over a three-year period; or (iv) the last day of the fiscal year following the fifth anniversary of our initial public offering.

For a description of the qualifications and other requirements applicable to emerging growth companies and certain elections that we have made due to our status as an emerging growth company, see "Risk Factors—Risks Related to the Offering and our Class A Common Stock—Since we expect to be an "emerging growth company," we will not be required to comply with certain disclosure requirements that are applicable to other public companies and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors."

General Corporate Information

Our principal executive offices are located at 1820 North I-35, P.O. Box 1715, Gainesville, Texas 76241 and our telephone number at that address is (940) 668-0259. Our website address is . Information contained on our website does not constitute part of this prospectus.

The Offering

Class A common stock offered by us	shares (shares if the underwriters' option to purchase additional shares is exercised in full).
Class A common stock offered by selling shareholders	shares.
Class A common stock to be outstanding immediately after completion of this offering	shares (shares if the underwriters' option to purchase additional shares is exercised in full).

The 16,100,000 shares of our Class A-1 Common Stock issued in the 144A Offering will automatically convert to Class A common stock upon the effectiveness of a registration statement filed to permit resales of such shares. Following such conversion, we will have shares outstanding (shares if the underwriters' option to purchase additional shares is exercised in full).

If all outstanding SES Holdings LLC Units held by Legacy Owner Holdco were exchanged (along with a corresponding number of shares of our Class B common stock) for newly-issued shares of Class A common stock on a one-for-one basis, shares of Class A common stock would be outstanding (regardless of whether the underwriters' option to purchase additional shares is exercised).

Class A common stock owned by the selling shareholders after this offering	shares.
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Option to purchase additional shares	We have granted the underwriters a 30-day option to purchase up to an aggregate of additional shares of our Class A common stock.
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Class B common stock to be outstanding after this offering	38,462,541 shares or one share for each SES Holdings LLC Unit held by Legacy Owner Holdco immediately following this offering. Shares of our Class B common stock have voting rights but no economic rights. In connection with any exchange of SES Holdings LLC Units pursuant to an Exchange Right or our Call Right, the corresponding number of shares of Class B common stock will be cancelled.
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Voting power of Class A common stock	% (or 100% if all outstanding SES Holdings LLC Units held by Legacy Owner Holdco are exchanged (along with a corresponding number of shares of our Class B common stock) for newly issued shares of Class A common stock on a one for one basis).
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Voting power of Class B common stock	% (or 0% if all outstanding SES Holdings LLC Units held by Legacy Owner Holdco are exchanged (along with a corresponding number of shares of our Class B common stock) for newly issued shares of Class A common stock on a one for one basis).
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Use of proceeds	<p>We expect to receive approximately \$ million of net proceeds from the sale of the Class A common stock offered by us, based upon the assumed initial public offering price of \$ per share (the midpoint of the price range set forth on the cover page of this prospectus), after deducting underwriting discounts and estimated offering expenses payable by us (or approximately \$ million if the underwriters' option to purchase additional shares is exercised in full). Each \$1.00 increase (decrease) in the public offering price would increase (decrease) our net proceeds by approximately \$ million (assuming no exercise of the underwriters' option to purchase additional shares).</p> <p>We intend to contribute all of the net proceeds from this offering to SES Holdings in exchange for SES Holdings LLC Units. SES Holdings intends to use the net proceeds for general corporate purposes, including the expansion of the Bakken Pipeline systems, to fund other organic and acquisition growth opportunities and for the cash settlement of outstanding phantom units at SES Holdings, LLC.</p> <p>If the underwriters exercise their option to purchase additional shares of our Class A common stock, we will contribute those proceeds to SES Holdings in exchange for additional SES Holdings LLC Units and SES Holdings will use those proceeds for general corporate purposes.</p> <p>We will not receive any of the proceeds from the sale of shares of our Class A common stock by the selling shareholders.</p>
Voting rights	<p>Each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally.</p> <p>Each share of our Class B common stock entitles its holder to one vote on all matters to be voted on by stockholders generally.</p> <p>Holder s of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or by our amended and restated certificate of incorporation. See "Description of Capital Stock."</p>
Dividend policy	<p>We do not anticipate paying any cash dividends on our Class A common stock. See "Dividend Policy."</p>
Directed Share Program	<p>The underwriters have reserved for sale at the initial public offering price up to % of the Class A common stock being offered by this prospectus for sale to our employees, executive officers, directors, business associates and related persons who have expressed an interest in purchasing Class A common stock in the offering. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares available to the general public. Please read "Underwriting."</p>

Exchange rights of holders of SES Holdings LLC Units

Subject to certain limitations, Legacy Owner Holdco (and its permitted transferees under the SES Holdings LLC Agreement) has the right to cause SES Holdings to acquire all or a portion of its SES Holdings LLC Units (along with a corresponding number of shares of our Class B common stock) for, at SES Holdings' election, (i) shares of our Class A common stock at an exchange ratio of one share of Class A common stock for each SES Holdings LLC Unit exchanged, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions or (ii) cash in an amount equal to the Cash Election Value of such Class A common stock. Alternatively, upon the exercise of any Exchange Right, the Company (instead of SES Holdings) will have the right to acquire the tendered SES Holdings LLC Units from the exchanging unitholder for, at its election, (i) the number of shares of Class A common stock the exchanging unitholder would have received under the Exchange Right or (ii) cash in an amount equal to the Cash Election Value of such Class A common stock. The board of managers of Legacy Owner Holdco, which consists of our Chief Executive Officer, John Schmitz and two representatives of funds controlled by Crestview GP, must unanimously approve any exchange of ownership interests in Legacy Owner Holdco for SES Holdings LLC Units except, following listing of our Class A common stock on a national securities change, for exchanges by affiliates of John Schmitz or Crestview GP (which may be made at the election of such affiliates). If such exchange is approved, such members of Legacy Owner Holdco will have the same Exchange Right as Legacy Owner Holdco, subject to the terms and conditions described above. In connection with any exchange of SES Holdings LLC Units pursuant to an Exchange Right or our Call Right, the corresponding number of shares of Class B common stock will be cancelled. Please read "Certain Relationships and Related Party Transactions—SES Holdings LLC Agreement."

Risk factors

You should carefully read and consider the information set forth under "Risk Factors" and all other information set forth in this prospectus before deciding to invest in our Class A common stock.

Listing and trading symbol

We intend to apply to list our Class A common stock on the New York Stock Exchange ("NYSE") under the symbol " ."

The information above does not include shares of Class A common stock reserved for issuance pursuant to our equity incentive plan.

Summary Consolidated Financial Data

The following table presents our summary historical financial data for the periods and as of the dates indicated. The statement of operations data for the year ended December 31, 2015 and the balance sheet data as of December 31, 2015 are derived from our audited consolidated financial statements and the notes thereto included in the F-pages of this prospectus. The statement of operations data for the year ended December 31, 2014 and for the nine months ended September 30, 2016 and 2015 and the balance sheet data as of September 30, 2016 are derived from our unaudited consolidated financial statements and the notes thereto included in the F-pages of this prospectus, and in our opinion, have been prepared on a basis consistent with the audited financial statements and the notes thereto and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this information. These unaudited financial statements should be read in conjunction with the audited financial statements.

Historical results are not necessarily indicative of the results we expect in future periods. The data presented below should be read in conjunction with, and are qualified in their entirety by reference to, "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of

Operations" and our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	Nine Months Ended September 30,		Year Ended December 31,	
	2016 (unaudited)	2015 (unaudited)	2015 (unaudited)	2014 (unaudited)
(in thousands)				
Statement of Operations Data:				
Revenue				
Water solutions	\$ 173,157	\$ 348,613	\$ 427,496	\$ 675,349
Accommodations and rentals	19,585	43,177	52,948	96,844
Wellsite completion and construction services	22,923	45,199	55,133	131,604
Total revenue	215,665	436,989	535,577	903,797
Costs of revenue				
Water solutions	144,653	267,264	332,411	507,444
Accommodations and rentals	15,527	31,012	37,957	63,815
Wellsite completion and construction services	19,817	39,912	48,356	110,097
Depreciation and amortization	73,874	78,417	104,608	120,735
Total costs of revenue	253,871	416,605	523,332	802,091
Gross profit (loss)	(38,206)	20,384	12,245	101,706
Operating expenses				
Selling, general and administrative	25,928	42,090	56,548	66,488
Depreciation and amortization	1,644	2,427	3,104	4,693
Impairment of goodwill and other intangible assets	138,666	21,366	21,366	—
Impairment of property and equipment	60,026	—	—	—
Lease abandonment costs	13,169	—	—	—
Total operating expenses	239,433	65,883	81,018	71,181
Income (loss) from operations	(277,639)	(45,499)	(68,773)	30,525
Other income (expense)				
Interest expense, net	(11,792)	(9,806)	(13,689)	(16,935)
Other income, net	588	445	893	845
Income (loss) from operations before taxes	(288,843)	(54,860)	(81,569)	14,435
Tax expense	392	259	324	1,108
Net income (loss) from continuing operations	(289,235)	(55,119)	(81,893)	13,327
Net income (loss) from discontinued operations, net of tax	—	21	21	(11,214)
Net income (loss)	\$ (289,235)	\$ (55,098)	\$ (81,872)	\$ 2,113
Statement of Cash Flows Data:				
Net cash provided by (used in):				
Operating activities	\$ 8,078	\$ 120,901	\$ 151,999	\$ 104,432
Investing activities	(20,372)	(20,884)	(38,703)	(109,475)
Financing activities	2,730	(99,104)	(107,348)	(20,775)
Balance Sheet Data (at period end):				
Cash and cash equivalents	\$ 6,741		\$ 16,305	\$ 9,758
Total assets	370,866		650,248	884,185
Long-term liabilities	262,888		256,923	366,536
Other Financial Data:				
EBITDA(1)	\$ (201,533)	\$ 35,811	\$ 39,853	\$ 148,484
Adjusted EBITDA(1)	10,264	59,119	65,539	159,685

- (1) We define EBITDA as net income, plus taxes, interest expense, and depreciation and amortization. We define Adjusted EBITDA as EBITDA plus/(minus) loss/(income) from discontinued operations,

plus any impairment charges or asset write-offs pursuant to GAAP, plus/(minus) non-cash losses/(gains) on the sale of assets or subsidiaries, non-recurring compensation expense, non-cash compensation expense, and nonrecurring or unusual expenses or charges, including severance expenses, transaction costs, or facilities related exit and disposal related expenditures. Our board of directors, management and investors use EBITDA and Adjusted EBITDA to assess our financial performance because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization) and non-recurring items outside the control of our management team. We present EBITDA and Adjusted EBITDA because we believe they provide useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP.

EBITDA and Adjusted EBITDA each have limitations as an analytical tool and should not be considered as alternatives to net income, operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP. Other companies in our industry may calculate EBITDA or Adjusted EBITDA differently, limiting its usefulness as a comparative measure.

The following table shows the reconciliation of historical EBITDA and Adjusted EBITDA to the most directly comparable GAAP measure, net income (loss).

	Nine Months Ended September 30,		Year Ended December 31,	
	2016	2015	2015	2014
	(in thousands)			
Net income (loss)	\$ (289,235)	\$ (55,098)	\$ (81,872)	\$ 2,113
Interest expense	11,792	9,806	13,689	16,935
Tax expense	392	259	324	1,461
Depreciation and amortization	75,518	80,844	107,712	127,975
EBITDA	(201,533)	35,811	39,853	148,484
Net income (loss) from discontinued operations	—	(21)	(21)	8,314
Impairment	198,692	21,366	21,366	—
Lease abandonment costs	13,169	—	—	—
Non-recurring severance expense	689	2,460	3,200	—
Non-recurring deal costs	(236)	282	2,790	—
Non-cash incentive (gain) loss	(517)	(779)	(889)	4,200
Non-cash gain on sale of subsidiaries and other assets	—	—	(760)	(1,313)
Adjusted EBITDA	<u>\$ 10,264</u>	<u>\$ 59,119</u>	<u>\$ 65,539</u>	<u>\$ 159,685</u>

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks described below together with the other information set forth in this prospectus before making an investment decision. Our business, financial condition, cash flows or results of operations could be adversely affected by the occurrence of any of the risks discussed below. Additionally, the trading price of our Class A common stock could decline due to the occurrence of any of these risks, and you may lose all or part of your investment. The risks discussed below are not the only risks we face. We may experience additional risks and uncertainties not currently known to us or as a result of developments occurring in the future. Conditions that we currently deem to be immaterial may also adversely affect our business, financial condition, cash flows and results of operations.

Risks Related to Our Business

Our business depends on domestic capital spending by the oil and gas industry, and reductions in capital spending could have a material adverse effect on our liquidity, results of operations and financial condition.

Our business is directly affected by our customers' capital spending to explore for, develop and produce oil and gas in the United States. The significant decline in oil and gas prices that began in the fourth quarter of 2014 has caused a reduction in the exploration, development and production activities of most of our customers and their spending on our services. These cuts in spending have curtailed drilling programs as well as discretionary spending on well services, which has resulted in a reduction in the demand for our services as compared to activity levels in mid-2014, as well as the rates we can charge and the utilization of our assets. In addition, certain of our customers could become unable to pay their vendors and service providers, including us, as a result of the decline in commodity prices. Reduced discovery rates of new oil and gas reserves in our market areas as a result of decreased capital spending may also have a negative long-term impact on our business, even in an environment of stronger oil and gas prices, to the extent the reduced number of wells for us to service more than offsets increasing completion activity and intensity. Any of these conditions or events could adversely affect our operating results. If a recovery does not materialize and our customers fail to increase their capital spending, it could have a material adverse effect on our liquidity, results of operations and financial condition.

Industry conditions are influenced by numerous factors over which we have no control, including:

- the domestic and foreign economic conditions and supply of and demand for oil and gas;
- the level of prices, and expectations about future prices, of oil and gas;
- the level of global oil and gas exploration and production;
- governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and gas reserves;
- political and economic conditions in oil and gas producing countries;
- actions by the members of Organization of Petroleum Exporting Countries with respect to oil production levels and announcements of potential changes in such levels, including failure to meet agreed reduction to output announced on November 30, 2016;
- global weather conditions and natural disasters;
- worldwide political, military and economic conditions;
- the cost of producing and delivering oil and gas;
- the discovery rates of new oil and gas reserves;

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- activities by non-governmental organizations to restrict the exploration, development and production of oil and gas so as to minimize emissions of carbon dioxide, a greenhouse gas;
- the ability of oil and gas producers to access capital;
- technical advances affecting energy consumption; and
- the potential acceleration of development of alternative fuels.

If oil prices or gas prices fail to increase or decline further, the demand for our services could be adversely affected.

The demand for our services is primarily determined by current and anticipated oil and gas prices and the related levels of capital spending and drilling activity in the areas in which we have operations. Volatility or weakness in oil prices or gas prices (or the perception that oil prices or gas prices will decrease) affects the spending patterns of our customers and may result in the drilling of fewer new wells or lower production spending on existing wells. This, in turn, could lead to lower demand for our services and may cause lower rates and lower utilization of our assets. If oil prices decline or gas prices continue to remain low or decline further, or if the recent increase in drilling activity reverses, the demand for our services and our results of operations could be materially and adversely affected.

Prices for oil and gas historically have been extremely volatile and are expected to continue to be volatile. During the past six years, the posted West Texas Intermediate ("WTI") price for oil has ranged from a twelve-year low of \$26.19 per Bbl in February 2016 to a high of \$113.39 per Bbl in April 2011. The Henry Hub spot market price of gas has ranged from a low of \$1.49 per MMBtu in March 2016 to a high of \$7.51 per MMBtu in January 2010. During 2016, WTI prices ranged from \$26.19 to \$54.01 per Bbl and the Henry Hub spot market price of gas ranged from \$1.49 to \$3.80 per MMBtu. Oil prices have begun to recover and reached a closing price of \$51.95 per barrel on January 9, 2017, while the Henry Hub spot market price of gas was \$3.14 per MMBtu on the same date. If the prices of oil and gas reverse their recent increases or decline, our operations, financial condition, cash flows and level of expenditures may be materially and adversely affected.

We have developed certain key infrastructure assets in the Bakken area of North Dakota, making us vulnerable to risks associated with conducting business in this region.

We have secured three governmental permits that enable us to withdraw water from the Missouri River and Lake Sakakawea in North Dakota and have developed and expect to develop in the future significant water infrastructure related to these permits.

Because of the key nature of these permits and water infrastructure within the Bakken, the success and profitability of our business may be disproportionately exposed to factors impacting this region. These factors include, among others: (i) the prices of, and associated costs to produce, crude oil and gas from wells in the Bakken and other regional supply and demand factors (including the generally higher cost nature of production in the Bakken compared to other major shale plays and the pricing differentials that exist in the Bakken because of transportation constraints); (ii) the amount of exploration, development and production activities of our Bakken customers and their spending on our services; (iii) our ability to keep and maintain our governmental water permits; (iv) the cost of operations and the prices we can charge our customers in this region; and (v) the availability of equipment, supplies, and labor. Although we currently have secured key permits for water in this region, if we were to lose our water rights for any reason or our competitors were able to secure equivalent rights, our business could be materially harmed. In addition, our operations in the Bakken field may be adversely affected by severe weather events such as floods, blizzards, ice storms and tornadoes. For the year ended December 31, 2015 and the nine months ended September 30, 2016, our Bakken operations represented 5.5% and 8.3%, respectively, of our revenues. The concentration of our

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water permits and significant infrastructure assets in North Dakota also increases our exposure to changes in local laws and regulations, including those designed to protect wildlife, and unexpected events that may occur in this region such as seismic events, industrial accidents or labor difficulties. Any of the risks described above could have an adverse effect on our financial condition, results of operations and cash flows.

Restrictions on the ability to procure water or changes in water sourcing requirements could decrease the demand for our water-related services.

Our business includes water transfer for use in our customers' oil and gas exploration and production activities. Our access to the water we supply may be limited due to reasons such as prolonged drought or our inability to acquire or maintain water sourcing permits or other rights. In addition, some state and local governmental authorities have begun to monitor or restrict the use of water subject to their jurisdiction for hydraulic fracturing to ensure adequate local water supply. For instance, some states requires E&P companies to report certain information regarding the water they use for hydraulic fracturing and to monitor the quality of groundwater surrounding some wells stimulated by hydraulic fracturing. Any such decrease in the availability of water, or demand for water services, could adversely affect our business 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, increase our revenues or reduce our debt service obligations sufficient 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.

Fuel conservation measures could reduce demand for oil and natural gas which would in turn reduce the demand for our services.

Fuel conservation measures, alternative fuel requirements and increasing consumer demand for alternatives to oil and natural gas could reduce demand for oil and natural gas. The impact of the changing demand for oil and natural gas may have a material adverse effect on our business, financial condition, prospects, results of operations and cash flows. Additionally, the increased competitiveness of alternative energy sources (such as wind, solar geothermal, tidal, fuel cells and biofuels) could reduce demand for hydrocarbons and therefore for our services, which would lead to a reduction in our revenues.

The growth of our business through acquisitions may expose us to various risks, including those relating to difficulties in identifying suitable, accretive acquisition opportunities and integrating businesses, assets and personnel, as well as difficulties in obtaining financing for targeted acquisitions and the potential for increased leverage or debt service requirements.

As a component of our business strategy, we intend to pursue selected, accretive acquisitions of complementary assets, businesses and technologies. Acquisitions involve numerous risks, including:

- unanticipated costs and assumption of liabilities and exposure to unforeseen liabilities of the acquired business, including but not limited to environmental liabilities;
- difficulties in integrating the operations and assets of the acquired business and the acquired personnel;
- limitations on our ability to properly assess and maintain an effective internal control environment over an acquired business;

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- potential losses of key employees and customers of the acquired business;
- risks of entering markets in which we have limited prior experience; and
- increases in our expenses and working capital requirements.

The process of integrating an acquired business may involve unforeseen costs and delays or other operational, technical and financial difficulties and may require a significant amount of time and resources. Our failure to incorporate the acquired business and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our 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.

In addition, we may not have sufficient capital resources to complete any additional acquisitions. We may incur substantial indebtedness to finance future acquisitions and also may issue equity, debt or convertible securities in connection with such acquisitions. Debt service requirements could represent a significant burden on our results of operations and financial condition and the issuance of additional equity or convertible securities could be dilutive to our existing stockholders. Furthermore, we may not be able to obtain additional financing on satisfactory terms. Even if we have access to the necessary capital, we may be unable to continue to identify suitable acquisition opportunities, negotiate acceptable terms or successfully acquire identified targets.

We may be unable to successfully enter into a definitive purchase agreement for or close the Permian Basin acquisition as described in the Permian LOI, or any other potential acquisition, on the terms described or at all.

There is no assurance that we will enter into a definitive purchase agreement for the Permian Basin acquisition as described in the Permian LOI, or any other potential acquisition. We could determine through a market analysis, a review of historical and projected financial statements of the company or other due diligence that the target company does not meet our investment standards. We also may be unable to come to an agreement. Additionally, there is no assurance that we will successfully close an acquisition once a purchase agreement has been signed, or that we will realize the expected benefits from any potential acquisition.

Our credit facility subjects us to various financial and other restrictive covenants. These restrictions may limit our operational or financial flexibility and could subject us to potential defaults under our credit facility.

Our credit facility subjects us to significant financial and other restrictive covenants, including restrictions on our ability to consolidate or merge with other companies, conduct asset sales, incur additional indebtedness, grant liens, issue guarantees, make investments, loans or advances, pay dividends, enter into certain transactions with affiliates and make capital expenditures in excess of specified thresholds.

Our credit facility contains certain financial covenants, including (i) the maintenance of an Interest Coverage Ratio (as such term is defined in the credit facility) of not less than (a) 1.10 to 1.0 for the quarter ending on December 31, 2016, (b) 1.25 to 1.0 for the quarter ending on March 31, 2017, (c) 1.50 to 1.0 for the quarter ending on June 30, 2017, (d) 2.50 to 1.0 for the quarter ending on September 30, 2017 and (e) 3.00 to 1.0 for each fiscal quarter ending on or after December 31, 2017 and (ii) the maintenance of a Leverage Ratio (as such term is defined in the credit facility) of not greater than (a) 4.00 to 1.0 for the quarter ending on September 30, 2017, (b) 3.50 to 1.0 for the quarter ending on December 31, 2017, (c) 3.25 to 1.0 for the quarters ending on March 31, 2018, June 30, 2018 and September 30, 2018, (d) 3.00 to 1.0 for the quarter ending December 31, 2018 and (e) 2.75 to 1.0 for each fiscal quarter ending on or after March 31, 2019. Our ability to comply with

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these financial condition tests can be affected by events beyond our control and we may not be able to do so. Our scheduled maturity date is February 28, 2020. In addition, our credit facility contains an anti-cash hoarding provision that restricts us from making any borrowing, if after giving effect to such borrowing, we would have in excess of \$20 million in cash and cash equivalents at the end of the week such borrowing is made. These restrictions may also limit our ability to obtain future financings to withstand a future downturn in our business or the economy in general, or to otherwise conduct necessary activities. We may also be prevented from taking advantage of business opportunities that arise because of the limitations that the restrictive covenants under our credit facilities impose on us. For additional information regarding our credit facility, please read "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facility."

If we are unable to remain in compliance with the covenants of our credit facility, then amounts outstanding thereunder may be accelerated and become due immediately. Any such acceleration could have a material adverse effect on our financial condition and results of operations.

We may incur additional indebtedness or issue additional equity securities to execute our long-term growth strategy, which may reduce our profitability or result in significant dilution to our stockholders.

Constructing and maintaining water infrastructure used in the oil and gas industry requires significant capital. We may require additional capital in the future to develop and construct water sourcing, transfer and other related infrastructure to execute our growth strategy. For the year ended December 31, 2015, we incurred approximately \$48.7 million in capital expenditures. Historically, we have financed these investments through cash flows from operations, external borrowings and capital contributions from the Legacy Owners and Contributing Legacy Owners. These sources of capital may not be available to us in the future. In addition, our credit facility currently restricts our spending on capital expenditures (other than those funded by net proceeds from equity issuances) to \$35 million for the fiscal year ending December 31, 2017 and for each year thereafter to the greater of (i) \$35 million or (ii) 50% of our EBITDA for the prior twelve months and removes this restriction if the Leverage Ratio is less than 3.00 to 1.0. The maximum commitment under the credit facility is \$100 million at the end of the preceding fiscal quarter. If we are unable to fund capital expenditures for any reason, we may not be able to capture available growth opportunities and any such failure could have a material adverse effect on our results of operations and financial condition. If we incur additional indebtedness or issue additional equity securities, our profitability may be reduced and our stockholders may experience significant dilution.

We may be subject to claims for personal injury and property damage, which could materially adversely affect our financial condition, results of operations and cash available for distribution.

We operate with most of our customers under master service agreements, or MSAs. We endeavor to allocate potential liabilities and risks between the parties in the MSAs. Generally, under our MSAs, including those relating to our services, we assume responsibility for, including control and removal of, pollution or contamination which originates above surface and originates from our equipment or services. Our customer assumes responsibility for, including control and removal of, all other pollution or contamination which may occur during operations, including that which may result from seepage or any other uncontrolled flow of drilling fluids. We may have liability in such cases if we are negligent or commit willful acts. Generally, our customers also agree to indemnify us against claims arising from their employees' personal injury or death to the extent that, in the case of our operations, their employees are injured or their properties are damaged by such operations, unless resulting from our gross negligence or willful misconduct. Similarly, we generally agree to indemnify our customers for liabilities arising from personal injury to or death of any of our employees, unless resulting from gross negligence or willful misconduct of the customer. In addition, our customers generally agree to

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indemnify us for loss or destruction of customer-owned property or equipment and in turn, we agree to indemnify our customers for loss or destruction of property or equipment we own. Losses due to catastrophic events, such as blowouts, are generally the responsibility of the customer. However, despite this general allocation of risk, we might not succeed in enforcing such contractual allocation, might incur an unforeseen liability falling outside the scope of such allocation or may be required to enter into an MSA with terms that vary from the above allocations of risk. As a result, we may incur substantial losses which could materially and adversely affect our financial condition, results of operation and cash available for distribution.

We are subject to environmental and occupational health and safety laws and regulations that may expose us to significant liabilities for penalties, damages or costs of remediation or compliance.

Our operations and the operations of our customers are subject to federal, regional, state and local laws and regulations relating to protection of natural resources and the environment, health and safety aspects of our operations and waste management, including the transportation and disposal of waste and other materials. These laws and regulations may impose numerous obligations on our operations and the operations of our customers, including the acquisition of permits to take freshwater from surface and underground sources, construct pipelines or containment facilities, drill wells or conduct other regulated activities, the incurrence of capital expenditures to mitigate or prevent releases of materials from our facilities or from customer locations where we are providing services, the imposition of substantial liabilities for pollution resulting from our operations, and the application of specific health and safety criteria addressing worker protection. Any failure on our part or the part of our customers to comply with these laws and regulations could result in restrictions on operations, assessment of administrative, civil and criminal penalties, revocation of permits and issuance of corrective action orders requiring the performance of investigatory, remedial or curative activities.

Our business activities present risks of incurring significant environmental costs and liabilities, including costs and liabilities resulting from our handling of oilfield and other wastes, because of air emissions and wastewater discharges related to our operations, and due to historical oilfield industry operations and waste disposal practices. Our businesses include the operation of oilfield waste disposal injection wells that pose risks of environmental liability, including leakage from the wells to surface or subsurface soils, surface water or groundwater. In addition, private parties, including the owners of properties upon which we perform services and facilities where our wastes are taken for reclamation or disposal, also may have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property or natural resource damages. Some environmental laws and regulations may impose strict liability, which means that in some situations we could be exposed to liability as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Remedial costs and other damages arising as a result of environmental laws and costs associated with changes in environmental laws and regulations could be substantial and could have a material adverse effect on our liquidity, consolidated results of operations and consolidated financial condition.

Laws and regulations protecting the environment generally have become more stringent in recent years and are expected to continue to do so, which could lead to material increases in costs for future environmental compliance and remediation. Changes in existing laws or regulations, or the adoption of new laws or regulations, could delay or curtail exploratory or developmental drilling for oil and gas and could limit well servicing opportunities. We may not be able to recover some or any of our costs of compliance with these laws and regulations from insurance.

Unsatisfactory safety performance may negatively affect our customer relationships and, to the extent we fail to retain existing customers or attract new customers, adversely impact our revenues.

Our ability to retain existing customers and attract new business is dependent on many factors, including our ability to demonstrate that we can reliably and safely operate our business and stay current on constantly changing rules, regulations, training and laws. Existing and potential customers consider the safety record of their service providers to be of high importance in their decision to engage third-party servicers. If one or more accidents were to occur at one of our operating sites, the affected customer may seek to terminate or cancel its use of our facilities or services and may be less likely to continue to use our services, which could cause us to lose substantial revenues. Further, our ability to attract new customers may be impaired if they elect not to purchase our third-party services because they view our safety record as unacceptable. In addition, it is possible that we will experience numerous or particularly severe accidents in the future, causing our safety record to deteriorate. This may be more likely as we continue to grow, if we experience high employee turnover or labor shortage, or add inexperienced personnel.

Federal, state and local legislative and regulatory initiatives related to hydraulic fracturing could result in operating restrictions or delays in the drilling and completion of oil and gas wells that may reduce demand for our services and could have a material adverse effect on our liquidity, consolidated results of operations and consolidated financial condition.

Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from dense subsurface rock formations. The process involves the injection of water, sand and chemicals under pressure into targeted geological formations to fracture the surrounding rock and stimulate production. Hydraulic fracturing is currently generally exempt from regulation under the U.S. Safe Drinking Water Act's (the "SDWA") Underground Injection Control ("UIC") program and is typically regulated by state oil and gas commissions or similar agencies.

However, several federal agencies have asserted regulatory authority over certain aspects of the process. For example, in February 2014, the U.S. Environmental Protection Agency (the "EPA") asserted regulatory authority pursuant to the SDWA's UIC program over hydraulic fracturing activities involving the use of diesel and issued guidance covering such activities. The EPA also issued final Clean Air Act ("CAA") regulations in 2012 and in June 2016 governing performance standards, including standards for the capture of emissions of methane and volatile organic compounds ("VOCs") released during hydraulic fracturing. Additionally, in June 2016, the EPA published an effluent limit guideline final rule prohibiting the discharge of wastewater from onshore unconventional oil and gas extraction facilities to publicly owned wastewater treatment plants and, in May 2014, issued a prepublication of its Advance Notice of Proposed Rulemaking regarding the Toxic Substances Control Act reporting of the chemical substances and mixtures used in hydraulic fracturing. Also, the Bureau of Land Management ("BLM") published a final rule in March 2015 that established new or more stringent standards relating to hydraulic fracturing on federal and American Indian lands but, in June 2016, a Wyoming federal judge struck down this final rule, finding that the BLM lacked congressional authority to promulgate the rule. That decision is currently being appealed by the federal government. From time to time, legislation has been introduced, but not enacted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. In the event that new federal restrictions on the hydraulic-fracturing process are adopted in areas where we or our customers conduct business, we or our customers may incur additional costs or permitting requirements to comply with such federal requirements that may be significant in nature and, in the case of our customers, could experience added delays or curtailment in the pursuit of exploration, development, or production activities, which would in turn reduce the demand for our services.

Moreover, some states and local governments have adopted, and other governmental entities are considering adopting, regulations that could impose more stringent permitting, disclosure and

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well-construction requirements on hydraulic fracturing operations, including states where we or our customers operate. For example, Texas, Oklahoma, California, Ohio, Pennsylvania 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. In addition to state laws, local land use restrictions, such as city ordinances, may restrict drilling in general and/or hydraulic fracturing in particular, as certain local governments in California have done. Other states, such as Texas, Oklahoma and Ohio have taken steps to limit the authority of local governments to regulate oil and gas development.

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.

Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition to oil and gas production activities using hydraulic fracturing techniques. Additional legislation or regulation could also lead to operational delays or increased operating costs for our customers in the production of oil and gas, including from the developing shale plays, or could make it more difficult to perform hydraulic fracturing. The adoption of any federal, state or local laws or the implementation of regulations regarding hydraulic fracturing could potentially cause a decrease in the completion of new oil and gas wells and an associated decrease in demand for our services and increased compliance costs and time, which could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Climate change legislation or regulations restricting or regulating emissions of greenhouse gases could result in increased operating costs and reduced demand for our field services.

In response to findings that emissions of carbon dioxide, methane and other greenhouse gases ("GHGs") present an endangerment to public health and the environment, the EPA has adopted regulations under existing provisions of the CAA that, among other things, establish Prevention of Significant Deterioration ("PSD") construction and Title V operating permit reviews for certain large stationary sources that emit certain principal, or "criteria," pollutants. Facilities required to obtain PSD permits for their GHG emissions also will be required to meet "best available control technology" standards. In addition, the EPA has adopted rules requiring the monitoring and annual reporting of GHG emissions from oil and gas production, processing, transmission and storage facilities in the United States.

Congress has from time to time considered legislation to reduce emissions of GHGs but there has not been significant activity in the form of adopted legislation to reduce GHG emissions at the federal level in recent years. In the absence of such federal climate legislation, a number of state and regional efforts have emerged that are aimed at tracking and/or reducing GHG emissions through the completion of GHG emissions inventories and by means of cap and trade programs that typically require major sources of GHG emissions to acquire and surrender emission allowances in return for emitting those GHGs. The EPA has also developed strategies for the reduction of methane emissions, including emissions from the oil and gas industry. For example, in June 2016, the EPA published final rules establishing new emissions standards for methane and additional standards for VOCs from certain

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new, modified and reconstructed equipment and processes in the oil and gas source category, including production, processing, transmission and storage activities and is formally seeking additional information from E&P operators as necessary to eventually expand these final rules to include existing equipment and processes. Furthermore, the EPA passed a new rule, known as the Clean Power Plan, to limit GHGs from power plants. While the U.S. Supreme Court issued a stay in February 2016, preventing implementation during the pendency of legal challenges to the rule in court, should the stay be lifted and legal challenges prove unsuccessful, then it could reduce demand for the oil and gas our customers produce, which could reduce the demand for our services, depending on the methods used to implement the rule. Additionally, in December 2015, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France that proposed an agreement, requiring member countries to review and "represent a progression" in their intended nationally determined contributions, which set GHG emission reduction goals every five years beginning in 2020. This agreement was signed by the United States in April 2016 and entered into force in November 2016. The United States is one of over 120 nations having ratified or otherwise consented to the agreement; however this agreement does not create any binding obligations for nations to limit their GHG emissions, but rather includes pledges to voluntarily limit or reduce future emissions.

Although it is not possible at this time to predict how new laws or regulations in the United States or any legal requirements imposed following the United States' agreeing to the Paris Agreement that may be adopted or issued to address GHG emissions would impact our business, any such future laws, regulations or other legal requirements imposing reporting or permitting obligations on, or limiting emissions of GHGs from, our or our customers' equipment and operations could require us or our customers to incur costs to reduce emissions of GHGs associated with operations as well as delays or restrictions in the ability to permit GHG emissions from new or modified sources. In addition, substantial limitations on GHG emissions could adversely affect demand for the oil and gas our customers produce, which could reduce demand for our services.

Finally, it should be noted that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events. If any such effects were to occur, they could have an adverse effect on our operations.

Legislation or regulatory initiatives intended to address seismic activity associated with oilfield disposal wells could restrict our ability to dispose of produced water gathered from our customers and, accordingly, could have a material adverse effect on our business.

We dispose of wastewater gathered from oil and gas producing customers that results from their drilling and production operations pursuant to permits issued to us by government authorities overseeing such disposal activities. While these permits are issued pursuant to existing laws and regulations, these legal requirements are subject to change, which could result in the imposition of more stringent permitting or operating constraints or new monitoring and reporting requirements owing to, among other things, concerns of the public or governmental authorities regarding such disposal activities.

One such concern relates to recent seismic events near underground disposal wells used for the disposal by injection of produced water resulting from oil and gas activities. When caused by human activity, such events are called induced seismicity. Developing research suggests that the link between seismic activity and wastewater disposal may vary by region, and that only a very small fraction of the tens of thousands of injection wells have been suspected to be, or have been, the likely cause of induced seismicity; 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. The United States Geological Survey also noted the potential for induced

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seismicity in Ohio and Alabama. In response to concerns regarding induced seismicity, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced water disposal wells or otherwise to assess any relationship between seismicity and the use of such wells. For example, Oklahoma issued new rules for wastewater disposal wells in 2014 that imposed certain permitting and operating restrictions and reporting requirements on disposal wells in proximity to faults and also, from time to time, has developed and implemented plans directing certain wells where seismic incidents have occurred to restrict or suspend disposal well operations. The Texas Railroad Commission adopted similar rules in 2014. In addition, ongoing lawsuits allege that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells. Increased regulation and attention given to induced seismicity could lead to greater opposition to oil and gas activities utilizing injection wells for waste disposal. The adoption and implementation of any new laws, regulations or directives that restrict our ability to dispose of wastewater gathered from our customers by limiting, volumes, disposal rates, disposal well locations or otherwise, or requiring us to shut down disposal wells, could have a material adverse effect on our business, financial condition and results of operations.

The Endangered Species Act and Migratory Bird Treaty Act govern our and our oil and gas producing customers' operations and additional restrictions may be imposed in the future, which constraints could have an adverse impact on our ability to expand some of our existing operations or limit our customers' ability to develop new oil and gas wells.

The Endangered Species Act (the "ESA") restricts activities that may affect endangered or threatened species or their habitats. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act (the "MBTA"). To the extent species that are listed under the ESA or similar state laws, or are protected under the MBTA, live in the areas where we or our oil and gas producing customers' operate, our and our customers' abilities to conduct or expand operations and construct facilities could be limited or be forced to incur material additional costs. Moreover, our customer's drilling activities may be delayed, restricted or precluded in protected habitat areas or during certain seasons, such as breeding and nesting seasons. Some of our operations and the operations of our customers are located in areas that are designated as habitats for protected species.

In addition, as a result of a settlement approved by the U.S. District Court for the District of Columbia in 2011, the U.S. Fish & Wildlife Service (the "FWS") is required to make a determination on the listing of numerous other species as endangered or threatened under the ESA by the end of the FWS' 2017 fiscal year. The designation of previously unidentified endangered or threatened species could indirectly cause us to incur additional costs, cause our or our oil and gas producing customers' operations to become subject to operating restrictions or bans, and limit future development activity in affected areas. The FWS and similar state agencies may designate critical or suitable habitat areas that they believe are necessary for the survival of threatened or endangered species. Such a designation could materially restrict use of or access to federal, state and private lands.

We face significant competition that may cause us to lose market share and could negatively affect our ability to expand our operations, and we may be unable to compete effectively with larger companies.

The water solutions business is highly competitive. Some of our competitors have a similarly broad geographic scope, as well as greater financial and other resources than we do, while others focus on specific basins only and may have local competitive cost efficiencies as a result. Additionally, there may be new companies that enter the water solutions business or our existing and potential customers may develop their own water solutions businesses. Our ability to maintain current revenue and cash flows, and our ability to expand our operations, could be adversely affected by the activities of our competitors and our customers. If our competitors substantially increase the resources they devote to

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the development and marketing of competitive services or substantially decrease the prices at which they offer their services, we may be unable to effectively compete. All of these competitive pressures could have a material adverse effect on our business, results of operations and financial condition.

The oil and gas industry is intensely competitive, and we compete with other companies that have greater resources than us. Many of our larger competitors provide a broader base of services on a regional, national or worldwide basis. These companies may have a greater ability to continue oilfield service activities during periods of low commodity prices, to contract for equipment, to secure trained personnel and to absorb the burden of present and future federal, state, local and other laws and regulations. Any inability to compete effectively with larger companies could have a material adverse impact on our financial condition and results of operations.

Our success depends on key members of our management, the loss of any of whom could disrupt our business operations.

We depend to a large extent on the services of some of our executive officers. The loss of the services of one or more of our key executives could increase our exposure to the other risks described in this "Risk Factors" section. We do not maintain key man insurance on any of our personnel other than John Schmitz, our Chairman and Chief Executive Officer.

Our industry has experienced a high rate of employee turnover. Any difficulty we experience replacing or adding personnel could have a material adverse effect on our liquidity, results of operations and financial condition.

We are dependent upon the available labor pool of skilled employees and may not be able to find enough skilled labor to meet our needs, which could have a negative effect on our growth. We are also subject to the Fair Labor Standards Act, which governs such matters as minimum wage, overtime and other working conditions. Our services require skilled workers who can perform physically demanding work. As a result of our industry volatility, including the recent and pronounced decline in drilling activity, as well as the demanding nature of the work, many workers have left the oilfield services section to pursue employment in different fields. If we are unable to retain or meet growing demand for skilled technical personnel, our operating results and our ability to execute our growth strategies may be adversely affected.

Delays or restrictions in obtaining permits by us for our operations or by our customers for their operations could impair our business.

In most states, our operations and the operations of our oil and gas producing customers require permits from one or more governmental agencies in order to perform drilling and completion activities, secure water rights, construct impoundments tanks and operate pipelines or trucking services. Such permits are typically issued by state agencies, but federal and local governmental permits may also be required. The requirements for such permits vary depending on the location where such drilling and completion, and pipeline and gathering, 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. In addition, some of our customers' drilling and completion activities may take place on federal land or Native American lands, requiring leases and other approvals from the federal government or Native American tribes to conduct such drilling and completion activities. Under certain circumstances, federal agencies may cancel proposed leases for federal lands and refuse to grant or delay required approvals. Therefore, our customers' operations in certain areas of the United States may be interrupted or suspended for varying lengths of time, causing a loss of revenue to us and adversely affecting our results of operations in support of those customers.

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In the future we may face increased obligations relating to the closing of our wastewater disposal facilities and may be required to provide an increased level of financial assurance to guarantee that the appropriate closure activities will occur for a wastewater disposal facility.

Obtaining a permit to own or operate wastewater disposal facilities generally requires us to establish performance bonds, letters of credit or other forms of financial assurance to address remediation and closure obligations. As we acquire additional wastewater disposal facilities or expand our existing wastewater disposal facilities, these obligations will increase. Additionally, in the future, regulatory agencies may require us to increase the amount of our closure bonds at existing wastewater disposal facilities. Moreover, actual costs could exceed our current expectations, as a result of, among other things, federal, state or local government regulatory action, increased costs charged by service providers that assist in closing wastewater disposal facilities and additional environmental remediation requirements. Increased regulatory requirements regarding our existing or future wastewater disposal facilities, including the requirement to pay increased closure and post-closure costs or to establish increased financial assurance for such activities could substantially increase our operating costs and cause our available cash that we have to distribute to our unitholders to decline.

Constraints in the supply of equipment used in providing services to our customers and replacement parts for such could affect our ability to execute our growth strategies.

Equipment used in providing services to our customers is normally readily available. Market conditions could trigger constraints in the supply chain of certain equipment or replacement parts for such equipment, which could have a material adverse effect on our business. The majority of our risk associated with supply chain constraints occurs in those situations where we have a relationship with a single supplier for a particular resource.

Technology advancements in well service technologies, including those involving recycling of saltwater or the replacement of water in fracturing fluid, could have a material adverse effect on our business, financial condition and results of operations.

The oilfield services industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. The saltwater disposal industry is subject to the introduction of new waste treatment and disposal techniques and services using new technologies including those involving recycling of saltwater, some of which may be subject to patent protection. As competitors and others use or develop new technologies or technologies comparable to ours in the future, we may lose market share or be placed at a competitive disadvantage. For example, some oil and gas producers are focusing on developing and utilizing non-water fracturing techniques, including those utilizing propane, carbon dioxide or nitrogen instead of water. Further, 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 than we do, which may allow them to gain technological advantages or implement new technologies before we can. Additionally, we may be unable to implement new technologies or products at all, on a timely basis or at an acceptable cost. New technology could also make it easier for our customers to vertically integrate their operations or reduce the amount of waste produced in oil and gas drilling and production activities, thereby reducing or eliminating the need for third-party disposal. Limits on our ability to effectively use or implement new technologies may have a material adverse effect on our business, financial condition and results of operations.

We may be adversely affected by uncertainty in the global financial markets and the continuing worldwide economic downturn.

Our future results may be impacted by the continuing uncertainty caused by the worldwide economic downturn, continued volatility or deterioration in the debt and equity capital markets,

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inflation, deflation or other adverse economic conditions that may negatively affect us or parties with whom we do business resulting in a reduction in our customers' spending and their non-payment or inability to perform obligations owed to us, such as the failure of customers to honor their commitments or the failure of major suppliers to complete orders. Additionally, credit market conditions may change slowing our collection efforts as customers may experience increased difficulty in obtaining requisite financing, potentially leading to lost revenue and higher than normal accounts receivable. In the event of the financial distress or bankruptcy of a customer, we could lose all or a portion of such outstanding accounts receivable associated with that customer. Further, if a customer was to enter into bankruptcy, it could also result in the cancellation of all or a portion of our service contracts with such customer at significant expense to us.

The current global economic environment may adversely impact our ability to issue debt. A continuation of the economic uncertainty may cause institutional investors to respond to their borrowers by increasing interest rates, enacting tighter lending standards or refusing to refinance existing debt upon its maturity or on terms similar to the expiring debt. However, due to the above listed factors, we cannot be certain that additional funding will be available if needed and, to the extent required, on acceptable terms.

Our operations are subject to inherent risks, some of which are beyond our control. These risks may be self-insured, or may not be fully covered under our insurance policies.

Our operations are subject to hazards inherent in the oil and gas industry, such as, but not limited to, accidents, blowouts, explosions, craterings, fires, oil spills and releases of drilling, completion or fracturing fluids or wastewater into the environment. These conditions can cause:

- disruption in operations;
- substantial repair or remediate costs;
- personal injury or loss of human life;
- significant damage to or destruction of property, and equipment;
- environmental pollution, including groundwater contamination;
- impairment or suspension of operations; and
- substantial revenue loss.

The occurrence of a significant event or adverse claim in excess of the insurance coverage that we maintain or that is not covered by insurance could have a material adverse effect on our liquidity, consolidated results of operations and consolidated financial condition. Any interruption in our services due to pipeline breakdowns or necessary maintenance or repairs could reduce sales revenues and earnings. In addition, claims for loss of oil and gas production and damage to formations can occur in the well services industry. Litigation arising from a catastrophic occurrence at a location where our equipment and services are being used may result in our being named as a defendant in lawsuits asserting large claims.

We do not have insurance against all foreseeable risks, either because insurance is not available or because of the high premium costs. The occurrence of an event not fully insured against or the failure of an insurer to meet its insurance obligations could result in substantial losses. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable. Insurance may not be available to cover any or all of the risks to which we are subject, or, even if available, it may be inadequate, or insurance premiums or other costs could rise significantly in the future so as to make such insurance prohibitively expensive.

The deterioration of the financial condition of our customers could adversely affect our business.

During times when the gas or crude oil markets weaken, our customers are more likely to experience financial difficulties, including being unable to access debt or equity financing, which could result in a reduction in our customers' spending for our services. In addition, in the course of our business we hold accounts receivable from our customers. In the event of the financial distress or bankruptcy of a customer, we could lose all or a portion of such outstanding accounts receivable associated with that customer. Further, if a customer was to enter into bankruptcy, it could also result in the cancellation of all or a portion of our service contracts with such customer at significant expense or loss of expected revenues to us.

We may be required to take write-downs of the carrying values of our long-lived assets.

We evaluate our long-lived assets, such as property and equipment, for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Recoverability is measured by a comparison of their carrying amount to the estimated undiscounted cash flows to be generated by those assets. Based on specific market factors and circumstances at the time of prospective impairment reviews and the continuing evaluation of development plans, economics and other factors, we may be required to write down the carrying value of our long-lived and other intangible assets. We recorded an impairment of \$60 million on our long-lived assets for the nine months ended September 30, 2016.

Seasonal weather conditions and natural disasters could severely disrupt normal operations and harm our business.

Our Water Solutions operations are located primarily in the southern, mid-western and eastern United States. These areas are adversely affected by seasonal weather conditions, primarily in the winter and spring. During periods of heavy snow, ice or rain, we may be unable to move our equipment between locations, thereby reducing our ability to provide services and generate revenues. Additionally, extended drought conditions in our operating regions could impact our ability to source sufficient water for our customers or increase the cost for such water. As a result, a natural disaster or inclement weather conditions could severely disrupt the normal operation of our business and adversely impact our financial condition and results of operations.

We are subject to cyber security risks. A cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.

The oil and gas industry has become increasingly dependent on digital technologies to conduct certain processing activities. For example, we depend on digital technologies to perform many of our services and to process and record financial and operating data. At the same time, cyber incidents, including deliberate attacks or unintentional events, have increased. The U.S. government has issued public warnings that indicate that energy assets might be specific targets of cyber security threats. Our technologies, systems and networks, and those of our vendors, suppliers and other business partners, may become the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or other disruption of business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. Our systems and insurance coverage for protecting against cyber security risks may not be sufficient. As cyber incidents continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. Our insurance coverage for cyberattacks may not be sufficient to cover all the losses we may experience as a result of such cyberattacks.

A terrorist attack or armed conflict could harm our business.

The occurrence or threat of terrorist attacks in the United States or other countries, anti-terrorist efforts and other armed conflicts involving the United States or other countries, including continued hostilities in the Middle East, may adversely affect the United States and global economies and could prevent us from meeting our financial and other obligations. If any of these events occur, the resulting political instability and societal disruption could reduce overall demand for oil and gas, potentially putting downward pressure on demand for our services and causing a reduction in our revenues. Oil and gas related facilities could be direct targets of terrorist attacks, and our operations could be adversely impacted if infrastructure integral to our customers' operations is destroyed or damaged. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all.

We engage in transactions with related parties and such transactions present possible conflicts of interest that could have an adverse effect on us.

We have entered into a significant number of transactions with related parties. The details of certain of these transactions are set forth in the section "Certain Relationships and Related Party Transactions." Related party transactions create the possibility of conflicts of interest with regard to our management. Such a conflict could cause an individual in our management to seek to advance his or her economic interests above ours. Further, the appearance of conflicts of interest created by related party transactions could impair the confidence of our investors. Our board of directors regularly reviews these transactions. Notwithstanding this, it is possible that a conflict of interest could have a material adverse effect on our liquidity, results of operations and financial condition.

The adoption of more stringent trucking legislation or regulations may increase our costs and could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

In connection with the services we provide, we operate as a motor carrier and therefore are subject to regulation by the U.S. Department of Transportation (the "U.S. DOT"), and by analogous state agencies. These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations and regulatory safety. There are additional regulations specifically relating to the trucking industry, including testing and specification of equipment and product handling requirements. The trucking industry is subject to possible legislative and regulatory changes that may affect the economics of the industry by requiring changes in operating practices or by changing the demand for common or contract carrier services or the cost of providing truckload services. Some of these possible changes include increasingly stringent environmental regulations and changes in the regulations that govern the amount of time a driver may drive in any specific period, onboard black box recorder devices or limits on vehicle weight and size.

Interstate motor carrier operations are subject to safety requirements developed and implemented by the U.S. DOT. Intrastate motor carrier operations often are subject to state safety regulations that mirror federal regulations. Such matters as weight and dimension of equipment are also subject to federal and state laws and regulations.

From time to time, various legislative proposals are introduced, including proposals to increase federal, state or local taxes, including taxes on motor fuels, which may increase our costs or adversely affect the recruitment of drivers. Management cannot predict whether, or in what form, any increase in such taxes applicable to us will be enacted. We may be required to increase operating expenses or capital expenditures in order to comply with any new laws, regulations or other restrictions.

Disruptions in the transportation services of trucking companies transporting wastewater could have a material adverse effect on our results.

We use trucks to transport some produced water to our wastewater disposal facilities. In recent years, certain states, such as North Dakota and Texas, and state counties have increased enforcement of weight limits on trucks used to transport raw materials on their public roads. It is possible that the states, counties and cities in which we operate our business may modify their laws to further reduce truck weight limits or impose curfews or other restrictions on the use of roadways. Such legislation and enforcement efforts could result in delays in, and increased costs to, transport produced water to our wastewater disposal facilities, which may either increase our operating costs or reduce the amount of produced water transported to our facilities. Such developments could decrease our operating margins or amounts of produced water disposed at our wastewater disposal facilities and thereby have a material adverse effect on our results of operations and financial condition.

A significant increase in fuel prices may adversely affect our transportation costs, which could have a material adverse effect on our results of operations and financial condition.

Fuel is one of our significant operating expenses, and a significant increase in fuel prices could result in increased transportation costs. The price and supply of fuel is unpredictable and fluctuates based on events such as geopolitical developments, supply and demand for oil and gas, actions by oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and weather concerns. A significant increase in fuel prices could increase the price of, and therefore reduce demand for, our services, which could affect our results of operations and financial condition.

Risks Relating to the Offering and our Class A Common Stock

The initial public offering price of our Class A common stock may not be indicative of the market price of our Class A common stock after this offering. In addition, an active, liquid and orderly trading market for our Class A common stock may not develop or be maintained, and our stock price may be volatile.

Prior to this offering, our Class A common stock was not traded on any market. An active, liquid and orderly trading market for our Class A common stock may not develop or be maintained after this offering. Active, liquid and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. The market price of our Class A common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our Class A common stock, you could lose a substantial part or all of your investment in our Class A common stock. The initial public offering price will be negotiated between us, the selling shareholders and representatives of the underwriters, based on numerous factors which we discuss in "Underwriting," and may not be indicative of the market price of our Class A common stock after this offering. Consequently, you may not be able to sell shares of our Class A common stock at prices equal to or greater than the price paid by you in this offering.

The following factors could affect our stock price:

- quarterly variations in the rate of growth of our financial indicators, such as net income per share, net income and revenues;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- speculation in the press or investment community;

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- the failure of research analysts to cover our Class A common stock;
- sales of our Class A common stock by us, the selling shareholders or other shareholders, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance, interpretations or standards;
- additions or departures of key management personnel;
- actions by our shareholders;
- general market conditions, including fluctuations in commodity prices;
- domestic and international economic, legal and regulatory factors unrelated to our performance; and
- the realization of any risks describes under this "Risk Factors" section.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Class A common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and harm our business, operating results and financial condition.

We do not expect to pay any dividends to the holders of the Class A common stock offered hereby in the foreseeable future and the availability and timing of future dividends, if any, is uncertain.

We expect to use any free cash flow from future operations to support the growth of our business, including by repaying our debt, and do not expect to declare or pay any dividends on our Class A common stock in the foreseeable future. Our credit facility places certain restrictions on the ability of us and our subsidiaries to pay dividends. Consequently, your only opportunity to achieve a return on your investment in us will be if you sell your Class A common stock at a price greater than you paid for it. There is no guarantee that the price of our Class A common stock that will prevail in the market will ever exceed the price that you pay in this offering. We may amend our credit facility or enter into new debt arrangements that also prohibit or restrict our ability to pay dividends on our Class A common stock.

Subject to such restrictions, our board of directors will determine the amount and timing of stockholder dividends, if any, that we may pay in future periods. In making this determination, our directors will consider all relevant factors, including the amount of cash available for dividends, capital expenditures, covenants, prohibitions or limitations with respect to dividends, applicable law, general operational requirements and other variables. We cannot predict the amount or timing of any future dividends you may receive, and if we do commence the payment of dividends, we may be unable to pay, maintain or increase dividends over time. Therefore, you may not be able to realize any return on your investment in our Class A common stock for an extended period of time, if at all.

Investors in this offering will experience immediate and substantial dilution of \$ per share.

Based on an assumed initial public offering price of \$ per share (the midpoint of the range set forth on the cover of this prospectus), purchasers of our Class A common stock in this offering will experience an immediate and substantial dilution of \$ per share in the as adjusted net tangible book value per share of Class A common stock from the initial public offering price, and our as adjusted net tangible book value as of September 30, 2016 after giving effect to this offering would be

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\$ _____ per share. This dilution is due in large part to earlier investors having paid substantially less than the initial public offering price when they purchased their shares. See "Dilution."

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential shareholders could lose confidence in our financial reporting, which would harm our business and the trading price of our Class A common stock.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We cannot be certain that our efforts to develop and maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of the Sarbanes Oxley Act of 2002. Any failure to develop or maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our Class A common stock.

Since we expect to be a "controlled company" for purposes of the corporate governance requirements of the NYSE, our stockholders will not have, and may never have, the protections that these corporate governance requirements are intended to provide.

Since we expect to be a "controlled company" for purposes of the corporate governance requirements of the NYSE, we are not required to comply with the provisions requiring that a majority of our directors be independent, the compensation of our executives be determined by independent directors or nominees for election to our board of directors be selected by independent directors. If we choose to take advantage of any or all of these exemptions, our stockholders may not have the protections that these rules are intended to provide.

Since we expect to be an "emerging growth company," we will not be required to comply with certain disclosure requirements that are applicable to other public companies and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We expect to be an "emerging growth company," as defined in the JOBS Act and we may take advantage of certain exemptions from various reporting requirements that are applicable to public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes-Oxley, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our Class A common stock less attractive because we will rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our Class A common stock price may be more volatile. Under the JOBS Act, "emerging growth companies" can delay adopting new or revised accounting standards until such time as those standards apply to private companies.

We will incur increased costs as a result of becoming a public company.

As a privately held company, we were not responsible for the corporate governance and financial reporting practices and policies required of a public company. Following the completion of this

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offering, we will need to comply with new laws, regulations and requirements, certain corporate governance provisions of Sarbanes-Oxley, related regulations of the SEC and the requirements of the NYSE, with which we were not required to comply as a private company. Complying with these statutes, regulations and requirements will occupy a significant amount of time of our board of directors and management and will significantly increase our costs and expenses. We will need to:

- institute a more comprehensive compliance function;
- comply with rules promulgated by the NYSE;
- prepare and distribute periodic public reports in compliance with our obligations under the federal securities laws;
- establish new internal policies, such as those relating to disclosure controls and procedures and insider trading; and
- involve and retain to a greater degree outside counsel and accountants in the above activities.

In addition, we expect that being a public company subject to these rules and regulations will require us to accept less director and officer liability insurance coverage than we desire or to incur substantial costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee, and qualified executive officers.

Certain of our directors and senior management have limited experience managing public companies, which could adversely affect our financial position.

Certain members of our senior management and certain of our directors have not previously managed a publicly traded operating company and may be unsuccessful in doing so. The demands of managing a publicly traded company are significant, and some members of our senior management or board of directors may not be able to meet these increased demands. Failure to effectively manage our business could adversely affect our overall financial position.

Future sales of our equity securities, or the perception that such sales may occur, may depress our share price, and any additional capital raised through the sale of equity or convertible securities may dilute your ownership in us.

Subject to certain limitations and exceptions, Legacy Owner Holdco and its permitted transferees may exchange their SES Holdings LLC Units (together with a corresponding number of shares of Class B common stock) for shares of Class A common stock (on a one-for-one basis, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions) and then sell those shares of Class A common stock. In addition, the 16,100,000 shares of our Class A-1 Common Stock issued in the 144A Offering will automatically convert to Class A common stock upon the effectiveness of a registration statement filed to permit resales of such shares. The investors in our 144A Offering are entitled to sell such shares 60 days following the closing of this offering. Additionally, we may in the future issue our previously authorized and unissued securities. We are authorized to issue 250 million shares of Class A common stock, 40 million shares of Class A-1 common stock, 150 million shares of Class B common stock and 50 million shares of preferred stock with such designations, preferences and rights as determined by our board of directors. The potential issuance of such additional shares of equity securities will result in the dilution of the ownership interests of the holders of our Class A common stock and may create downward pressure on the trading price, if any, of our Class A common stock. The registration rights of our Legacy Owners and the investors in the 144A Offering and the sales of substantial amounts of our Class A common stock following the effectiveness of the shelf registration statements for the benefit of our Legacy Owners or investors in the 144A Offering, or the perception that these sales may occur, could cause the market

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price of our Class A common stock to decline and impair our ability to raise capital. We also may grant additional registration rights in connection with any future issuance of our capital stock.

The underwriters of this offering may waive or release parties to the lock-up agreements entered into in connection with this offering, which could adversely affect the price of our Class A common stock.

Our stockholders, directors and executive officers have entered into lock-up agreements with respect to their equity securities of the Company. As restrictions on resale end, the market price of our stock could decline if the holders of restricted shares sell them or are perceived by the market as intending to sell them. , at any time and without notice, may release all or any portion of the equity securities subject to the foregoing lock-up agreements entered into in connection with this offering. Investors in the 144A Offering have entered into lock-up agreements which expire 60 days from the closing of this offering. FBR, at any time and without notice, may release all or any portion of the equity securities subject to the foregoing lock-up agreements entered into in connection with the 144A Offering. If the restrictions under the lock-up agreements are waived, our Class A common stock will be available for sale into the market, which could reduce the market value for our Class A common stock. The lockup agreements entered into in connection with the 144A Offering contain an exception permitting us to issue shares of Class A common stock in connection with acquisitions in an amount up to 19.9 percent of the outstanding voting power at the time of such issuance, provided that the recipient executes a similar lockup agreement. The issuance of such shares of Class A common stock would ultimately be dilutive to the holders of shares of Class A common stock acquired in this offering.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our Class A common stock or if our operating results do not meet their expectations, the share price for our Class A common stock could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause the price or trading volume of our Class A common stock to decline. Moreover, if one or more of the analysts who cover our company downgrades our Class A common stock or if our operating results do not meet their expectations, the share price of our Class A common stock could decline.

Provisions in our certificate of incorporation and bylaws and Delaware law may discourage a takeover attempt even if a takeover might be beneficial to our stockholders.

Provisions contained in our certificate of incorporation and bylaws, in each case as amended and restated as of the date on which this offering is completed, could make it more difficult for a third party to acquire us after we have become a publicly traded company. Provisions of our certificate of incorporation and bylaws impose various procedural and other requirements, which could make it more difficult for stockholders to effect certain corporate actions. For example, our certificate of incorporation authorizes our board of directors to determine the rights, preferences, privileges and restrictions of unissued series of preferred stock without any vote or action by our stockholders. Thus, our board of directors can authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our capital stock. These rights may have the effect of delaying or deterring a change of control of our company. Additionally, our bylaws establish limitations on the removal of directors and on the ability of our stockholders to call special meetings and include advance notice requirements for nominations for election to our board of directors and for proposing matters that can be acted upon at stockholder meetings.

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In addition, after we cease to be a controlled company, a classified board of directors will be established, so that only approximately one-third of our directors will be elected each year. See "Description of Capital Stock—Anti-Takeover Effects of Provisions of Our Certificate of Incorporation, Our Bylaws and Delaware Law." These provisions could limit the price that certain investors might be willing to pay in the future for shares of our Class A common stock.

In addition, certain change of control events have the effect of accelerating the payment due under our Tax Receivable Agreements, which could be substantial and accordingly serve as a disincentive to a potential acquirer of our company. See "Risks Related to Our Internal Reorganization and Resulting Structure—In certain cases, payments under the Tax Receivable Agreements may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreements."

Legacy Owner Holdco controls a significant percentage of our voting power.

Legacy Owner Holdco beneficially owns 100% of our Class B common stock, and upon completion of this offering, the Class B common stock will represent approximately % of our outstanding voting capital stock. See "Organizational Structure" and "Summary—Organization." In addition, certain of our directors are currently employed by Crestview Partners, our private equity sponsor and the manager of funds that hold the largest equity interest in Legacy Owner Holdco. Other funds controlled by Crestview GP also owns all of our currently outstanding shares of our Class A common stock, representing an additional % of our outstanding voting capital. Collectively, these holders control approximately % of our voting shares after completion of this offering. Holders of Class A common stock and Class B common stock generally will vote together as a single class on all matters presented to our stockholders for their vote or approval. Consequently, Legacy Owner Holdco will have control over all matters that require approval by our stockholders, including the election and removal of directors, changes to our organizational documents and approval of acquisition offers and other significant corporate transactions. This concentration of ownership will limit your ability to influence corporate matters, and as a result, actions may be taken that you may not view as beneficial. So long as Legacy Owner Holdco continues to own a significant amount of our outstanding voting capital stock, even if such amount is less than 50%, it will continue to be able to strongly influence all matters requiring stockholder approval, regardless of whether or not other stockholders believe that a transaction is in their own best interests.

Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities, which could adversely affect our business or prospects.

Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by applicable law, we renounce any interest or expectancy in any business opportunity that involves any aspect of the energy business or industry and that may be from time to time presented to any member of Legacy Owner Holdco, Crestview Partners or any affiliates of Crestview GP, B-29 Investments, LP, Sunray Capital, LP and Proactive Investments, LP (the "Legacy Group") or any director or officer of the corporation who is also an employee, partner, member, manager, officer or director of any member of the Legacy Group, including our Chief Executive Officer, John Schmitz, and our President, Cody Ortowski, even if the opportunity is one that we might reasonably have pursued or had the ability or desire to pursue if granted the opportunity to do so. Mr. Schmitz controls both B-29 Investments LP and Sunray Capital, LP and is a direct and indirect beneficiary of these provisions in our Articles of Incorporation. Our amended and restated certificate of incorporation further provides that no such person or party shall be liable to us by reason of the fact that such person pursues any such business opportunity, or fails to offer any such business opportunity to us.

As a result, any member of the Legacy Group or any director or officer of the corporation who is also an employee, partner, member, manager, officer or director of any member of the Legacy Group

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may become aware, from time to time, of certain business opportunities, such as acquisition opportunities, and may direct such opportunities to other businesses in which they have invested, in which case we may not become aware of or otherwise have the ability to pursue such opportunity. Further, such businesses may choose to compete with us for these opportunities. As a result, by renouncing our interest and expectancy in any business opportunity that may be from time to time presented to any member of the Legacy Group or any director or officer of the corporation who is also an employee, partner, member, manager, officer or director of any member of the Legacy Group, our business or prospects could be adversely affected if attractive business opportunities are procured by such parties for their own benefit rather than for ours. See "Certain Relationships and Related Party Transactions."

A significant reduction by Crestview of its ownership interests in us could adversely affect us.

We believe that Crestview's ownership interests in us provides it with an economic incentive to assist us to be successful. Upon the expiration or earlier waiver of the lock-up restrictions on transfers or sales of our securities following the completion of this offering, Crestview will not be subject to any obligation to maintain its ownership interest in us and may elect at any time thereafter to sell all or a substantial portion of or otherwise reduce its ownership interest in us. If Crestview sells all or a substantial portion of its ownership interest in us, it may have less incentive to assist in our success and its affiliate(s) that are expected to serve as members of our board of directors may resign. Such actions could adversely affect our ability to successfully implement our business strategies which could adversely affect our cash flows or results of operations.

We may issue preferred stock whose terms could adversely affect the voting power or value of our Class A common stock.

Our amended and restated certificate of incorporation authorizes us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our Class A common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our Class A common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the Class A common stock.

Our amended and restated certificate of incorporation designates the Court of Chancery of 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 favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL"), our amended and restated certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our amended and

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restated certificate of incorporation described in the preceding sentence. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation 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, which could adversely affect our business, financial condition or results of operations.

Risks Related to Our Organizational Structure

We are a holding company. Our sole material asset will be our equity interest in SES Holdings, and accordingly, we will be dependent upon distributions and payments from SES Holdings to pay taxes, make payments under the Tax Receivable Agreements and cover our corporate and other overhead expenses.

We are a holding company and have no material assets other than our equity interest in SES Holdings. Please see "Organizational Structure." We will have no independent means of generating revenue. To the extent SES Holdings has available cash, we intend to cause SES Holdings to make (i) generally pro rata distributions to its unitholders, including us, in an amount at least sufficient to allow us to pay our taxes and to make payments under the Tax Receivable Agreements we entered into with the TRA Holders and any subsequent tax receivable agreements that we may enter into in connection with future acquisitions and (ii) non-pro rata payments to us to reimburse us for our corporate and other overhead expenses. We will be limited, however, in our ability to cause SES Holdings and its subsidiaries to make these and other distributions or payments to us due to certain limitations, including the restrictions under our credit facility and the cash requirements and financial condition of SES Holdings. To the extent that we need funds and SES Holdings or its subsidiaries are restricted from making such distributions or payments under applicable law or regulations or under the terms of their financing arrangements or are otherwise unable to provide such funds, our liquidity and financial condition could be adversely affected.

We will be required to make payments under the Tax Receivable Agreements for certain tax benefits we may claim, and the amounts of such payments could be significant.

In connection with the 144A Offering, we entered into two Tax Receivable Agreements which generally provide for the payment by us to the TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that we actually realize (computed using simplifying assumptions to address the impact of state and local taxes) or are deemed to realize in certain circumstances as a result of certain tax basis increases, net operating losses available to us as a result of certain reorganization transactions entered into in connection with the 144A Offering, and certain tax benefits attributable to imputed interest. We will retain the benefit of the remaining 15% of these cash savings.

The term of each Tax Receivable Agreement commenced upon the completion of the 144A Offering and will continue until all tax benefits that are subject to such Tax Receivable Agreement have been utilized or expired, unless we exercise our right to terminate the Tax Receivable Agreements (or the Tax Receivable Agreements are terminated due to other circumstances, including our breach of a material obligation thereunder or certain mergers or other changes of control) and we make the termination payment specified in the Tax Receivable Agreements. In addition, payments we make under the Tax Receivable Agreements will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return.

The payment obligations under the Tax Receivable Agreements are our obligations and not obligations of SES Holdings, and we expect that the payments we will be required to make under the

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Tax Receivable Agreements will be substantial. Estimating the amount and timing of payments that may become due under the Tax Receivable Agreements is by its nature imprecise. For purposes of the Tax Receivable Agreements, cash savings in tax generally will be calculated by comparing our actual tax liability (using the actual applicable U.S. federal income tax rate and an assumed combined state and local income and franchise tax rate) to the amount we would have been required to pay had we not been able to utilize any of the tax benefits subject to the Tax Receivable Agreements. The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreements, will vary depending upon a number of factors, including the timing of the exchanges of SES Holdings LLC Units, the price of our Class A common stock at the time of each exchange, the extent to which such exchanges are taxable transactions, the amount and timing of the taxable income we generate in the future, the U.S. federal income tax rates then applicable and the portion of our payments under the Tax Receivable Agreements that constitute imputed interest or give rise to depreciable or amortizable tax basis.

Certain of the TRA Holders' rights under the Tax Receivable Agreements are transferable in connection with a permitted transfer of SES Holdings LLC Units or if the TRA Holder no longer holds SES Holdings LLC Units. The payments under the Tax Receivable Agreements will not be conditioned upon the continued ownership interest in either SES Holdings or us of any holder of rights under the Tax Receivable Agreements. Please read "Certain Relationships and Related Party Transactions—Tax Receivable Agreements."

In certain cases, payments under the Tax Receivable Agreements may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreements.

If we elect to terminate the Tax Receivable Agreements early or they are terminated early due to our failure to honor a material obligation thereunder or due to certain mergers, asset sales, other forms of business combinations or other changes of control, our obligations under the Tax Receivable Agreements would accelerate and we would be required to make an immediate payment equal to the present value of the anticipated future payments to be made by us under the Tax Receivable Agreements (determined by applying a discount rate of the lesser of 6.50% per annum, compounded annually, or one-year LIBOR plus 100 basis points). The calculation of anticipated future payments will be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreements, including (i) the assumption that we have sufficient taxable income to fully utilize the tax benefits covered by the Tax Receivable Agreements, (ii) the assumption that any SES Holdings LLC Units (other than those held by us) outstanding on the termination date are exchanged on the termination date and (iii) certain loss or credit carryovers will be utilized in the taxable year that includes the termination date. Any early termination payment may be made significantly in advance of the actual realization, if any, of the future tax benefits to which the termination payment relates.

As a result of either an early termination or a change of control, we could be required to make payments under the Tax Receivable Agreements that exceed our actual cash tax savings under the Tax Receivable Agreements. In these situations, our obligations under the Tax Receivable Agreements could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales or other forms of business combinations or changes of control. For example, if the Tax Receivable Agreements were terminated immediately after this offering, the estimated termination payments would, in the aggregate, be approximately \$ million (calculated using a discount rate equal to the lesser of 6.50% per annum, compounded annually, or one-year LIBOR plus 100 basis points, applied against an undiscounted liability of \$ million). The foregoing number is merely an estimate and the actual payment could differ materially. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreements.

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Payments under the Tax Receivable Agreements will be based on the tax reporting positions that we will determine. The TRA Holders will not reimburse us for any payments previously made under the Tax Receivable Agreements if any tax benefits that have given rise to payments under the Tax Receivable Agreements are subsequently disallowed, except that excess payments made to the TRA Holders will be netted against payments that would otherwise be made to the TRA Holders, if any, after our determination of such excess. As a result, in such circumstances, we could make payments that are greater than our actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect our liquidity.

Please read "Certain Relationships and Related Party Transactions—Tax Receivable Agreements."

If SES Holdings were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, we and SES Holdings might be subject to potentially significant tax inefficiencies, and we would not be able to recover payments previously made by us under the Tax Receivable Agreements even if the corresponding tax benefits were subsequently determined to have been unavailable due to such status.

We intend to operate such that SES Holdings does not become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. A "publicly traded partnership" is a partnership, the interests of which are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Under certain circumstances, exchanges of SES Holdings LLC Units pursuant to an Exchange Right (or our Call Right) or other transfers of SES Holdings LLC Units could cause SES Holdings to be treated as a publicly traded partnership. Applicable U.S. Treasury regulations provide for certain safe harbors from treatment as a publicly traded partnership, and we intend to operate such that exchanges or other transfers of SES Holdings LLC Units qualify for one or more such safe harbors. For example, we intend to limit the number of unitholders of SES Holdings and Legacy Owner Holdco, and the SES Holdings LLC Agreement, provides for limitations on the ability of unitholders of SES Holdings to transfer their SES Holdings LLC Units and will provide us, as managing member of SES Holdings, with the right to impose restrictions (in addition to those already in place) on the ability of unitholders of SES Holdings to exchange their SES Holdings LLC Units pursuant to an Exchange Right to the extent we believe it is necessary to ensure that SES Holdings will continue to be treated as a partnership for U.S. federal income tax purposes.

If SES Holdings were to become a publicly traded partnership, significant tax inefficiencies might result for us and for SES Holdings. In addition, we may not be able to realize tax benefits covered under the Tax Receivable Agreements, and we would not be able to recover any payments previously made by us under the Tax Receivable Agreements, even if the corresponding tax benefits (including any claimed increase in the tax basis of SES Holdings' assets) were subsequently determined to have been unavailable.

The sale or exchange of 50% or more of the capital and profits interests of SES Holdings during any twelve-month period will result in the termination of the SES Holdings partnership for U.S. federal income tax purposes, which could result in significant deferral of depreciation deductions allowable in computing our taxable income.

SES Holdings will be considered to have terminated its partnership for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in its capital and profits within a twelve-month period. For purposes of determining whether the 50% threshold has been met, multiple sales of the same interest will be counted only once. Among other consequences, the termination of SES Holdings for U.S. federal income tax purposes could result in a significant deferral of depreciation deductions allowable in computing SES Holdings' taxable income, including the taxable income of SES Holdings that is allocable to us. The termination of SES Holdings would not affect its

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classification as a partnership for U.S. federal income tax purposes, but it would result in its being treated as a new partnership for U.S. federal income tax purposes following the termination.

Legacy Owner Holdco and the Legacy Owners have interests that conflict with holders of shares of our Class A common stock.

Immediately following this offering, Legacy Owner Holdco will own approximately % of the outstanding SES Holdings LLC Units. Because it holds a portion of its ownership interest in our business in the form of direct ownership interests in SES Holdings rather than through us, Legacy Owner Holdco may have conflicting interests with holders of shares of Class A common stock. For example, Legacy Owner Holdco may have different tax positions from us, and decisions we make in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may affect the timing and amount of payments that are received by the TRA Holders under the Tax Receivable Agreements. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreements" and "Summary—Our Relationship with Crestview Partners."

The fact that Legacy Owner Holdco will have voting control over all matters that require the approval of our stockholders amplifies the potential risks to our company and our other stockholders relating to the conflicts of interest described above.

FORWARD-LOOKING STATEMENTS

The information in this prospectus includes "forward-looking statements." All statements, other than statements of historical fact, included in this prospectus regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading "Risk Factors" included in this prospectus. These forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, those summarized below:

- the level of capital spending by domestic oil and gas companies;
- trends and volatility in oil and gas prices;
- demand for our services;
- regional impacts to our business, including our key infrastructure assets within the Bakken;
- our level of indebtedness and our ability to comply with covenants contained in our credit facility or future debt instruments;
- our access to capital to fund expansions, acquisitions and our working capital needs and our ability to obtain debt or equity financing on satisfactory terms;
- our safety performance;
- the impact of current and future laws, rulings and governmental regulations, including those related to hydraulic fracturing, accessing water, disposing of wastewater and various environmental matters;
- our ability to retain key management and employees;
- the impacts of competition on our operations;
- our ability to hire and retain skilled labor;
- delays or restrictions in obtaining permits by us or our competitors;
- constraints in supply or availability of equipment used in our business;
- the impacts of advancements in drilling and well service technologies;
- changes in global economic conditions, generally, and in the markets we serve;
- accidents, weather, seasonality or other events affecting our business; and
- the other risks identified in this prospectus including, without limitation, those under the headings "Risk Factors," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Certain Relationships and Related Party Transactions."

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These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. Our future results will depend upon various other risks and uncertainties, including those described elsewhere in this prospectus under the heading, "Risk Factors." Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise. All forward-looking statements attributable to us are qualified in their entirety by this cautionary statement.

USE OF PROCEEDS

We estimate that our net proceeds from this offering, assuming an initial public offering price of \$ per share (the midpoint of the price range set forth on the cover page of this prospectus) and after deducting the underwriters' discount and estimated offering expenses payable by us will be approximately \$ million, assuming the over-allotment option is not exercised. We intend to contribute all of these net proceeds to SES Holdings in exchange for SES Holdings LLC Units. SES Holdings intends to use the net proceeds for general corporate purposes, including the expansion of the Bakken Pipeline systems, to fund other organic and acquisition growth opportunities and for the cash settlement of outstanding phantom units at SES Holdings, LLC.

The underwriters have an option to purchase up to an additional shares of our Class A common stock at the offering price less its underwriting discount, as applicable, within 30 days after the date of this prospectus to cover over-allotments, if any. Exercise of this option in full would result in additional net proceeds to us of approximately \$ million.

A \$1.00 increase or decrease in the assumed initial public offering price of \$ per share would cause the net proceeds from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses, received by us to increase or decrease, respectively, by approximately \$ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus remains the same. If the proceeds increase due to a higher initial public offering price or due to the issuance of additional shares, we would use the additional net proceeds for general corporate purposes. If the proceeds decrease due to a lower initial public offering price or a decrease in the number of shares issued, then we would reduce by a corresponding amount the net proceeds directed to general corporate purposes. Any reduction in net proceeds may cause us to need to borrow additional funds under our credit facilities to fund our operations, which would increase our interest expense and decrease our net income.

We will not receive any of the proceeds from the sale of shares of our Class A common stock by the selling shareholders. We will pay all expenses related to this offering, other than underwriting discounts and commissions related to the shares sold by the selling shareholders.

DIVIDEND POLICY

We do not anticipate declaring or paying any cash dividends to holders of our Class A common stock in the foreseeable future. We currently intend to retain future earnings, if any, to finance the expansion of our business. Our future dividend policy is within the discretion of our board of directors and will depend upon then-existing conditions, including our results of operations and financial condition, capital requirements, business prospects, statutory and contractual restrictions on our ability to pay dividends, including restrictions contained in our credit agreement and other factors our board of directors may deem relevant.

CAPITALIZATION

The following table shows our cash and cash equivalents and capitalization as of September 30, 2016:

- on an actual basis;
- on an as adjusted basis to give effect to the 144A Offering; and
- on an as further adjusted basis to give effect to (i) this offering at an assumed initial offering price of \$ _____ per share (which is the midpoint of the range set forth on the cover of this prospectus) and (ii) the application of the net proceeds, after deducting the estimated underwriters' discount and estimated offering expenses payable by us, as set forth in "Use of Proceeds." You should refer to "Use of Proceeds," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements, including the unaudited pro forma financial statements, contained in the F-pages to this prospectus in evaluating the material presented below.

	September 30, 2016		
	Actual	As Adjusted (In thousands)	As Further Adjusted
Cash and cash equivalents	\$ 6,741	\$ 51,775	\$ _____
Long-term debt, including current maturities:			
Term loan	62,397	—	—
Credit facility(1)	186,884	—	—
Total long-term debt	249,281	—	—
Members' capital / stockholders' equity:			
42,265,513 common units issued and outstanding as of September 30, 2016 (actual); no common units issued and outstanding as of September 30, 2016 (as adjusted)	55,773	—	—
Class A-1 common stock, \$0.01 par value; no shares authorized, issued and outstanding (actual); 40,000,000 shares authorized, 16,100,000 shares issued and outstanding (as adjusted) and no shares issued and outstanding (as further adjusted)	—	161	—
Class A common stock, \$0.01 par value; no shares authorized, issued and outstanding (actual); 250,000,000 shares authorized, 3,802,972 shares issued and outstanding (as adjusted) and _____ shares issued and outstanding (as further adjusted)	—	38	—
Class B common stock, \$0.01 par value; no shares authorized, issued and outstanding (actual); 150,000,000 shares authorized and 38,462,541 shares issued and outstanding (as adjusted)	—	385	—
Preferred Stock, \$0.01 par value; no shares authorized, issued and outstanding (actual); 50,000,000 authorized and no shares issued and outstanding (as adjusted)	—	—	—
Additional paid-in capital	—	121,434	—
Retained earnings (accumulated deficit)	—	—	—
Noncontrolling interests	6,430	239,905	—
Total members' capital / stockholders' equity	62,203	361,923	—
Total capitalization	\$ 311,484	\$ 361,923	\$ _____

- (1) As of September 30, 2016, we had approximately \$189.5 million of drawn borrowings, exclusive of debt issuance costs, and \$15.8 million of letters of credit for \$205.3 million of total credit outstanding under the credit facility. As of December 31, 2016, we had no drawn borrowings and \$16.3 million of letters of credit for \$16.3 million of total credit outstanding under the credit facility.

DILUTION

Purchasers of the Class A common stock in this offering will experience immediate and substantial dilution in the net tangible book value per share of the Class A common stock for accounting purposes. Our net tangible book value as of September 30, 2016, after giving pro forma effect to the transactions described under "Organizational Structure," was approximately \$ _____ million, or \$ _____ per share of Class A common stock. Pro forma net tangible book value per share is determined by dividing our pro forma tangible net worth (tangible assets less total liabilities) by the total number of outstanding shares of Class A common stock that will be outstanding immediately prior to the closing of this offering including giving effect to our corporate reorganization. After giving effect to the sale of the shares in this offering and further assuming the receipt of the estimated net proceeds (after deducting estimated underwriting discounts and commissions and estimated offering expenses), our adjusted pro forma net tangible book value as of September 30, 2016 would have been approximately \$ _____ million, or \$ _____ per share. This represents an immediate increase in the net tangible book value of \$ _____ per share to our existing shareholders and an immediate dilution (i.e., the difference between the offering price and the adjusted pro forma net tangible book value after this offering) to new investors purchasing shares in this offering of \$ _____ per share. The following table illustrates the per share dilution to new investors purchasing shares in this offering (assuming that 100% of our Class B common stock has been exchanged for Class A common stock):

Initial public offering price per share	\$ _____
Pro forma net tangible book value per share as of September 30, 2016 (after giving effect to our corporate reorganization)	\$ _____
Increase per share attributable to new investors in this offering	_____
As adjusted pro forma net tangible book value per share after giving further effect to this offering	_____
Dilution in pro forma net tangible book value per share to new investors in this offering(1)	\$ _____

(1) If the initial public offering price were to increase or decrease by \$1.00 per share, then dilution in pro forma net tangible book value per share to new investors in this offering would equal \$ _____ or \$ _____, respectively.

The following table summarizes, on an adjusted pro forma basis as of September 30, 2016, the total number of shares of Class A common stock owned by existing shareholders (assuming that 100% of our Class B common stock has been exchanged for Class A common stock) and to be owned by new investors, the total consideration paid, and the average price per share paid by our existing shareholders and to be paid by new investors in this offering at \$ _____, calculated before deduction of estimated underwriting discounts and commissions.

	Shares Acquired		Total Consideration		Average Price Per Share
	Number	Percent	Amount (in thousands)	Percent	
Existing shareholders			%\$ _____		%\$ _____
New investors in this offering					
Total			%\$ _____		%\$ _____

The data in the table excludes _____ shares of Class A common stock initially reserved for issuance under our equity incentive plan.

If the underwriters' option to purchase additional shares is exercised in full, the number of shares held by new investors will be increased to _____, or approximately _____% of the total number of shares of Class A common stock.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents our selected historical financial data for the periods and as of the dates indicated. The statement of operations data for the year ended December 31, 2015 and the balance sheet data as of December 31, 2015 are derived from our audited consolidated financial statements and the notes thereto included in the F-pages of this prospectus. The statement of operations data for the year ended December 31, 2014 and for the nine months ended September 30, 2016 and 2015 and the balance sheet data as of September 30, 2016 are derived from our unaudited consolidated financial statements and the notes thereto included in the F-pages of this prospectus, and in our opinion, have been prepared on a basis consistent with the audited financial statements and the notes thereto and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this information. These unaudited financial statements should be read in conjunction with the audited financial statements.

Historical results are not necessarily indicative of the results we expect in future periods. The data presented below should be read in conjunction with, and are qualified in their entirety by reference to, "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of

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Operations" and our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	Nine Months Ended		Year Ended December 31,	
	September 30,		2015	2014
	2016	2015	2015	2014
	(unaudited)		(unaudited)	
	(in thousands)			
Statement of Operations Data:				
Revenue				
Water solutions	\$ 173,157	\$ 348,613	\$ 427,496	\$ 675,349
Accommodations and rentals	19,585	43,177	52,948	96,844
Wellsite completion and construction services	22,923	45,199	55,133	131,604
Total revenue	<u>215,665</u>	<u>436,989</u>	<u>535,577</u>	<u>903,797</u>
Costs of revenue				
Water solutions	144,653	267,264	332,411	507,444
Accommodations and rentals	15,527	31,012	37,957	63,815
Wellsite completion and construction services	19,817	39,912	48,356	110,097
Depreciation and amortization	73,874	78,417	104,608	120,735
Total costs of revenue	<u>253,871</u>	<u>416,605</u>	<u>523,332</u>	<u>802,091</u>
Gross profit (loss)	(38,206)	20,384	12,245	101,706
Operating expenses				
Selling, general and administrative	25,928	42,090	56,548	66,488
Depreciation and amortization	1,644	2,427	3,104	4,693
Impairment of goodwill and other intangible assets	138,666	21,366	21,366	—
Impairment of property and equipment	60,026	—	—	—
Lease abandonment costs	13,169	—	—	—
Total operating expenses	<u>239,433</u>	<u>65,883</u>	<u>81,018</u>	<u>71,181</u>
Income (loss) from operations	(277,639)	(45,499)	(68,773)	30,525
Other income (expense)				
Interest expense, net	(11,792)	(9,806)	(13,689)	(16,935)
Other income, net	588	445	893	845
Income (loss) from operations before taxes	(288,843)	(54,860)	(81,569)	14,435
Tax expense	392	259	324	1,108
Net income (loss) from continuing operations	(289,235)	(55,119)	(81,893)	13,327
Net income (loss) from discontinued operations, net of tax	—	21	21	(11,214)
Net income (loss)	<u>\$ (289,235)</u>	<u>\$ (55,098)</u>	<u>\$ (81,872)</u>	<u>\$ 2,113</u>
Statement of Cash Flows Data:				
Net cash provided by (used in):				
Operating activities	\$ 8,078	\$ 120,901	\$ 151,999	\$ 104,432
Investing activities	(20,372)	(20,884)	(38,703)	(109,475)
Financing activities	2,730	(99,104)	(107,348)	(20,775)
Balance Sheet Data (at period end):				
Cash and cash equivalents	\$ 6,741		\$ 16,305	\$ 9,758
Total assets	370,866		650,248	884,185
Long-term liabilities		262,888	256,923	366,536
Other Financial Data:				
EBITDA(1)	\$ (201,533)	\$ 35,811	\$ 39,853	\$ 148,484
Adjusted EBITDA(1)	10,264	59,119	65,539	159,685

(1) For definitions and reconciliations of historical EBITDA and Adjusted EBITDA, see "Summary—Summary Consolidated Financial Data."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Selected Consolidated Financial Data" and our audited and unaudited financial statements and related notes appearing elsewhere in this prospectus. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a variety of risks and uncertainties, including those described in this prospectus under "Forward-Looking Statements" and "Risk Factors." We assume no obligation to update any of these forward-looking statements.

Overview

We are a leading provider of total water solutions to the U.S. unconventional oil and gas industry. Within the major shale plays in the United States, we believe we are the market leader in sourcing and transfer of water (both by permanent pipeline and temporary pipe) prior to its use in drilling and completion activities associated with hydraulic fracturing or "fracking," which we collectively refer to as "pre-frac water services." In most of our areas of operations, we provide complementary water-related services that support oil and gas well completion and production activities including containment, monitoring, treatment, flowback, hauling and disposal. Our services are necessary to establish and maintain production of oil and gas over the productive life of a horizontal well. Water and related services are increasingly important as E&P companies have increased the complexity and completion intensity of horizontal wells (including the use of longer horizontal wellbore laterals, tighter spacing of frac stages in the laterals and increased water and proppant use per foot of lateral) in order to improve production and recovery of hydrocarbons. Historically, we have generated a substantial majority of our revenues through providing total water solutions to our customers. We provide our services to major integrated and large E&P companies, who typically represent the largest producers in each of our areas of operations.

Our Segments

Our services are offered through three operating segments: water solutions, accommodations and rentals, and wellsite completion and construction services.

- *Water Solutions.* Our water solutions segment, operating primarily under our subsidiary, Select LLC is a leading provider of total water solutions to customers that include major integrated oil companies and independent oil and gas producers. These services include: the sourcing of water; the transfer of the water to the wellsite through permanent pipeline infrastructure and temporary pipe; the containment of fluids off- and on-location; measuring and monitoring of water; the filtering and treatment of drilling fluids, well testing and handling of flowback and produced formation water; and the transportation and recycling or disposal of drilling, completion and production fluids. We possess an extensive asset base, which we believe is the largest in the water solutions industry, including approximately 1.5 billion barrels of source water, 600 water transfer pumps, 1,360 miles of permanent and temporary pipeline distribution system, 120 well testing spreads and 220 owned and leased tractors, 287 thousand barrels per day in permitted disposal capacity, 1,300 frac tanks, and 34 above ground high capacity storage tanks. We own or have contractual access rights to 111 miles of permanent pipelines. We also have investments in or strategic relationships with treatment technology companies providing bubble flotation, chemical precipitation, chemical disinfection and distillation, through in-house equipment, strategic licensing, investments and relationships. Our water solutions segment includes our engineered water solutions group, which consists of professionals with significant technical and project development experience.

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- *Accommodations and Rentals.* Our accommodations and rentals segment, operating under our subsidiary Peak, provides workforce accommodations and surface rental equipment supporting drilling, completion and production operations to the U.S. onshore oil and gas industry. The services provided include fully furnished office and living quarters, fresh water supply and waste water removal, portable power generation and light plants, internet, phone, intercom, surveillance and monitoring services and other long-term rental supporting field personnel.
- *Wellsite Completion and Construction Services.* Our wellsite completion and construction services segment, operating under our subsidiary Affirm, provides oil and gas operators with a variety of services, including crane and logistics services, wellsite and pipeline construction and field services. These services are performed to establish, maintain and improve production throughout the productive life of an oil or gas well, or to otherwise facilitate other services performed on a well.

Recent Trends and Outlook

The oil and gas industry has historically been volatile and is influenced by a combination of long-term, short-term and cyclical trends, including the domestic and international supply and demand for oil and gas, current and expected future prices for oil and gas and the perceived stability and sustainability of those prices, production depletion rates and the resultant levels of cash flows generated and allocated by E&P companies to their drilling, completion, production and related services budget. The oil and gas industry is also impacted by general domestic and international economic conditions, political instability in oil producing countries, government regulations (both in the United States and elsewhere), levels of customer demand, the availability of pipeline capacity and other conditions and factors that are beyond our control.

Demand for most of our services is driven most directly by the level of expenditures by E&P companies and, thus, is dependent upon commodity prices. Oil prices declined from the third quarter of 2014 into February 2016, reaching a 12-year low of \$26.19 per barrel for WTI crude oil on February 11, 2016. The low commodity price environment caused a reduction in the drilling, completion and other activities of our customers and their spending on our services. As a result, our overall activity levels were down significantly. Further, the relative oversupply of many of the services we provide in combination with the cost cutting actions undertaken by our customers in response to falling revenues have substantially reduced the prices we can charge our customers for our services. This overall trend with respect to our customers' activities and spending negatively impacted our financial results from 2014 to 2015 and the pressure has continued into 2016. Oil prices have begun to recover and reached a closing price of \$51.95 per barrel on January 9, 2017. Oil and gas producers have responded to the improvement in oil prices by increasing drilling and completion activity levels, with the number of active drilling rigs in the U.S. (as reported by Baker Hughes) increasing 63% from a low of 404 rigs as of the week ended May 27, 2016 to 658 rigs for the week ended December 30, 2016. As commodity prices have begun to recover, we have experienced a recent increase in activity which has positively impacted our revenues and other financial results. If near term commodity prices stabilize at current levels and recover further, we expect to experience further increase in demand for our services. As the activity level of our customers increase, we also expect that the relatively oversupply of our services will decrease and will result in upward pressure on pricing.

In terms of the impact of the emerging recovery in drilling and completion activity, we stand to benefit as a result of our presence in what we believe to be the core of key domestic shale basins and the consistent industry trends of (i) increases in horizontal drilling, (ii) greater rig efficiency, characterized by multi-well pad development programs that enable our customers to drill more wells with each active rig and (iii) higher horizontal well completion intensity characterized by the use of longer horizontal wellbore laterals, tighter spacing of frac stages in the laterals and increased water and proppant use per foot of lateral. We anticipate that the initial increases in drilling and completion

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activity will occur within our service footprint as capital spending will initially be concentrated in the acreage that offers the most attractive economics to our upstream customers. The industry trends toward greater completion intensity and increased rig efficiency will directly benefit companies, like us, that provide consumable completion services, such as water or proppant, and we believe that growth in demand for water-related services will significantly outpace the growth in rig count as the industry recovers.

While oil and gas producers typically have an inventory of DUCs, the backlog has grown above typical levels during the past two years as oil and gas producers have deliberately delayed completing drilled wells in anticipation of higher commodity prices. According to the Drilling Productivity Report released by the U.S. Energy Information Administration, or the ("EIA"), on December 12, 2016, there are over 5,000 DUCs in the major U.S. shale plays, representing approximately 13 DUCs per active horizontal drilling rig in the same areas. This is a significant increase from a historical average of approximately two DUCs per active horizontal drilling rig. As commodity prices increase to levels that meet the targeted returns of E&P companies, we expect E&P companies will complete their DUC inventory. We expect the completion of this DUC inventory will increase the demand for water and our water-related completion services in the near-to-medium term.

How We Generate Revenue

We currently generate a significant majority of our revenue through our water solutions segment, specifically through the sourcing and transfer of water used in drilling and completion activities associated with hydraulic fracturing. We generate our revenue through a variety of contract structures, including master service agreements and AMI contracts with fixed pricing terms but no guaranteed throughput amounts. While we have some fixed price arrangements, most of our water and water-related services are priced based on prevailing market conditions, giving due consideration to the specific requirements of the customer.

We also generate revenue through our accommodations and rentals and wellsite completion and construction services segments which provide workforce accommodations, related rentals and a variety of wellsite completion and construction services, including wellsite construction, pipeline construction, oilfield trucking, field services and well services. We invoice the majority of our clients for these services on a per job basis or pursuant to short-term contracts as the customer's needs arise.

Costs of Conducting Our Business

The principal expenses involved in conducting our business are labor costs, equipment costs (including depreciation, repair and maintenance and leasing costs), fuel costs and water sourcing costs. Our fixed costs are relatively low and a large portion of the costs we incur in our business are only incurred when we provide water and water-related services to our customers.

Labor costs associated with our employees represent the most significant costs of our business. We incurred labor costs of \$235.8 million for the year ended December 31, 2015, and \$104.0 million and \$188.6 million for the nine months ended September 30, 2016 and 2015, respectively. The majority of our labor costs are variable and are incurred only while we are providing water and water-related services. We also incur costs to employ personnel to sell and supervise our services and perform maintenance on our assets which are not directly tied to our level of business activity. We also incur selling, general and administrative costs for compensation of our administrative personnel at our field sites and in our corporate headquarters.

We incur significant equipment costs in connection with the operation of our business, including depreciation, repair and maintenance and leasing costs. We incurred equipment costs of \$145.1 million for the year ended December 31, 2015, and \$84.5 million and \$113.5 million for the nine months ended September 30, 2016 and 2015, respectively. Our depreciation costs are expected to decline over the next

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few years as a result of recent impairments as well as the decline in our capital expenditures over the last three years, which will be partially offset by any future capital expenditures on depreciable assets.

Fuel costs associated with water transportation is a significant operating cost. We incurred fuel costs of \$31.2 million for the year ended December 31, 2015, and \$12.1 million and \$25.5 million for the nine months ended September 30, 2016 and 2015, respectively. Fuel prices impact our transportation costs, which affect the pricing and demand of our services, and have an impact on our results of operations.

We incur water sourcing costs in connection with obtaining strategic and reliable water sources to provide repeatable water volumes to our customers. We incurred water sourcing costs of \$27.6 million for the year ended December 31, 2015, and \$14.1 million and \$23.2 million for the nine months ended September 30, 2016 and 2015, respectively.

Public Company Costs

Upon closing of this offering, we expect to incur direct, incremental general and administrative expenses as a result of being a publicly traded company, including, but not limited to, costs associated with annual and quarterly reports to stockholders, tax return preparation, independent auditor fees, investor relations activities, registrar and transfer agent fees, incremental director and officer liability insurance costs, and independent director compensation. These direct, incremental general and administrative expenditures are not reflected in the historical consolidated and combined financial statements or in the unaudited pro forma financial statements. We also expect to incur incremental, non-recurring costs related to our transition to a publicly traded corporation. These incremental expenses exclude the costs of this offering, any initial public offering and the costs associated with the initial implementation of our Sarbanes-Oxley Section 404 internal control reviews and testing. Costs incurred by us for corporate and other overhead expenses will be reimbursed by SES Holdings, pursuant to the SES Holdings LLC Agreement.

How We Evaluate Our Operations

We use a variety of operational and financial metrics to assess our performance. Among other measures, management considers each of the following:

- Revenue;
- Gross Profit;
- EBITDA; and
- Adjusted EBITDA.

Revenue

We analyze our revenue by comparing actual monthly revenue to our internal projections to assess our performance. We also assess incremental changes in revenue compared to incremental changes in direct operating costs, and selling, general and administrative expenses across our operating segments to identify potential areas for improvement, as well as to determine whether segments are meeting management's expectations.

Gross Profit

We analyze our gross profit, which we define as revenues less direct operating expenses (including depreciation expense) to measure our financial performance. We believe gross profit is a meaningful metric because it provides insight on profitability and true operating performance based on the

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historical cost basis of our assets. We also compare gross profit to prior periods and across locations to identify underperforming locations.

EBITDA and Adjusted EBITDA

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income, plus taxes, interest expense, and depreciation and amortization. We define Adjusted EBITDA as EBITDA plus/(minus) loss/(income) from discontinued operations, plus any impairment charges or asset write-offs pursuant to GAAP, plus/(minus) non-cash losses/(gains) on sale of assets or subsidiaries, non-cash compensation expense, non-recurring compensation expense and nonrecurring or unusual expenses or charges, including severance expenses, transaction costs, or facilities related exit and disposal related expenditures. See "—Comparison of Non-GAAP Financial Measures" for more information and a reconciliation of EBITDA and Adjusted EBITDA to net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP.

Results of Operations

Nine Months Ended September 30, 2016, Compared to Nine Months Ended September 30, 2015

	Nine months ended September 30,	
	2016	2015
	(unaudited)	
	(in thousands)	
Revenue		
Water solutions	\$ 173,157	\$ 348,613
Accommodations and rentals	19,585	43,177
Wellsite completion and construction services	22,923	45,199
Total revenue	215,665	436,989
Cost of revenue		
Water solutions	144,653	267,264
Accommodations and rentals	15,527	31,012
Wellsite completion and construction services	19,817	39,912
Depreciation and amortization	73,874	78,417
Total cost of revenue	253,871	416,605
Gross profit	(38,206)	20,384
Selling, general and administrative	25,928	42,090
Depreciation and amortization	1,644	2,427
Impairment of goodwill and other intangible assets	138,666	21,366
Impairment of property and equipment	60,026	—
Lease abandonment costs	13,169	—
Loss from operations	(277,639)	(45,499)
Other income (expense)		
Interest expense	(11,792)	(9,806)
Other income	588	445
Tax expense	392	259
Loss from continuing operations	(289,235)	(55,119)
Net income (loss) from discontinued operations, net of tax	—	21
Net loss	(289,235)	(55,098)
Net loss attributable to noncontrolling interests	3,876	741
Net loss attributable to SES Holdings, LLC	\$ (285,359)	\$ (54,357)

Revenue

Our revenue decreased \$221.3 million, or 50.6%, to \$215.7 million for the nine months ended September 30, 2016 compared to \$437.0 million for the nine months ended September 30, 2015. The decrease was primarily attributable to a decrease in our water solutions segment revenues of \$175.4 million. For the nine months ended September 30, 2016, our water solutions, accommodations and rentals, and wellsite completion and construction services segments constituted 80.3%, 9.1% and 10.6% of our total revenue, respectively, compared to 79.8%, 9.9%, and 10.3%, respectively, for the nine months ended September 30, 2015. The revenue decrease by operating segment was as follows:

Water Solutions. Revenue decreased \$175.4 million, or 50.3%, to \$173.2 million for the nine months ended September 30, 2016 compared to \$348.6 million for the nine months ended September 30, 2015. The decrease is primarily attributable to a decline in completion activities and a decrease in rig count of 38% as of September 30, 2016 compared to September 30, 2015. Additionally, the decrease is attributable to reductions in pricing demanded by customers.

Accommodations and Rentals. Revenue decreased \$23.6 million, or 54.6%, to \$19.6 million for the nine months ended September 30, 2016 compared to \$43.2 million for the nine months ended September 30, 2015. The revenue decrease is primarily attributable to decreases in demand for equipment rentals due to lower drilling activity levels and a decline in rig count in excess of 38% during the nine months ended September 30, 2016 as compared to the prior year period.

Wellsite Completion and Construction Services. Revenue decreased \$22.3 million, or 49.3%, to \$22.9 million for the nine months ended September 30, 2016 compared to \$45.2 million for the nine months ended September 30, 2015. The decrease is primarily attributable to a decrease in demand for wellsite construction and field services related labor and equipment revenue as a result of a decline in demand due to reduced drilling and production activity.

Cost of Revenue

Cost of revenue decreased \$162.7 million, or 39.1%, to \$253.9 million for the nine months ended September 30, 2016 compared to \$416.6 million for the nine months ended September 30, 2015. The decrease was primarily attributable to lower salaries and wages due to a reduction in employee headcount as a result of the decline in demand for our services resulting from the overall slow-down in drilling, completion and production activities, especially in relation to our water solutions segment. The cost of revenue decrease by operating segment was as follows:

Water Solutions. Cost of revenue decreased \$122.6 million, or 45.9%, to \$144.7 million for the nine months ended September 30, 2016 compared to \$267.3 million for the nine months ended September 30, 2015. The decrease was mainly attributable to a decrease in salaries and wages of \$47.1 million resulting from an overall reduction in headcount of approximately 28% during the nine months ended September 30, 2016 as compared to the prior year period. The decrease was also attributable to a decrease in equipment rental and lease expenses of \$12.1 million, bulk and retail fuel expense of \$9.2 million and freshwater expense of \$8.9 million.

Accommodations and Rentals. Cost of revenue decreased \$15.5 million, or 49.9%, to \$15.5 million for the nine months ended September 30, 2016 compared to \$31.0 million for the nine months ended September 30, 2015. The decrease was mainly attributable to a decrease in salaries and wages of \$5.4 million resulting from an overall reduction in headcount of approximately 38% during the nine months ended September 30, 2016 as compared to the prior year period, as well as a reduction in expenses related to equipment rentals of \$3.2 million.

Wellsite Completion and Construction Services. Cost of revenue decreased \$20.1 million, or 50.3%, to \$19.8 million for the nine months ended September 30, 2016 compared to \$39.9 million for the nine

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months ended September 30, 2015. The decrease was mainly attributable to a decrease in salaries and wages of \$8.2 million due to an overall reduction in headcount of approximately 38% during the nine months ended September 30, 2016 as compared to the prior year period. Additionally, there were decreases in contract labor expenses of \$2.6 million and materials expense of \$1.8 million.

Depreciation and Amortization. Depreciation and amortization expense decreased \$4.5 million, or 5.8%, to \$73.9 million for the nine months ended September 30, 2016 compared to \$78.4 million for the nine months ended September 30, 2015.

Gross Profit

Gross profit decreased \$58.6 million, or 287.4%, to a loss of \$38.2 million for the nine months ended September 30, 2016 compared to profit of \$20.4 million for the nine months ended September 30, 2015.

Selling, General and Administrative Expenses

The decrease in selling, general, and administrative expenses of \$16.2 million, or 38.4%, to \$25.9 million for the nine months ended September 30, 2016 compared to \$42.1 million for the nine months ended September 30, 2015 was primarily due to a decrease in salaries and wages due to a reduced headcount during the nine months ended September 30, 2016 as compared to the prior year period.

Impairment

Due to significant reductions in oil prices and rig count, we recognized an impairment loss of \$20.1 million related to goodwill and \$1.3 million related to intangible assets in our water solutions segment in the consolidated statement of operations for the nine months ended September 30, 2015. Additionally, due to further declines in oil prices and rig count during 2016, an impairment loss of \$137.5 million related to goodwill and \$60.0 million related to long-lived assets in our water solutions segment, \$1.0 million related to goodwill and \$0.1 million related to other intangible assets in our accommodations and rentals segment was recognized in the consolidated statements of operations for the nine months ended September 30, 2016. Refer to "—Critical Accounting Policies and Estimates" for additional detail and discussion.

Lease Abandonment Costs

Due to economic factors and reduction in need for facilities, during the nine months ended September 30, 2016, we recorded \$13.2 million of lease abandonment costs related to certain facilities that were no longer in use. Our lease abandonment costs are estimates and actual abandonment costs for the full year 2016 may be materially different than those recorded for the period.

Interest Expense

The increase in interest expense of \$2.0 million, or 20.3% during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 was due to an increase in interest rates as a result of the amendment to the credit facility in October 2015.

Net Loss

Net loss increased by \$234.1 million to \$289.2 million for the nine months ended September 30, 2016 compared to \$55.1 million for the nine months ended September 30, 2015.

Comparison of Non-GAAP Financial Measures

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income, plus taxes, interest expense, and depreciation and amortization. We define Adjusted EBITDA as EBITDA plus/(minus) loss/(income) from discontinued operations, plus any impairment charges or asset write-offs pursuant to GAAP, plus/(minus) non-cash losses/(gains) on the sale of assets or subsidiaries, non-recurring compensation expense, non-cash compensation expense, and nonrecurring or unusual expenses or charges, including severance expenses, transaction costs, or facilities related exit and disposal related expenditures.

Our board of directors, management and investors use EBITDA and Adjusted EBITDA to assess our financial performance because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization) and items outside the control of our management team. We present EBITDA and Adjusted EBITDA because we believe they provide useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP.

Note Regarding Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA are not financial measures presented in accordance with GAAP. We believe that the presentation of these non-GAAP financial measures will provide useful information to investors in assessing our financial performance and results of operations. Net income is the GAAP measure most directly comparable to EBITDA and Adjusted EBITDA. Our non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measure. Each of these non-GAAP financial measures has important limitations as an analytical tool due to exclusion of some but not all items that affect the most directly comparable GAAP financial measures. You should not consider EBITDA or Adjusted EBITDA in isolation or as substitutes for an analysis of our results as reported under GAAP. Because EBITDA and Adjusted EBITDA may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. For further discussion, please see "Summary—Summary Consolidated Financial Data."

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The following tables present a reconciliation of EBITDA and Adjusted EBITDA to our net income (loss), which is the most directly comparable GAAP measure for the periods presented:

Nine Months Ended September 30, 2016, Compared to Nine Months Ended September 30, 2015

	Nine months ended	
	September 30,	
	2016	2015
	(in thousands)	
Net loss	\$ (289,235)	\$ (55,098)
Tax expense	392	259
Interest expense	11,792	9,806
Depreciation and amortization	75,518	80,844
EBITDA	(201,533)	35,811
Net income from discontinued operations	—	(21)
Impairment	198,692	21,366
Lease abandonment costs	13,169	—
Non-recurring severance expense	689	2,460
Non-recurring deal costs	(236)	282
Non-cash incentive gain	(517)	(779)
Adjusted EBITDA	\$ 10,264	\$ 59,119

EBITDA and Adjusted EBITDA

EBITDA was \$(201.5) million for the nine months ended September 30, 2016 compared to \$35.8 million for the nine months ended September 30, 2015. Adjusted EBITDA was \$10.3 million for the nine months ended September 30, 2016 compared to \$59.1 million for the nine months ended September 30, 2015. The decrease in EBITDA resulted from decreases in revenue and gross profit, as well as impairment charges recorded during the nine months ended September 30, 2016. The decrease in Adjusted EBITDA resulted from decreases in revenue and gross profit, as discussed above.

Liquidity and Capital Resources**Overview**

Our primary sources of liquidity to date have been capital contributions from our members and from investors under the 144A Offering, borrowings under our credit facility and cash flows from operations. Our primary uses of capital have been capital expenditures to support organic growth. We strive to maintain financial flexibility and proactively monitor potential capital sources, including equity and debt financing, to meet our investment and target liquidity requirements and to permit us to manage the cyclical associated with our business.

As described in "Use of Proceeds," we intend to use the net proceeds from this offering to purchase SES Holdings LLC Units. SES Holdings intends to use the net proceeds from the sale of SES Holdings LLC Units for general corporate purposes, including the expansion of the Bakken Pipeline systems, to fund other organic and acquisition growth opportunities and for the cash settlement of outstanding phantom units at SES Holdings, LLC. Following this offering, we intend to finance most of our capital expenditures, contractual obligations and working capital needs with cash generated from operations and borrowings from our credit facility. For a discussion of the credit facility, see "—Credit Facility" below. We believe that our operating cash flow and available borrowings under our credit facility will be sufficient to fund our operations for at least the next twelve months.

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On December 20, 2016, we completed the 144A Offering for net proceeds of \$297.1 million. We contributed all of these net proceeds to SES Holdings in exchange for SES Holdings LLC Units. SES Holdings used the net proceeds to repay a portion of its outstanding indebtedness and for general corporate purposes, including to fund the cash portion of the consideration for a potential acquisition in the Permian Basin.

At December 31, 2016, cash and cash equivalents totaled \$40.0 million. In addition to cash and cash equivalents, we had approximately \$83.7 million in available borrowings under our credit facility as of December 31, 2016.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Nine Months ended September 30,		Year ended December 31,
	2016	2015	2015
	(in thousands)		
Cash flows from operating activities	\$ 8,078	\$ 120,901	\$ 151,999
Cash flows used in investing activities	(20,372)	(20,844)	(38,703)
Cash flows from financing activities	2,730	(99,104)	(107,348)
Subtotal	(9,564)	953	5,948
Effect of exchange rate changes on cash		75	75
Increase (decrease) in cash	<u>\$ (9,564)</u>	<u>\$ 1,028</u>	<u>\$ 6,023</u>

Analysis of Cash Flow Changes Between the Nine Months Ended September 30, 2016 and 2015

Operating Activities. Net cash provided by operating activities was \$8.1 million for the nine months ended September 30, 2016, compared to \$120.9 million for the nine months ended September 30, 2015. The \$112.8 million decrease in cash from operating activities was mainly attributable to an increase in net loss adjusted for non-cash intangible and fixed asset impairment charges and decreases in accounts receivable and accounts payable and accrued liabilities during the period. These changes are primarily the result of the low commodity prices and decreased demand for our services.

Investing Activities. Net cash used in investing activities was \$20.4 million for the nine months ended September 30, 2016, compared to \$20.8 million for the nine months ended September 30, 2015. The \$0.4 million increase in net cash used in investing activities was primarily due to increased cash proceeds from the sale of property and equipment during the nine months ended September 30, 2015. Overall cash outflow for purchases of property and equipment decreased slightly during the nine months ended September 30, 2016 as well. In the nine months ended September 30, 2016, we incurred capital expenditures of approximately \$17 million to terminate equipment leases and purchase the vehicles formerly subject to those leases.

Financing Activities. Net cash from financing activities was \$2.7 million for the nine months ended September 30, 2016, compared to cash used in financing activities of \$99.1 million for the nine months ended September 30, 2015. The \$101.8 million change in cash used in financing activities was primarily due to a greater payment of principal balance of our credit facility for the nine months ended September 30, 2015 as compared to the nine months ended September 30, 2016.

Credit Facility

On May 3, 2011, we entered into an Amended and Restated Credit Agreement with Wells Fargo Bank, National Association, as administrative agent, and various lenders, which was amended most

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recently on December 20, 2016. As of December 20, 2016, the total commitment under our credit facility was \$100.0 million in the form of a revolver. As of January 20, 2017, we had no debt outstanding under this bank facility. However, our available borrowings are reduced by letters of credit of \$16.3 million. The revolver also has a sublimit of \$20.0 million for letters of credit and a sublimit of \$5.0 million for swing-line loans.

Our credit facility contains certain financial covenants, including (i) the maintenance of an Interest Coverage Ratio (as such term is defined in the credit facility) of not less than (a) 1.10 to 1.0 for the quarter ending on December 31, 2016, (b) 1.25 to 1.0 for the quarter ending on March 31, 2017, (c) 1.50 to 1.0 for the quarter ending on June 30, 2017, (d) 2.50 to 1.0 for the quarter ending on September 30, 2017 and (e) 3.00 to 1.0 for each fiscal quarter ending on or after December 31, 2017 and (ii) the maintenance of a Leverage Ratio of not greater than (a) 4.00 to 1.0 for the quarter ending on September 30, 2017, (b) 3.50 to 1.0 for the quarter ending on December 31, 2017, (c) 3.25 to 1.0 for the quarters ending on March 31, 2018, June 30, 2018 and September 30, 2018, (d) 3.00 to 1.0 for the quarter ending December 31, 2018 and (e) 2.75 to 1.0 for each fiscal quarter ending on or after March 31, 2019.

Our scheduled maturity date is February 28, 2020 and the per annum interest rate on our loans is LIBOR plus an applicable margin that ranges between 3.00% and 4.50%, based on our Leverage Ratio. Our capacity to make capital expenditures is \$35 million for the fiscal year ending December 31, 2017 and for each year thereafter is the greater of (i) \$35 million or (ii) 50% of our EBITDA for the prior twelve months; but this restriction is not applicable for any quarter if our Leverage Ratio as of the end of the preceding fiscal quarter was less than 3.00 to 1.0. In addition, our credit facility contains an anti-cash hoarding provision that restricts us from making any borrowing, if after giving effect to such borrowing, we would have in excess of \$20 million in cash and cash equivalents at the end of the week such borrowing is made.

As of December 31, 2016, we were in compliance with all restrictive covenants under our credit facility.

Contractual Obligations

The table below provides estimates of the timing of future payments that we are obligated to make based on agreements in place at December 31, 2016.

Contractual Obligations	Payments Due by Period				Total
	Less than 1 Year	1 - 3 Years	3 - 5 Years (in thousands)	More than 5 Years	
Credit Facility(1)	\$ —	\$ —	\$ —	\$ —	\$ —
Estimated letters of credit fees and commitment fees(1)	928	1,856	149	—	2,933
Operating lease obligations	12,688	18,554	14,414	37,662	83,318
Total	\$ 13,616	\$ 20,410	\$ 14,563	\$ 37,662	\$ 86,251

- (1) For a description of our credit facility, please read "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facility."

Tax Receivable Agreements

With respect to obligations under each of our Tax Receivable Agreements (except in cases where we elect to terminate the Tax Receivable Agreements early, the Tax Receivable Agreements are terminated early due to certain mergers or other changes of control or we have available cash but fail

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to make payments when due), generally we may elect to defer payments due under the Tax Receivable Agreements if we do not have available cash to satisfy our payment obligations under the Tax Receivable Agreements or if our contractual obligations limit our ability to make these payments. Any such deferred payments under the Tax Receivable Agreements generally will accrue interest. For further discussion regarding such an acceleration and its potential impact, please read "Risk Factors—Risks Related to Our Internal Reorganization and Resulting Structure—In certain cases, payments under the Tax Receivable Agreements may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreements." For additional information regarding the Tax Receivable Agreement, see "Certain Relationships and Related Party Transactions—Tax Receivable Agreements."

Quantitative and Qualitative Disclosure about Market Risk

The demand, pricing and terms for oilfield services provided by us are largely dependent upon the level of activity for the U.S. oil and gas industry. Industry conditions are influenced by numerous factors over which we have no control, including, but not limited to: the supply of and demand for oil and gas; the level of prices, and expectations about future prices of oil and gas; the cost of exploring for, developing, producing and delivering oil and gas; the expected rates of declining current production; the discovery rates of new oil and gas reserves; available pipeline and other transportation capacity; weather conditions; domestic and worldwide economic conditions; political instability in oil-producing countries; environmental regulations; technical advances affecting energy consumption; the price and availability of alternative fuels; the ability of oil and gas producers to raise equity capital and debt financing; and merger and divestiture activity among oil and gas producers.

The level of activity in the U.S. oil and gas industry is volatile. Expected trends in oil and gas production activities may not continue and demand for our services may not reflect the level of activity in the industry. Any prolonged substantial reduction in oil and gas prices would likely affect oil and gas production levels and therefore affect demand for our services. A material decline in oil and gas prices or U.S. activity levels could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Interest Rate Risk

At December 31, 2016, we had no debt outstanding under our credit agreement. Interest is calculated under the terms of our credit agreement based on our selection, from time to time, of one of the index rates available to us plus an applicable margin that varies based on certain factors. Assuming no change in the amount outstanding, there would be no impact on interest expense as a result of a 1% increase or decrease in the assumed weighted average interest rate. We do not currently have or intend to enter into any derivative arrangements to protect against fluctuations in interest rates applicable to our outstanding indebtedness.

Critical Accounting Policies and Estimates

The preparation of financial statements requires the use of judgments and estimates. Our critical accounting policies are described below to provide a better understanding of how we develop our assumptions and judgments about future events and related estimations and how they can impact our financial statements. A critical accounting estimate is one that requires our most difficult, subjective or complex estimates and assessments and is fundamental to our results of operations.

We base our estimates on historical experience and on various other assumptions we believe to be reasonable according to the current facts and 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. We believe the following are the critical accounting policies used in the preparation of

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our consolidated financial statements, as well as the significant estimates and judgments affecting the application of these policies. This discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included in this report.

Goodwill and other intangible assets: Goodwill and other intangible assets are initially recorded at their fair values. Goodwill represents the excess of the purchase price of acquisitions over the fair value of the net assets acquired. Goodwill and other intangible assets not subject to amortization are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Intangible assets with finite useful lives are amortized either on a straight-line basis over the asset's estimated useful life or on a basis that reflects the pattern in which the economic benefits of the intangible assets are realized.

Impairment of goodwill, long-lived and other intangible assets: Long-lived assets, such as property and equipment and finite-lived intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Recoverability is measured by a comparison of their carrying amount to the estimated undiscounted cash flows to be generated by those assets. If the undiscounted cash flows are less than the carrying amount, we record impairment losses for the excess of its carrying value over the estimated fair value. The fair value is determined using the discounted cash flow method. Development of future cash flows requires management to make assumptions and to apply judgment, including timing of future expected cash flows, using the appropriate discount rates, and determining salvage values. The estimate of fair value represents our best estimates of these factors based on current industry trends and reference to market transactions. Changes to our key assumptions related to future performance, market conditions and other economic factors could adversely affect our impairment valuation.

Due to certain economic factors surrounding a decrease in oil prices and rig count, during the period ended December 31, 2015, an impairment loss of \$1.3 million related to other intangible assets was recognized in the consolidated statements of operations. The impairment related to certain customer relationships within our water solutions segment. Due to further declines in oil prices and rig count during 2016, for the nine months ended September 30, 2016, we recognized an impairment loss of \$60.0 million related to long-lived assets in our water solutions segment and \$0.1 million related to other intangible assets in our accommodations and rental segment.

We conduct our annual goodwill impairment tests in the fourth quarter of each year, or more frequently if indicators of impairment exist. Our annual impairment tests utilize discounted cash flow projections using weighted average cost of capital calculations based on capital structures of publicly traded peer companies to determine the fair value of our reporting units. Our reporting units are based on our organizational and reporting structure. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the reporting unit is less than its carrying value. Application of the goodwill impairment test requires judgment, including the identification of reporting units, allocation of assets (including goodwill) and liabilities to reporting units and determining the fair value. The determination of reporting unit fair value relies upon certain estimates and assumptions. These estimates and assumptions are affected by numerous factors, including the general economic environment and levels of exploration and production activity of oil and gas companies, our financial performance and trends, and our strategies and business plans, among others.

Assumptions and estimates about future values of our reporting units and implied goodwill are complex and subjective. Although we believe the historical assumptions and estimates we have made are reasonable and appropriate, different assumptions and estimates could materially impact our reported financial results. Due to certain economic factors surrounding a decrease in oil prices and rig count, during the year ended December 31, 2015, we recognized a goodwill impairment loss of \$20.1 million related to our water solutions segment in the consolidated statements of operations. Due

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to further declines in oil prices and rig counts during 2016, for the nine months ended September 30, 2016, we recognized a goodwill impairment loss of \$137.5 million related to our water solutions segment and \$1.0 million related to our accommodations and rentals segment in the consolidated statements of operations. Goodwill totaled \$12.2 million at September 30, 2016, which relates to our wellsite completion and construction services segment.

Self-insurance: We self-insure, through deductibles and retentions, up to certain levels for losses related to general liability, workers' compensation, vehicle liability and group medical. Management regularly reviews its estimates of reported and unreported claims and provides for losses through reserves.

We use actuarial estimates to record our liability for future periods. If the number of claims or the costs associated with those claims were to increase significantly over our estimates, additional charges to earnings could be necessary to cover required payments.

Unit-based compensation: We have historically accounted for unit-based awards by measuring the awards at the grant date and recognizing the grant-date fair value as an expense over the service period, which is usually the vesting period. Since we are not publicly traded we do not have a listed price with which to calculate fair value. We have historically and consistently calculated fair value using a market approach, taking into consideration peer group analysis of publicly traded companies.

Unit options have been granted with an exercise price equal to or greater than the fair market value of its Class A units as of the date of grant. We have historically valued our Class A units on a quarterly basis using a market approach that includes a comparison to publicly traded peer companies using earnings multiples based on their market values and a discount for lack of marketability. We have utilized the Black-Scholes model to determine fair value, which incorporates assumptions to value stock-based awards. The risk-free interest rate has been based on the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant. There has been no market for our Class A units. Therefore, we have considered the historic volatility of publicly traded peer companies when determining the volatility factor. The expected life of the options has been based on a formula considering the vesting period and term of the options awarded. During the nine months ended September 30, 2016 we granted 19,718 unit options with a grant date fair value of \$0.4 million. No unit options were granted during the periods ended December 31, 2014 or 2015, respectively.

Recent Accounting Pronouncements

Under the JOBS Act, we expect that we will meet the definition of an "emerging growth company," which would allow us to have an extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

In May 2014, the Financial Accounting Standards Board (the "FASB") issued an accounting standards update on a comprehensive new revenue recognition standard that will supersede Accounting Standards Codification ("ASC") 605, Revenue Recognition. The new accounting guidance creates a framework under which an entity will allocate the transaction price to separate performance obligations and recognize revenue when each performance obligation is satisfied. Under the new standard, entities will be required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation, and determining when an entity satisfies its performance obligations. The standard allows for either "full retrospective" adoption, meaning that the standard is applied to all of the periods presented with a cumulative catch-up as of the earliest period presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements with a cumulative catch-up as of the current period. In July 2015, the FASB decided to defer the original effective date by one year to be effective for annual reporting periods beginning after December 15, 2017 instead of December 15, 2016 for

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public entities. We are still evaluating the impact that the new accounting guidance will have on our consolidated financial statements and related disclosures and have not yet determined the method by which we will adopt the standard.

On August 27, 2014, the FASB issued an accounting standard that requires management to assess a company's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Before this new standard, there was minimal guidance in GAAP specific to going concern. Under the new standard, disclosures are required when conditions give rise to substantial doubt about a company's ability to continue as a going concern within one year from the financial statement issuance date. The new standard applies to all companies and is effective for the annual period ending after December 15, 2016, and all annual and interim periods thereafter. We are currently evaluating the future disclosure requirements under this guidance.

In April 2015, the FASB issued an accounting standards update that requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying value of that debt liability, consistent with debt discounts. The guidance is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. As a result of adopting this guidance during the nine months ended September 30, 2016, we reclassified \$3.4 million and \$2.9 million of debt issuance costs that were previously presented as other long term assets to a direct deduction from the carrying value of short-term and long-term debt within the consolidated balance sheets as of September 30, 2016 and December 31, 2015, respectively.

In November 2015, the FASB issued an accounting standards update which amends existing guidance on income taxes to require the classification of all deferred tax assets and liabilities as noncurrent on the balance sheet. The pronouncement is effective for annual reporting periods beginning after December 15, 2016, and may be applied either prospectively or retrospectively. We are still evaluating the impact that the new accounting guidance will have on our consolidated financial statements and related disclosures and have not yet determined the method by which we will adopt the standard.

In February 2016, the FASB issued an accounting standards update for leases. The ASU introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in the current accounting guidance as well as the FASB's new revenue recognition standard. However, the ASU eliminates the use of bright-line tests in determining lease classification as required in the current guidance. The ASU also requires additional qualitative disclosures along with specific quantitative disclosures to better enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The pronouncement is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, using a modified retrospective approach. Early adoption is permitted. We are still evaluating the impact that the new accounting guidance will have on our consolidated financial statements and related disclosures and have not yet determined the method by which we will adopt the standard.

In March 2016, the FASB issued an accounting standards update that provides a new requirement to record all of the tax effects related to share-based payments at settlement (or expiration) through the income statement. This pronouncement is effective for annual reporting periods beginning after December 15, 2016. We are still evaluating the impact that the new accounting guidance will have on our consolidated financial statements and related disclosures.

In August 2016, the FASB issued an accounting standards update addressing the classification and presentation of eight specific cash flow issues that currently result in diverse practices. The amendments provide guidance in the presentation and classification of certain cash receipts and cash payments in the statement of cash flows including debt prepayment or debt extinguishment costs, settlement of

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zero-coupon debt instruments, 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 and distributions received from equity method investees. This pronouncement is effective for annual reporting periods beginning after December 15, 2017. The amendments in this ASU should be applied using a retrospective approach. We are still evaluating the impact that the new accounting guidance will have on our consolidated financial statements and related disclosures.

In January 2017, the FASB issued an accounting standards update clarifying 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 pronouncement is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those periods. We are still evaluating the impact that the new accounting guidance will have on our consolidated financial statements and related disclosures.

Internal Controls and Procedures

We are not currently required to comply with the SEC's rules implementing Section 404 of Sarbanes Oxley, and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Section 302 of the Sarbanes-Oxley Act of 2002, which will require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. We will not be required to make our first assessment of our internal control over financial reporting under Section 404 until our first annual report subsequent to our ceasing to be an "emerging growth company" within the meaning of Section 2(a)(19) of the Securities Act.

Further, our independent registered public accounting firm is not yet required to formally attest to the effectiveness of our internal controls over financial reporting, and will not be required to do so for as long as we are an "emerging growth company" pursuant to the provisions of the JOBS Act. See "Summary—Emerging Growth Company Status."

Off Balance Sheet Arrangements

At September 30, 2016, we had no material off balance sheet arrangements, except for operating leases. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such financing arrangements.

BUSINESS

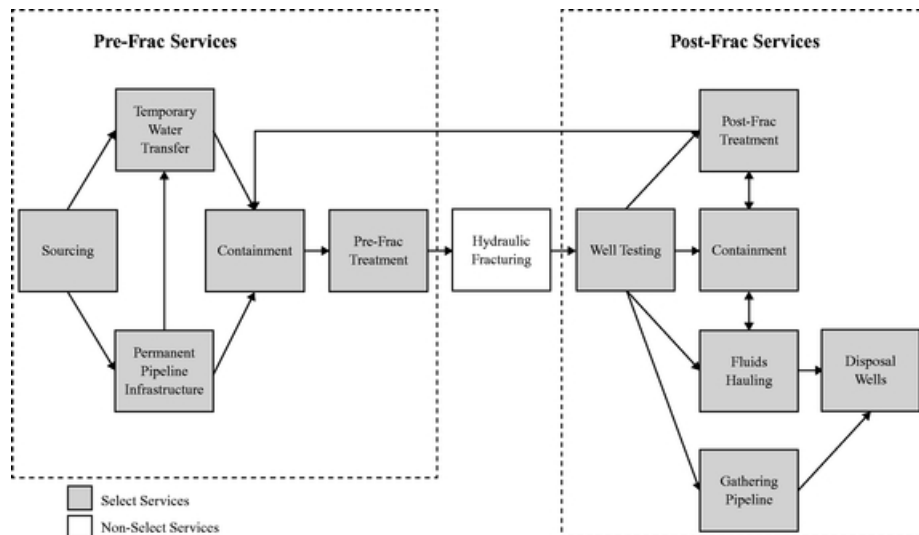
Overview

We are a leading provider of total water solutions to the U.S. unconventional oil and gas industry. Within the major shale plays in the United States, we believe we are the market leader in sourcing and transfer of water (both by permanent pipeline and temporary pipe) prior to its use in drilling and completion activities associated with hydraulic fracturing or "fracking," which we collectively refer to as "pre-frac water services." In most of our areas of operations, we provide complementary water-related services that support oil and gas well completion and production activities including containment, monitoring, treatment, flowback, hauling and disposal. Our services are necessary to establish and maintain production of oil and gas over the productive life of a horizontal well. Water and related services are increasingly important as E&P companies have increased the complexity and completion intensity of horizontal wells (including the use of longer horizontal wellbore laterals, tighter spacing of frac stages in the laterals and increased water and proppant use per foot of lateral) in order to improve production and recovery of hydrocarbons. Historically, we have generated a substantial majority of our revenues through providing total water solutions to our customers. We provide our services to major integrated and large E&P companies, who typically represent the largest producers in each of our areas of operations.

Water is essential to the development and completion of unconventional oil and gas wells, where producers rely on fracking to stimulate the production of oil and gas from dense subsurface rock formations. Prior to the fracking process, we source, transfer, provide containment of and treat the water used by our customers in the well completion process. The fracking process involves the injection of significant amounts of water and proppants (typically sand) under high pressure, through a cased and cemented wellbore into targeted subsurface formations thousands of feet underground to fracture the surrounding rock. The fractures created allow hydrocarbons to flow into the wellbore for extraction. After the water is pumped into the well, it returns to the surface over time. Ten to fifty percent of the water returns as flowback during the first several weeks following the well completion process, and a large percentage of the remainder, as well as pre-existing water in the formation, returns to the surface as produced water over the life of the well. After the fracking process is completed, we provide a variety of services related to flowback and produced water and fluids that complement oil and gas completion and production activities.

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The diagram below illustrates the services we provide during the completion cycle of a horizontal well:



As the development of unconventional reservoirs has evolved, the water service needs of E&P companies have grown and diversified. Increasing completion intensity and the shift to multi-well pad drilling have significantly increased the demand for water and resulted in more complex logistical challenges in sourcing, transferring, containing and disposing of the water needed to drill and complete wells as well as to maintain production. Seeking to maximize the efficiency of their completion techniques, E&P companies have found that substantially increasing the amount of water and proppant injected into the formation can dramatically increase production. Management estimates that the completion of a horizontal well in 2009 required an average of approximately 75,000 barrels of water or approximately 575 tank truck loads, while a current horizontal well completion can require in excess of 500,000 barrels per well or approximately 3,850 tank truck loads. These volumes are amplified in multi-well pad completions which can require in excess of 5 million barrels of water per pad, or the equivalent of 38,500 tank truck loads. Significant mechanical, logistical, environmental and safety issues related to the transfer of such large volumes via tank truck have resulted in E&P companies shifting their operational focus away from traditional tank truck operators and small, local water service providers, to larger, regional and national players, like us, who have the expertise and scale to provide high quality, reliable and comprehensive water solution services.

We believe our broad geographic footprint, comprehensive suite of water services, inventory of water sources and permanent and temporary pipeline infrastructure position us to be a leading provider of water solutions in all of the shale plays that we serve. We have well-established field operations in what we believe to be core areas of all major shale plays in the United States, including the Permian Basin, SCOOP/STACK, Bakken, Eagle Ford, Marcellus, Utica, Haynesville, Rockies (DJ Basin, Niobrara Shale and Powder River Basin) and other Mid-Continent basins (Woodford, Barnett, Fayetteville, Granite Wash and Mississippian). Our broad footprint enables us to service the majority of current domestic unconventional drilling and completions activity. We estimate that over 80% of all currently active U.S. onshore horizontal rigs are operating in our primary service areas and anticipate that the vast majority of rigs that will be deployed in the near- to medium-term will be situated in these areas. In particular, we have established a strong position in the Permian Basin, which is presently our largest operating region, and where we expect producers to invest significant capital as commodity prices continue to recover from recent lows.

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We seek to be a "one-stop" provider of total water solutions for our customers in most of our areas of operations. We have the capability to provide all of the water services our customers require in their drilling and completion activities (predominantly for fracking), including the sourcing, transferring, containing and monitoring of water. We also offer various complementary water-related services that support oil and gas completion and production activities, including well testing, flowback, fluid hauling, pipeline gathering, treatment, recycling and disposal of water. For 2015, 72% of our water solutions segment revenue was generated from pre-frac and well testing activities with the remaining 28% from flowback and produced water services. Due to the increasing amount of water and fluid involved in completing a productive horizontal well by current industry standards, production of oil and gas in unconventional basins would not be commercially viable without the kind of extensive and complex water solutions and logistics-related services that we provide.

Our inventory of water sources is a key competitive advantage and enables us to offer our customers reliable access to the volume of water essential for fracking operations. Water sources are often difficult to locate, permit and reliably access, particularly in the quantities required for multi-well pad development programs. Navigating applicable regulations is especially difficult as the rules governing the sourcing of fresh water vary by state, county and municipality and each water resource may be overseen by federal and state agencies, regional water basin commissions, local water planning agencies and individual landowners. We have spent the past five or more years obtaining strategic water sources and have secured permits or long-term access rights to approximately 1.5 billion barrels of water annually from currently in excess of 350 sources, a number which varies over time, including large scale sources such as the Brazos, Missouri, Ohio, Poudre, Rio Grande, Sabine, San Antonio, South Platte and Washita Rivers. In the Bakken, for example, we have established a market leading position by securing three governmental permits which enable us to withdraw up to 100 million barrels of water annually from the Missouri River and Lake Sakakawea in North Dakota. Freshwater access cannot be easily replicated on Lake Sakakawea today as there are multiple environmental and regulatory conditions that must be met before an industrial water intake location can be built. New permits will also not be granted within 25 miles of an intake location associated with an existing permit. We have three of the five existing permits off Lake Sakakawea. In addition to surface water rights, groundwater resources are a key component of our extensive water portfolio. These sources have been secured or developed within our water solutions group and are designed with dedicated storage and transfer logistics to offer a complete water management service. Going forward, we believe that our expertise and relationships in water sourcing will provide us with a competitive advantage in identifying and securing additional sources of water.

As a complement to our water sourcing rights, we have also made significant investments in strategic pipelines that provide reliable and cost effective water transfer. Our most significant pipeline assets are located in the Bakken and allow us to take advantage of our water permits in that area. Our Bakken pipelines consist of two active underground pipeline systems, the Charleson and the Iverson systems, in McKenzie County, North Dakota that can currently deliver up to 62 million barrels of fresh water per year. We are in the process of developing a third underground pipeline to support Williams County and western Mountrail County in North Dakota that would increase our capacity to take advantage of our maximum permitted right to 100 million barrels of fresh water per year. We have signed long-term contracts supported by AMIs with major Bakken producers that we believe will utilize a significant portion of our current pipeline capacity, including two long-term, fixed price contracts. We have also made investments outside of the Bakken, including our pipeline serving the SCOOP area of Oklahoma, the "Pecan Hill Pipeline," and our pipeline serving Haynesville, the "IP Pipeline." In addition to our permanent water delivery systems, we have invested over \$100 million in temporary piping systems, including approximately 550 miles of lay-flat hose, a temporary piping solution, and other related assets. These investments enable us to provide our customers with temporary water transfer systems that have substantially lower risk of leaks or spills compared to many alternative temporary piping options. Our expansive inventory of lay-flat hose, in combination with our customers'

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preference for this temporary water transfer method, enable us to be the market leader for this class of water transfer services. Going forward, we intend to make additional investments in water transfer infrastructure and believe we are well positioned to capture attractive opportunities due to our market position, customer relationships and industry experience and expertise.

In addition to our comprehensive water solutions, we also offer our customers services through our accommodations and equipment rentals segment as well as our wellsite completion and construction services segment. Our accommodations and rentals segment provides workforce accommodations and surface rental equipment supporting oil and gas drilling, completion and production operations. Our wellsite completion and construction services segment includes crane and logistics services, wellsite and pipeline construction and various field services. We provide our accommodation and rentals and wellsite completion and construction services to a wide range of customers in most of the major shale plays or basins in the United States.

Market Trends and Outlook

The oil and gas industry has traditionally been volatile and is influenced by a combination of long-term, short-term and cyclical trends, including the domestic and international supply and demand for oil and gas, current and expected future prices for oil and gas and perceived stability and sustainability of those prices, production depletion rates and the resulting cash flows generated by E&P companies and allocated to their drilling, completion, production and related services budget. The oil and gas industry is also impacted by general domestic and international economic conditions, political instability in oil producing countries, government regulations (both in the United States and elsewhere), levels of customer demand, availability of pipeline capacity and other conditions and factors that are beyond our control.

Demand for most of our services depends substantially on the level of expenditures by E&P companies. The significant decline in oil prices that began in the third quarter of 2014 continued into February 2016, when the closing price of oil reached a 12-year low of \$26.19 per barrel for WTI crude oil on February 11, 2016. These prices resulted in a significant reduction in drilling, completion and other production activities of most of our customers as well as their expenditures for our services.

The reduction in demand, as well as the oversupply of many of the services we provide, has substantially reduced the prices we can charge our customers for our services, and has had a negative impact on the utilization of our services and assets. This overall trend with respect to our customers' activities and spending has continued in 2016. However, since hitting historically low oil prices in February 2016, oil prices have begun to recover and reached a closing price of \$51.95 per barrel for WTI crude oil on January 9, 2017. Oil and gas producers have responded to the improvement in oil prices by increasing drilling activity levels, with the number of active drilling rigs in the U.S. as reported by Baker Hughes increasing 63% from a low of 404 rigs as of the week ended May 27, 2016 to 658 rigs for the week ended December 30, 2016. If near term commodity prices stabilize at current levels or recover further, we expect to experience increasing demand for our services, particularly for our pre-frac water services.

We also believe we will benefit from the emerging recovery of domestic drilling and completion activity as a result of our presence in what we believe to be the core of key domestic shale basins and trends toward increased horizontal well completion intensity and rig efficiency. Additionally, we anticipate that the initial increases in drilling and completion activity will occur within our service footprint as capital spending will initially be concentrated in the acreage that offers the most attractive economics to our upstream customers. Oil and gas producers completing their inventory of drilled but uncompleted wells, or DUCs should further increase the demand for our services in those geographic areas. For additional information regarding these completion intensity trends and the current inventory of DUCs, please read "—Our Industry—Industry Trends Impacting our Business.

Our Competitive Strengths

We believe that the following competitive strengths will allow us to successfully execute our business strategies.

Leading Market Position Offering Critical Water Solutions. We are a market leader in providing pre-frac water services to the U.S. unconventional oil and gas industry. In most of our areas of operations, we also provide complementary water-related services that support oil and gas completion and production activities. Our principal competitors are typically smaller, private companies operating in fewer shale basins and in only one or two water services-related product lines. By comparison, in most of our areas of operations, we offer our customers comprehensive, integrated water solutions, from initial sourcing of water to disposal of flowback or produced water. Further, our scale allows us to cost-effectively increase our service offering to match increases in drilling and completions activity by our customers. We have an engineered water solutions team with significant experience in field planning, logistics management, regulatory compliance, technical design, petroleum and chemical engineering, geographical information systems, water resources and environmental science. This team is capable of designing, developing and operating projects across the productive life of a field and provides us with a unique competitive advantage in meeting customer requirements for complex and customized water solutions. We believe our ability to engineer and deliver end-to-end water solutions differentiates us from our competitors and enables us to be a value-added partner to E&P companies.

National Footprint Focused in the Core of Each Major Shale Play. Our operations are concentrated in what we believe to be the core areas of the major shale plays in the United States, including the Permian Basin, SCOOP/STACK, Bakken, Eagle Ford, Marcellus, Utica, Haynesville, Rockies (DJ Basin, Niobrara Shale and Powder River Basin) and other Mid-Continent basins (Woodford, Barnett, Fayetteville, Granite Wash and Mississippian). In each of our core geographic regions, we have a high quality customer base, including major integrated and large E&P companies, who represent the largest producers in those areas of operations. Our geographic breadth and diversification have allowed us to accumulate significant knowledge regarding the water solutions required in both oil and gas formations with varying geological characteristics and allows us to translate, apply and adapt water solutions developed in one region to other regions. In addition, we have the ability to shift assets among geographic regions as activity levels fluctuate due to market or regulatory forces. Finally, our national footprint allows us to satisfy the needs of major integrated and large independent E&P companies that demand multi-basin service capabilities.

Unique Inventory of Strategic Water Sources. To support our pre-frac water capabilities, we have secured water sources that differentiate us from our competitors and drive water transfer and other related service revenues. Identifying and securing these water sources is not easily replicated given the significant know-how and relationships with local, state and federal government agencies as well as private landowners that we have developed over the last five or more years. Specifically, through a portfolio of contracts with and permits from regulatory bodies, corporations and individual landowners, we have secured rights to approximately 1.5 billion barrels of water annually from currently in excess of 350 sources, a number which varies over time, including permits on 9 major rivers in U.S. shale basins. We estimate that approximately 20% to 25% of these sources or volumes are on an exclusive basis. Our deep knowledge of each basin and long-term customer relationships allow us to develop water sources that are logistically correct, providing a reliable, scalable water delivery system that is in close proximity to current and future drilling and completion activity. For example, in the Bakken we have three governmental permits that enable us to withdraw up to 100 million barrels of water annually from the Missouri River and Lake Sakakawea in North Dakota. Freshwater access cannot be easily replicated on Lake Sakakawea today as there are multiple environmental and regulatory conditions that must be met before an industrial water intake location can be built. New permits will also not be granted within 25 miles of an intake location associated with an existing permit. We have three of the five existing

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permits off Lake Sakakawea. Our water resources have historically attracted and will continue to attract customers seeking abundant water supply to plan long-term field developments. Further, we have successfully marketed other water-related services to our water sourcing customers in the past and we expect we will continue to do so in the future.

Significant Investment in Water Delivery Systems and Infrastructure. We have made significant investments in infrastructure to efficiently deliver water from the source to the well site. Our fixed, underground pipeline systems provide a cost-effective, reliable source of freshwater transfer and offer us the ability to scale our operations as market activity fluctuates. Our most significant pipelines today service what we believe to be core acreage in the Bakken. Our Bakken pipeline systems consist of two underground, independent pipeline systems in McKenzie County, North Dakota totaling approximately 90 miles of pipeline, including 38 miles that we own and an additional 52 miles that we have contractual rights to access. We use our Bakken pipeline systems to supply fresh water to support drilling, completion and production activities. We believe our Bakken water rights and the proximity of our infrastructure to the most economic acreage in the Bakken represent significant competitive advantages with respect to supplying and transferring water required for well completions that should generate high margins as the basin recovers. Since the second pipeline was put into service in eastern McKenzie County in the second quarter of 2015, we have successfully won all of our bids for frac water transfer jobs within seven miles of this pipeline. In addition to our fixed pipeline assets, we believe that we are the largest domestic provider of lay-flat hose, with approximately 550 miles available, which provides our customers with flexible temporary water transfer solutions. We believe that our investment in water transfer infrastructure differentiates us from our competition and will enable us to acquire new customers and drive revenue growth as drilling and completions activity increases.

Technology. We are committed to technology and product innovation. As such, we believe we are the industry leader in developing and applying technological solutions to provide value, precision and convenience to our clients. We developed AquaView®, a suite of proprietary monitoring and automation devices and related services that remotely and accurately measure and monitor water assets in real time. We also developed AquaLogic™, which consists of proprietary methods to remotely and automatically control and manage water transfer operations. These service offerings allow for more efficient, safer performance at an affordable cost for our customers, and we believe this is a competitive advantage in capturing and retaining business. We will continue to invest in technology in order to maintain our position as the leading water solutions provider, manage our costs of goods sold and improve gross margins.

Experienced Management Team with Significant Equity Ownership. Our management team has an extensive track record in the oilfield services industry with an average of over 20 years of oilfield services experience. Our Chief Executive Officer, John Schmitz, has a decades-long history of founding and building successful oilfield service companies. The majority of our management team has worked together since SES Holdings' formation in July 2008. Further, our management team has significant equity ownership which aligns their incentives with the other equity owners of the business. Following this offering, management will own an approximate % economic interest in us. In addition, following this offering, funds controlled by Crestview GP and managed by Crestview Partners will own an approximate % economic interest in us. We believe we have benefited from Crestview Partners' investment in our business and expect to continue to benefit from their ongoing involvement in the business following this offering.

Financial Strength and Flexibility. Following the closing of this offering, we expect to have a strong credit profile and approximately \$ million in total liquidity, including cash on hand and availability under our credit facility. Our total liquidity will be reduced by the cash consideration which may be used to complete an acquisition in the Permian Basin. Our low leverage and sufficient available

liquidity, will enable us to fund our business and selectively pursue accretive acquisitions and organic growth opportunities as they arise.

Strong Focus on Operational Safety and Environmental Stewardship. We maintain a culture that prioritizes safety, the environment and our relationship with the communities in which we operate. We place a strong emphasis on the safe execution of our operations, including safety training for our employees and the development of a variety of safety programs designed to make us a market leader in safety standards. In addition, we work closely with federal, state and local governments and community organizations to help ensure that our operations comply with legal requirements and community standards. We believe that our customers will select their service providers based in part on the quality of their safety and compliance records, and therefore, we will continue to make significant investments to be a market leader in this area.

Our Business Strategies

Our primary objective is to provide superior returns to our stockholders as a leading provider of total water solutions to E&P companies operating in the major shale plays in the United States. We believe we will be able to achieve this objective by executing on the following strategies.

Capitalize on the Recovery in Activity in Unconventional Resource Plays. Water is essential, and increasingly important, to the development and completion of oil and gas wells in the major shale plays that we serve in the United States. Due to our strategic positioning in what we believe to be core acreage in the shale plays, we believe we are well situated to benefit from the anticipated increase in drilling and completion activity as commodity prices rise from their recent lows. Furthermore, we believe the industry trends discussed below will drive growth in demand for total water solutions that will significantly outpace the growth in rig count. Horizontal drilling techniques in the regions we serve have continued to evolve, and operators have dramatically increased the amount of water and proppant used during the completion of horizontal wells. As market dynamics improve further, we expect to benefit from our market leading position and footprint and gain market share in the basins where we currently operate and expand our operations into emerging resource plays as they develop.

Build out or Acquire Water Infrastructure. Our fixed pipeline assets are a key competitive advantage and allow us to deliver water efficiently and cost effectively. We are pursuing and evaluating several near-term opportunities to make additional investments in water infrastructure. We have executed a non-binding Letter of Intent to purchase a company with extensive freshwater pipeline and water rights to service producers in the Permian Basin. We are also currently developing a third system to provide water to Williams County and western Mountrail County in North Dakota to augment our already strong position with our two pipelines servicing McKenzie County. We have entered into, and depending on market conditions may continue to enter into, long-term contracts to support our Bakken development efforts. We have identified additional expansion opportunities for our other two existing pipeline systems, in the SCOOP area of Oklahoma and the Haynesville area. Beyond these prospects, we plan to invest opportunistically in organic growth to gain market share in our current areas of operations and selectively pursue acquisitions that will allow us to strengthen our footprint and market our total water solutions to our customers.

Strengthen and Expand Our Customer Relationships Through Pre-Frac Water Services. We will continue to focus on being the market leader in pre-frac water services, expanding our market position to be a high value-add service provider, and offering our customers end-to-end water and related services associated with oil and gas drilling, completion and production activities. Looking forward, our broad service offering and focused expertise should allow us to expand our relationships with existing customers and attract new customers as demand for water and water solutions increases. Furthermore, we believe we can expand certain customer relationships that are currently limited to a single basin and become a preferred provider in multiple basins. In addition, for customers seeking to outsource field

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planning and logistical services, our engineered water solutions group designs, develops, operates and manages water solutions across the life cycle of a development plan.

Expand and Utilize Our Water Sources. One of our key differentiators is our portfolio of water rights, which serves as a reliable, scalable and cost effective source of water for our customers. We will also seek to identify and secure additional water sources to meet the ongoing and future water needs of our customers. Our dedicated access to high volume water sources that can support long-term development plans should allow us to attract new customers and strengthen our existing customer relationships. In the future, we plan to utilize the relationships and expertise we have developed in the process of obtaining our current portfolio of water rights to further expand our water sources.

Continue to Invest in Technology and Personnel. Satisfying the water-related service needs of an operator drilling or producing from a shale well is a highly complex and ever-changing process that requires significant technical expertise in diverse areas such as geology, engineering, environmental science and regulatory affairs. We have made significant investments in software, hardware and proprietary systems that have enabled us to develop technology and become one of the leading firms in the water solutions industry. In addition, we have built a strong team of experienced professionals holding advanced degrees to develop and execute new technologies as well as provide the technical knowledge to be a value-added partner to our customers. We plan to continue to invest in our personnel through personal, professional and job-specific training and to invest selectively in technologies that we believe will enhance the breadth and quality of our service offerings.

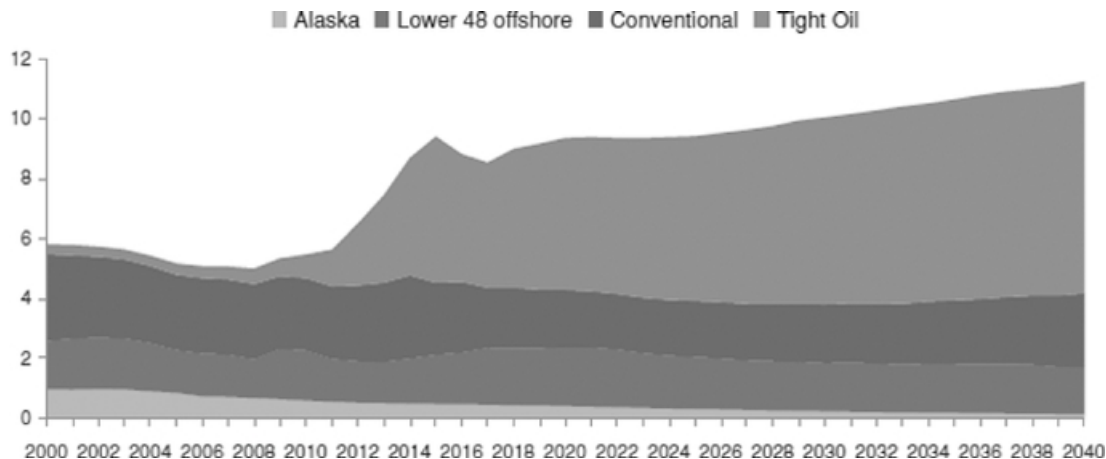
Maintain Financial Strength and Flexibility. We will seek to maintain a conservative balance sheet, which allows us to better react to changes in commodity prices and related demand for our services, as well as overall market conditions. As of the closing of this offering, we expect to have \$ million outstanding and \$ million available under our credit facility, which is scheduled to mature in 2020. We believe this borrowing capacity, along with our cash flow from operations and the proceeds from this offering, will provide us with sufficient liquidity to execute the business strategies discussed above.

Our Industry

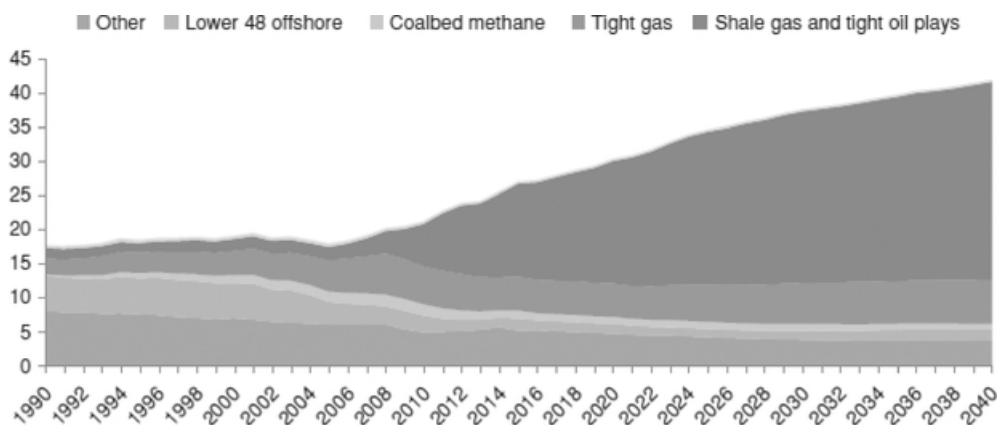
Unconventional Resources and Hydraulic Fracturing

Over the past decade, the innovative application of horizontal drilling and hydraulic fracturing catalyzed a revolution in the United States oil and gas industry. Vast reservoirs of crude oil and gas locked in tight rock formations, or unconventional resources, were previously uneconomic to develop, but now represent an important ongoing source of oil and gas supply. In spite of the cyclical nature of the oil and gas industry, development of U.S. unconventional resources is expected to continue to experience growth within the industry. The U.S. Energy Information Administration, or the EIA, reports that U.S. gas production from shale gas and tight oil plays grew at a 21% CAGR from 2005 to 2015 while U.S. tight oil production grew at a 28% CAGR over the same timeframe. The charts below from the EIA's 2016 Annual Energy Outlook depict both the historical growth and projected future growth of U.S. unconventional resources.

Crude Oil Production (MMbbls/d)



Gas Production (tcf)



The Role of Water in Unconventional Development, Completion and Production

Water is essential to the development and completion of unconventional oil and gas wells, where producers rely on hydraulic fracturing to stimulate the production of oil and gas from dense subsurface rock formations. Prior to the fracking process, water is sourced, transferred, contained and treated in connection with the well completion process. Although water is used during drilling, the vast majority of water is utilized for the completion cycle—or hydraulic fracturing—of a horizontal well. The fracking process involves the injection of significant amounts of water and proppants (typically sand) under high pressure, through a cased and cemented wellbore into targeted subsurface formations thousands of feet underground to fracture the surrounding rock. The resulting fractures allow hydrocarbons to flow into the wellbore for extraction.

After the water is pumped into the well, it returns to the surface over time. Ten to fifty percent of the water returns as flowback during the first several weeks following the well completion process, and a large percentage of the remainder, as well as pre-existing water in the formation, returns to the surface as produced water over the life of the well. Various waste byproducts are also generated during

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drilling and completion of, and production from crude oil and gas wells. An array of federal and state rules and regulations mandate that these byproducts be disposed of in an environmentally safe manner. Although E&P companies may complete the water-related tasks themselves, many choose to outsource these services to one or more third party service providers specializing in such tasks.

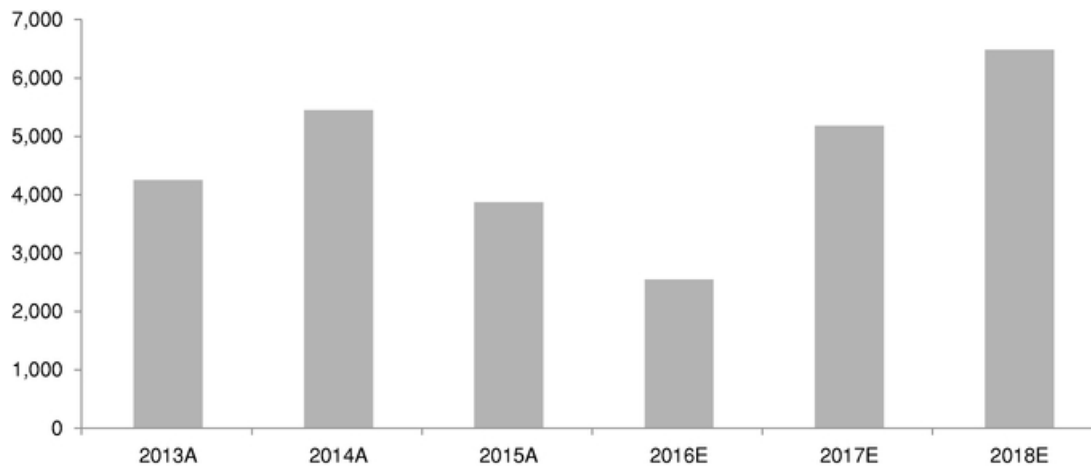
A significant component of post-frac water handling involves the disposal of flowback and produced water waste fluids (commonly referred to in the industry as "saltwater"), which includes brinish fluids returned to the surface during a well's completion and production phases. E&P companies and producers are required to timely dispose of these fluids during the lifespan of their producing oil and gas wells and with the drilling and completion of new oil and gas wells.

The most common method of saltwater disposal is to transport the flowback and produced water to facilities that treat and dispose of the wastewater. Key considerations operators consider include the ratio of water to hydrocarbon, or the water cut, the water decline curve, the expected lifespan of the salt water disposal facility based on the waste streams being disposed and the presence of competing service providers.

Capital Spending by E&P Companies and DUC Inventory

Demand for water and water-related services depends on the level of expenditures by companies in the oil and gas industry, which are in turn dependent on oil and gas prices, as well as advances in horizontal drilling and hydraulic fracturing techniques. Oil prices experienced a significant decline beginning in the third quarter of 2014 and continuing until February 2016, when the closing price of oil reached a 12-year low of \$26.19 per barrel for WTI crude oil on February 11, 2016. Since the February low, oil prices have begun to recover and reached a closing price of \$51.95 per barrel for WTI crude oil on January 9, 2017. Oil and gas producers have responded to the improvement in oil prices by increasing drilling activity levels, with the number of active drilling rigs in the U.S., as reported by Baker Hughes, increasing 63% from a low of 404 rigs for the week ended May 27, 2016 to 658 rigs for the week ended December 30, 2016. Industry analysts expect the recovery to continue, with Spears & Associates estimating a 40% year-over-year growth in U.S. onshore rig count for 2017 and an annual growth rate in U.S. onshore rig count of 24% from 2016 through 2020.

Prior to the industry downturn, the volume of fluid used in hydraulic fracturing experienced significant growth, with the Freedonia Group estimating that growth in fluid volume averaged over 40% annually between 2004 and 2014. In their 2015 Oilfield Chemicals Study, the Freedonia Group reported that the rapid growth resulted from an increasing number of wells fractured each year and significant growth in the size of individual fracturing treatments employed. During the recent downturn however, according to Spears & Associates, total annual water demand for 2015 fell to 3,851 million barrels, which was down approximately 29.0% from 2014 levels and is projected to decline an additional 34.8% in 2016 due to the downturn in drilling and completion activity driven by low commodity prices since late 2014. With the projected increase in activity as well as continued advancements in completion techniques, Spears & Associates is projecting increased water demand for 2018 of 157.4% as compared to expected 2016 levels, which greatly exceeds Spears' estimated horizontal rig count growth of 61.4% over the same period.

Total U.S. Water Demand (MMbbls)

In the near term, we expect demand for water and water-related services to outpace rig count growth as oil and gas producers complete wells that have been drilled but not yet completed, which we refer to as drilled uncompleted wells or "DUCs." While oil and gas producers often have an inventory of DUCs, the backlog has grown significantly during the past two years as oil and gas producers have deliberately delayed completing drilled wells in anticipation of higher commodity prices. According to the Drilling Productivity Report released by the EIA on December 12, 2016, there are over 5,000 DUCs in the major U.S. shale plays, representing approximately 13 DUCs per active horizontal drilling rig in the same areas. The number of DUCs per active horizontal drilling rig has increased significantly during the market downturn—for comparison, the average number of DUCs per active horizontal drilling rig in 2014 was approximately two per rig. Further, the EIA estimate of current DUCs represents 68% of the total horizontal wells drilled during 2016, according to Spears & Associates. As oil and gas prices have recovered in recent months, producers have begun to complete these wells, increasing the demand for water and water-related services. Assuming oil and gas prices stabilize or increase from current levels, we expect the continuing completion efforts with this DUC inventory to increase the demand for water and water-related completion services in the near-to-medium term.

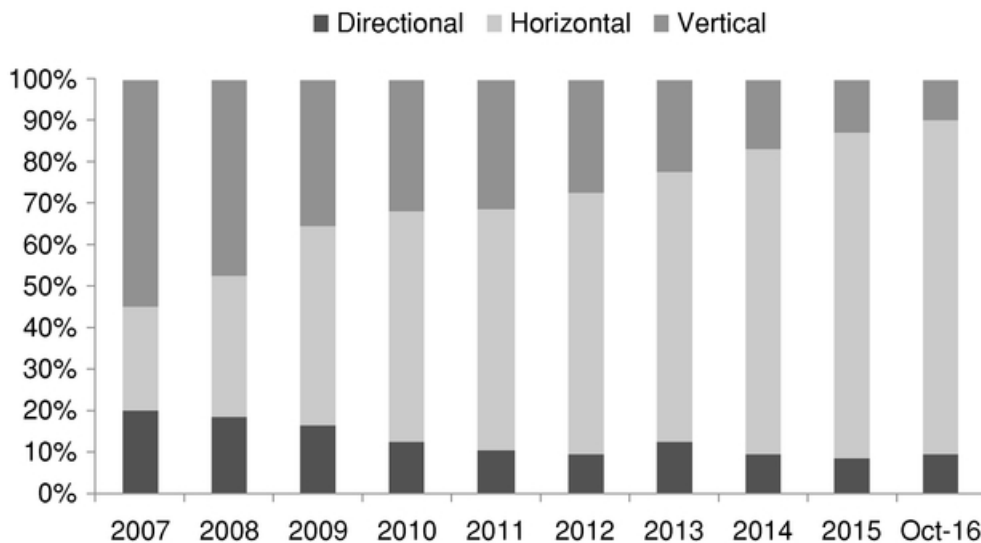
Industry Trends Impacting Our Business

We expect demand for water-related services to increase at a faster rate than rig count as a result of consistent industry trends toward (i) increases in horizontal drilling, (ii) greater rig efficiency, characterized by multi-well pad development programs that enable E&P companies to drill more wells with each active rig and (iii) higher horizontal well completion intensity characterized by the use of longer horizontal wellbore laterals, tighter spacing of frac stages in the laterals and increased water and proppant use per foot of lateral. The techniques being utilized by E&P companies have continued to evolve as producers work to improve per-well production and recoveries and are driving significant growth in the per-well demand for water and also the aggregate demand for water. These trends are discussed in greater detail below.

- *Increases in Horizontal Drilling.* Over the past several years producers have utilized specialized drilling rigs to drill horizontally through shale formations in order to expose a greater portion of the wellbore to the hydrocarbon bearing shale formation, which correspondingly increases production from the well. According to the Baker Hughes rig count, the percentage of active rigs drilling horizontal wells has increased from 42% of total domestic rigs in 2009 to 68% in 2014, and recently, the percentage of rigs drilling horizontal wells increased further to 80% of

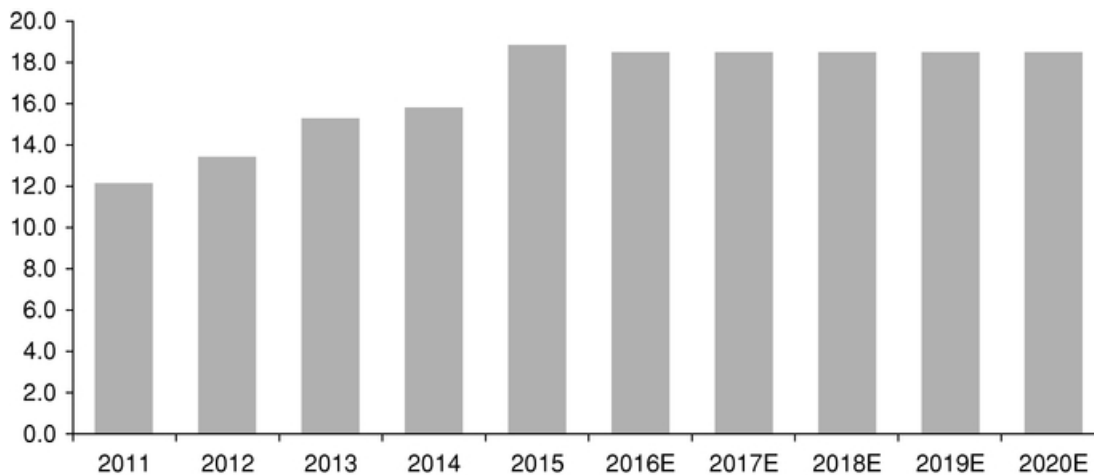
active domestic rigs. Horizontal wells require greater volumes of water and proppant than vertical wells and we expect horizontal drilling to continue to be the primary focus of oil and gas producers as they increase the active rig count.

% of Active Rig Count by Drilling Orientation



- Increasing Rig Efficiency:* Techniques being used by E&P producers, including multi-well pad development programs, have led to improved rig efficiencies and increased horizontal wells drilled per rig. According to Spears & Associates, from 2011 to 2015, wells per rig per year in the U.S. increased by 55.4% from 12.1 in 2011 to 18.8 in 2015, with rigs expected to maintain these efficiency gains through 2020. Coupled with longer laterals and increased water intensity, this trend indicates that demand for water and proppant relating to well drilling and completion can be expected to outpace standalone rig growth.

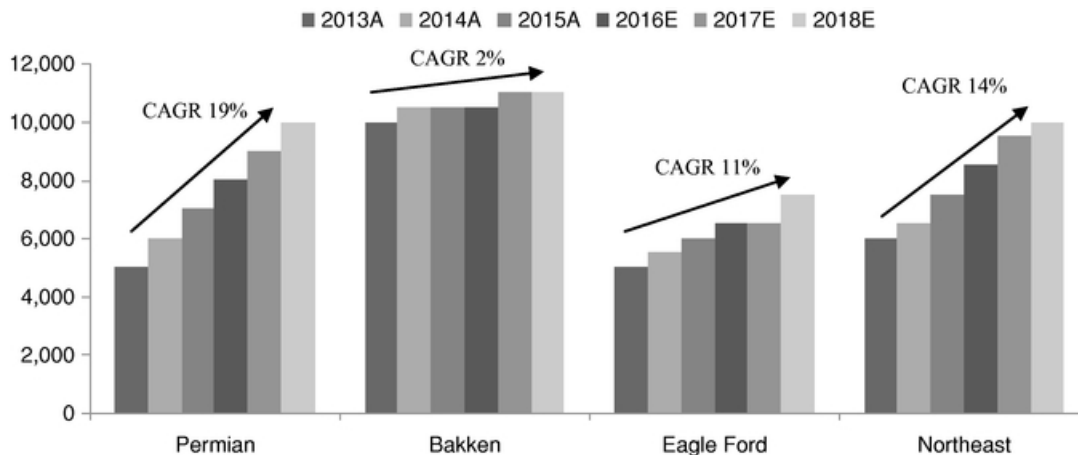
Horizontal Wells per Rig per Year



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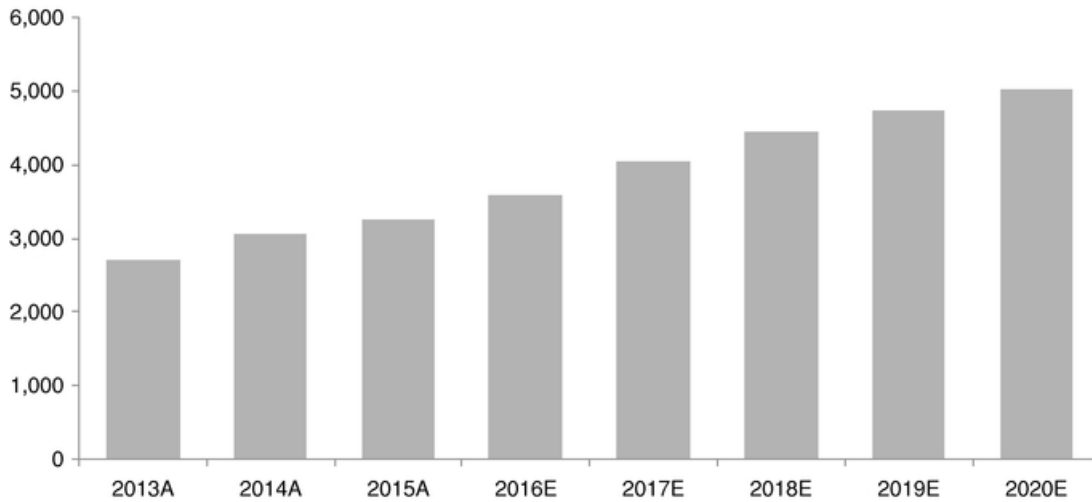
- Longer Horizontal Laterals.* As horizontal drilling has increased, rig operators have improved their ability to drill significantly longer horizontal sections—or "laterals"—in each well. These longer horizontal laterals effectively provide producers with a greater length of productive wellbore relative to the non-productive vertical portion of the wellbore, which is fixed. According to Spears & Associates, lateral lengths have increased significantly across the major U.S. onshore basins since 2013 and similar growth is expected to continue. Additionally, current leading edge horizontal wells are 10,000 feet or longer and we expect the growth in lateral length to continue. Because water use and the number of frac stages per well are directly tied to the length of the horizontal lateral, longer laterals have led to a significant increase in demand for water and proppant, as well as related fluid handling services.

Average Horizontal Lateral Length Across Key Basins (ft.)



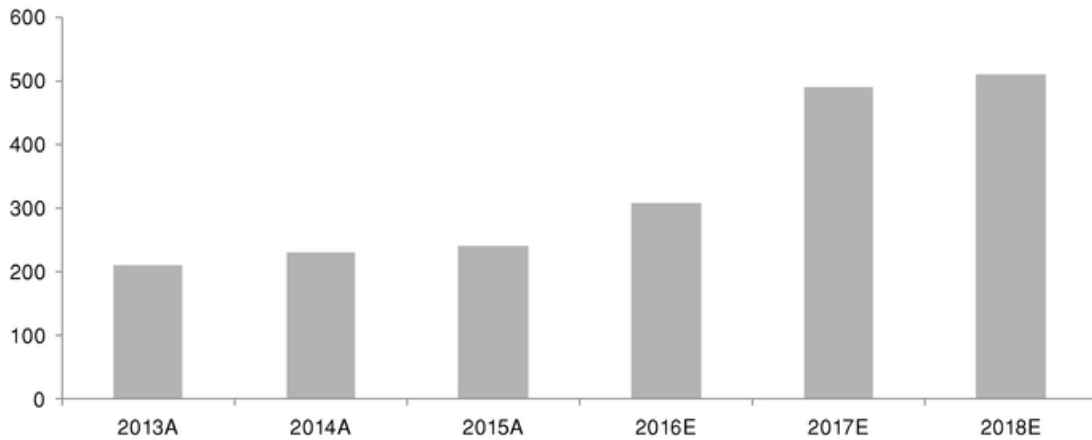
- More Proppant.* Finally, operators are also increasing the quantity of proppant used in their hydraulic fracturing designs—both in aggregate amount used per well and on a per-foot basis. According to research from Spears and Associates, the amount of proppant per horizontal completion across the U.S. has increased 32% over the last three years from approximately 2,718 tons in 2013 to 3,601 tons in 2016 with anticipated continued increases as producers continue to report superior production results with greater proppant loading. Chesapeake Energy Corporation recently reported completing a well in the Haynesville Shale with 25,000 tons of proppant. Higher quantities of proppant drive higher volumes of water because a greater volume of water is needed to effectively transport the proppant down the wellbore and into the formation.

Tons of Proppant per Horizontal Well



- *More Water Per Well:* Increasing volumes of water per well has emerged as a critical component of the techniques employed by oil and gas producers to increase recoveries from shale development wells and improve the economics of shale development operations. According to Spears & Associates, the average volume of water injected per horizontal well across the U.S. is projected to increase 144.6% by 2018, from 209,000 barrels in 2013 to 510,000 barrels in 2018. Although Spears does not forecast water demand beyond 2018, we expect the water intensity of well completions to continue to grow with increased lateral lengths and greater quantities of proppant per well.

Water Usage per Horizontal Well (MBbls)



Supply Dynamics

Large quantities of water are essential for unconventional resource development. The primary sources of water utilized for oil and gas operations are surface water (rivers, lakes, ponds), potable and non-potable groundwater, and recycled water from flowback or produced water. Depending on where

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the development is taking place, any or all of these sources may be available. Several factors can influence water sourcing choices, including volumes available from each source, interests and needs of other water users, and costs associated with obtaining, treating, and transporting the water to the wellsite. Further, each geographic area has different challenges relating to geology, such as the amount of minerals and impurities in the water, which must also be taken into consideration. In the future, regulatory requirements could result in operators actively seeking water management strategies and technologies to reduce freshwater use in fracking and lower the costs associated with securing water. However, the treatment, reuse or recycling of produced water can pose challenges, as such opportunities can be limited by water quality and the potentially high cost of treating water.

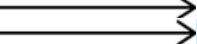

Once identified, water sources are often difficult to permit and reliably access, particularly in the quantities required for multi-well pad development programs. Navigating applicable regulations is particularly difficult as the rules governing the sourcing of fresh water vary by state, county and municipality and each water resource may be overseen by federal and state agencies, regional water basin commissions, local water planning agencies and individual landowners. Access to water may be limited due to reasons such as prolonged drought or an inability to acquire or maintain water sourcing permits or other rights. In addition, some state and local governmental authorities have begun to monitor or restrict the use of water subject to their jurisdiction for hydraulic fracturing to ensure adequate local water supply.

Oil and gas operators have several options to transfer water from the source to the well site. The three main methods of water transport include trucks, temporary pipes (including lay-flat hose), or permanent pipelines. Historically, E&P companies have relied primarily on trucks to transfer water to and from well sites, and trucking may still be preferred for conventional vertical wells, delineation wells, and areas where pipeline permitting and land acquisition is restricted. However, trucking water is typically the most expensive transfer method, and companies are increasingly using temporary and permanent piping both for economic and other considerations, such as reducing the number of trucks on the road, reducing associated vehicle emissions, and trucking capacity constraints. Temporary pipes, such as lay-flat hose, can also be used for flexible short-term needs for those wells for which the water source and the well pad site are reasonably close. Above-ground temporary pipes allow for high rate, short- to mid-distance water transportation (in excess of 20 miles) as they can be installed quickly and relocated to adapt to changing operations schedules. For operations that are expected to remain in a general area for several years or for areas with a significant amount of activity, permanent pipeline systems may be developed. While the initial capital cost is higher, permanent pipelines can be strategic and prove to be the most cost-effective option to service the water needs for large, long-term development areas.

As water demand has continued to increase, operators and service companies have been faced with significant mechanical, logistical, environmental and safety issues related to the transfer of such large volumes. As a result of these trends, producers have increasingly moved away from traditional tank truck operators and small, local water service providers who compete on the basis of local relationships and price to larger, regional and national players who have the expertise and scale to provide high

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quality, reliable and comprehensive water solution services. The chart below illustrates the evolution of water sourcing in the oil and gas industry.

	Pre 2008 Conventional Vertical	2008 - 2010 Early Horizontal	Current Leading Edge Horizontal	Future Multi-Well Pad Development
Frac Flowback Water per Well	~15,000 bbls	~75,000 bbls	~500,000 bbls	Up to 5,000,000 bbls on a multi-well pad
Equivalent Tank Truck Loads(1)	~115	~575	~3,850	~38,500
Lateral Length (Feet)	~1,500	~3,500	~6,000	~8,000
Logistical Challenges	Minor			Complex
E&P Approach	Minimal Attention			Mission Critical

Note: Water per well based on current management estimates of well completion intensity.

(1) Assumes truck capacity of 130 barrels.

Description of Business Segments

Water Solutions

Service Lines

Our water solutions segment, operating primarily under our subsidiary, Select Energy Services, is a leading provider of total water solutions to customers that include major integrated oil companies and independent oil and gas producers. These services include: the sourcing of water; the transfer of the water to the wellsite through permanent pipeline infrastructure and temporary pipe; the containment of fluids off- and on-location; measuring and monitoring of water; the filtering and treatment of fluids, well testing and handling of flowback and produced formation water; and the transfer and recycling or disposal of drilling, completion and production fluids.

Our water solutions operating segment is divided into the following service lines:

- Water sourcing.* Our water sourcing service line helps E&P companies source water used for drilling and completion operations from our surface, ground and industrial water sources. Specifically, through a portfolio of contracts with and permits from regulatory bodies, corporations and individual landowners, we have secured rights to approximately 1.5 billion barrels of water annually from currently in excess of 350 sources, a number which varies over time, including large scale sources such as the Brazos, Missouri, Ohio, Poudre, Rio Grande, Sabine, San Antonio, South Platte and Washita Rivers. In the Bakken, we have three governmental permits that enable us to withdraw up to 100 million barrels of water annually from the Missouri River and Lake Sakakawea in North Dakota. Freshwater access cannot be easily replicated on Lake Sakakawea today as there are multiple environmental and regulatory conditions that must be met before an industrial water intake location can be built. New permits will also not be granted within 25 miles of an intake location associated with an existing permit. We have three of the five existing permits off Lake Sakakawea. In addition to primary frac water sourcing, we also source brine water and other completion fluids.
- Water transfer.* Our water transfer service line provides high-volume, high-rate water transfer services through permanent pipeline systems and temporary pipe systems. This service is utilized to transfer water from a source to a containment location on or off the wellsite, from the containment directly to the well to support completion operations, and, in certain circumstances, directly from the source to the well. As of September 30, 2016, our assets included more than 110 miles of operational underground pipeline, over 550 miles of lay-flat hose, approximately

700 miles of other temporary pipe (excluding lay-flat hose) and more than 600 high-rate water transfer pumps. Our permanent pipeline systems are located in the Bakken, the SCOOP and the Haynesville, as described in more detail below.

- *Bakken:* We have invested \$30 million in the Charlson Pipeline and the Iverson Pipeline in the Bakken located in McKenzie County, North Dakota, and we are developing a third pipeline system that will serve Williams County and western Mountrail County. The Charlson pipeline system is located on the eastern side of McKenzie County, North Dakota, and consists of 32 miles of operational pipeline. The Iverson pipeline system is located in eastern McKenzie County, North Dakota, and consists of 58 miles of operational pipeline. Of the approximately 90 miles of underground pipeline systems, we own 38 miles and have contractual rights to access the remaining 52 miles. The development of the third permit is expected to take place in 2017 and will allow us to utilize 100 million barrels of fresh water per year across the three systems.
- *SCOOP:* Through our interest in a joint venture with Access Midstream (subsequently merged with Williams Partners), we own a nine-mile, underground fresh water delivery pipeline in Grady County, Oklahoma in what we believe to be the core of the SCOOP, with an additional 23 miles of sour gas pipeline that can be subsequently converted to deliver fresh water. The source for this pipeline system originates from the Washita River, a reliable water source in an otherwise dry and drought-prone region of Oklahoma. We are currently permitted by the Oklahoma Water Resources Board to withdraw 10.8 million barrels of water per year from the river, in excess of the pipeline's current physical throughput capacity of 9.2 million barrels per year.
- *Haynesville:* We own an approximate 12-mile underground fresh water delivery pipeline in De Soto Parish, Louisiana, which transports effluent from a pump station at International Paper's Mansfield Plant Outfall No. 1 to five delivery points within the Holly Field for use in fracking operations. The IP Pipeline is located in what we believe is the core acreage of the Haynesville shale.

Our lay-flat hose provides a flexible water transfer solution and can be customized to fit a specific project. After the completion of a project, lay-flat hose can be quickly and cost-effectively removed and redeployed for a new project, including projects in different geographic regions. Lay-flat hose has a significantly lower risk of spills than most other types of temporary jointed-pipe as a result of the strength and durability of the hose as well as the secure nature of any coupling joints used to connect multiple sections of hose. We believe the average length of lay-flat hose used in a project is approximately 5 miles, but the length can vary from as little as a few hundred feet to as much as 75 miles for a comprehensive water management program. Our lay-flat hose consists of 8 inch, 10 inch and 12 inch diameter segments. Depending on the requirements of a project, lay-flat hose may run from a water source directly to a containment area or well site or from containment area to containment area. Our customers generally prefer lay-flat hose to alternative temporary piping options due to the cost-effectiveness, customizability and reduced risk of spills.

- *Water recycling and treatment.* Our water recycling and treatment service line works with oil and gas producers to filter or treat water utilized in or produced by the drilling, completion and production processes to allow for safe and effective reuse or disposal. We offer our customers treatment and filtration solutions ranging from large mesh filter pods to the application of advanced technologies, such as bubble floatation, chemical precipitation, chemical disinfection and distillation, through in-house equipment, strategic licensing, investments and relationships.
- *Well testing and flowback.* Our well testing and flowback service line provides highly trained personnel and state-of-the-art equipment to perform a multitude of services relating to the

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completion and production of oil, gas, condensate and water, including frac support, frac plug drill-out, flowback, well testing and lease operating. These services are critical to the completion and production phase of a well, as it provides the customer with initial well productivity data which ultimately impacts a reservoir's capacity to produce hydrocarbons, such as oil, gas and condensate. Our traditional well testing and hydraulic equipment can service a multitude of operational scenarios, such as high and low temperature, high and low pressure, high hydrogen sulfide concentration and high volume. Currently, we own approximately 120 equipment spreads to support this broad range of services.

- *Fluid hauling.* Our fluid hauling service line transports and stores water and various drilling, completion and production fluids utilizing our fleet of vacuum trucks, winch trucks, hydrovac trucks, and related assets, such as frac tanks. As of September 30, 2016, we owned and leased approximately 200 tractors.
- *Fluid disposal.* As of September 30, 2016, we owned and operated 18 salt water disposal ("SWD") wells with a daily maximum permitted disposal volume of 287,400 bpd with the following geographic breakdown: Permian (110,000 bpd), Eagle Ford (95,000 bpd), Haynesville (46,000 bpd), MidContinent (25,000 bpd), Rockies (10,000 bpd) and Marcellus (1,400 bpd). Our SWD wells are located in the Eagle Ford (6), Permian, (4), Haynesville (3), MidContinent (2), Rockies (1) and Marcellus (2) regions.

Geographic Areas of Operation

We offer our water solutions services in most of the major unconventional shale plays in the continental U.S., as illustrated by a "✓" in the chart below.

Services Provided	Geographic Region						
	Permian	MidCon	Bakken	Eagle Ford	Marcellus / Utica	Haynesville	Rockies
Water Sourcing	✓	✓	✓	✓	✓	✓	✓
Water Transfer	✓	✓	✓	✓	✓	✓	✓
Water Monitoring	✓	✓	✓	✓	✓	✓	✓
Water Treating	✓	✓	—	✓	✓	✓	✓
Containment	✓	✓	✓	✓	✓	✓	✓
Well Testing	✓	✓	—	✓		*	✓
Fluid Hauling	✓	✓	—	✓		*	✓
Frac Tanks	✓	✓	—	✓		*	✓
SWD Wells	✓	✓	—	✓	✓	✓	✓

* In these regions, we have retained facilities but are not currently conducting operations.

Customers

Our water solutions customers primarily include major integrated and independent U.S. and international oil and gas producers. No customer of this segment accounted for more than 10% of our total consolidated revenues for the nine months ended September 30, 2016.

Competition

Many large domestic and international oilfield services companies offer some water-oriented and environmental services, though these are generally ancillary to their core businesses. As a result, the water solutions industry is highly fragmented and our main competitors are typically smaller or mid-sized and often private service providers that focus on water solutions and logistical services across a narrow geographic range.

Accommodations and Rentals

Service Lines

Our accommodations and rentals segment, operating under our subsidiary, Peak, provides workforce accommodations and surface rental equipment supporting drilling, completion and production operations to support onshore oil and gas activity. The services provided include fully furnished office and living quarters, fresh water supply and waste water removal, portable power generation and light plants, internet, phone, intercom, surveillance and monitoring services and other long-term rental supporting field personnel.

- *Accommodations.* Our accommodations service line provides fully furnished office and living quarters for field personnel, as well as fresh water supply to and waste water removal from such quarters and satellite communications, intercoms and video surveillance.
- *Rentals.* Our rentals service line provides support rental equipment, including forklifts, manlifts, generators, fresh and waste water tanks, wellsite light plants, combination units that provide power generation and lighting, mobile safety showers, guard shacks, trash trailers, RVs, sound wall barriers, containment barriers, cooling trailers and heating units.

Geographic Areas of Operation

We provide accommodations and rental services in most of the major unconventional shale plays in the continental U.S.A "✓" indicates that we offer the service line in the indicated geographic region. We currently do not offer any of our accommodation and rental services in the Bakken.

Service Provided	Geographic Region						
	Permian	MidCon	Bakken	Eagle Ford	Marcellus/ Utica	Haynesville	Rockies
Accommodations	✓	✓	—	✓	✓	✓	—
Rentals	✓	✓	—	✓	✓	✓	✓

Customers

Our accommodations and rentals customers include major integrated and independent U.S. and international oil and gas producers. No customer of this segment accounted for more than 10% of the Company's total consolidated revenues for the nine months ended September 30, 2016.

Competition

Historically, the market for wellsite living quarters, office space, portable power, wellsite lighting, and communications equipment has been serviced by a relatively fragmented competitor base ranging from small local companies and privately-owned regional service companies to large private and public companies operating across diverse geographies.

Wellsite Completion and Construction Services

Service Lines

Our wellsite completion and construction services segment operating under our subsidiary, Affirm supports our water solutions segment and provides oil and gas operators with a variety of services, including crane and logistics services, wellsite and pipeline construction and field services. These services are performed to establish, maintain and improve production throughout the productive life of an oil or gas well, or to otherwise facilitate other services performed on a well.

- *Crane and Logistics Services.* Our crane and logistics services line provides crane services to support completion activity, aggregate hauling for site preparation, pipe storage and forklift services.

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- *Construction Services.* Our construction services line provides wellsite and pipeline construction and maintenance services for both E&P companies and midstream companies.
- *Field services.* Our field services service line provides the personnel and related equipment required to perform well hookups, facility construction, lease maintenance and general roustabout services.

We offer wellsite completion and construction services in most of the major unconventional shale plays in the continental U.S.A "✓" indicates that we offer the service line in the indicated geographic region. We currently do not offer any of our wellsite construction services in the Bakken.

Service Provided	Geographic Region						
	Permian	MidCon	Bakken	Eagle Ford	Marcellus/ Utica	Haynesville	Rockies
Crane and logistics services	✓	✓	—	✓	✓	✓	✓
Construction services	✓	—	—	✓	—	—	—
Field services	✓	✓	—	✓	✓	✓	✓

Customers

Our wellsite completion and construction services include major integrated U.S. and international oil companies, and gas producers as well as midstream and other oilfield services companies. No customer of this segment accounted for more than 10% of our total consolidated revenues for the nine months ended September 30, 2016.

Competition

Our main competitors are typically smaller or mid-sized and often private service providers that focus on construction and field services across a narrow geographic range.

Sales and Marketing

Our sales activities are directed 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 multiple weekly meetings and daily reporting. Our sales strategy is also supported by a proprietary database that we have developed based upon current rig and permit activity and the location of our strategic water sources.

Our marketing activities are performed by an internal marketing group with input from a steering committee. Our strategy is based on building a national brand through multiple media outlets including our website, blog and social media accounts, radio, print and billboard advertisements, and various industry-specific conferences, publications and lectures.

Engineered Water Solutions

Our Engineered Water Solutions group is comprised of professionals with significant technical and project development experience. The team consists of professionals with advanced degrees and experience in areas as diverse as geology, geography, petroleum and chemical engineering, computer science, environmental science, geographic information systems and regulatory affairs. This group has been designed to help customers develop and execute water solutions for wide-scale development projects, with our professionals integrating themselves into our customers' operations teams at the outset of the planning process.

Environmental and Occupational Safety and Health Matters

Our water-related and wellsite completion and construction operations in support of oil and gas exploration, development and production activities pursued by our customers are subject to stringent and comprehensive federal, state and local laws and regulations governing occupational safety and health, the discharge of materials into the environment and environmental protection. Numerous governmental entities, including the EPA and analogous state agencies have the power to enforce compliance with these laws and regulations and the permits issued under them, often requiring difficult and costly actions. These laws and regulations may, among other things (i) require the acquisition of permits to take freshwater from surface water and groundwater, construct pipelines or containment facilities, drill wells and other regulated activities; (ii) restrict the types, quantities and concentration of various substances that can be released into the environment or injected into non-producing formations; (iii) limit or prohibit our operations on certain lands lying within wilderness, wetlands and other protected areas; (iv) require remedial measures to mitigate pollution from former and ongoing operations; (v) impose specific safety and health criteria addressing worker protection; and (vi) impose substantial liabilities for pollution resulting from our operations. Any failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties, the imposition of investigatory, remedial or corrective action obligations or the incurrence of capital expenditures; the occurrence of delays in the permitting or performance of projects; and the issuance of orders enjoining performance of some or all of our operations in a particular area.

The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment, and thus any changes in environmental laws and regulations or re-interpretation of enforcement policies that result in more stringent and costly construction, completion or water management activities, or waste handling, storage transport, disposal, or remediation requirements could have a material adverse effect on our financial position and results of operations. We may be unable to pass on such increased compliance costs to our customers. Moreover, accidental releases or spills may occur in the course of our operations, and we cannot assure you that we will not incur significant costs and liabilities as a result of such releases or spills, including any third-party claims for damage to property, natural resources or persons. Our customers may also incur increased costs or delays or restrictions in permitting or operating activities as a result of more stringent environmental laws and regulations, which may result in a curtailment of exploration, development or production activities that would reduce the demand for our services.

The following is a summary of the more significant existing environmental and occupational safety and health laws, as amended from time to time, to which our business is subject and for which compliance may have a material adverse impact on our capital expenditures, results of operations or financial position.

Hazardous substances and wastes. 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. Pursuant to rules 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. Drilling fluids, produced waters, and most of the other wastes associated with the exploration, development, and production of oil or gas, if properly handled, are currently exempt from regulation as hazardous waste under RCRA, and instead are regulated under RCRA's less stringent non-hazardous waste provisions, state laws or other federal laws. However, it is possible that certain oil and gas drilling and production wastes now classified as non-hazardous could be classified as hazardous wastes in the future. For example, following the filing of a lawsuit in the U.S. District Court for the District of Columbia in May 2016 by several non-governmental environmental groups against the EPA for the agency's failure to timely assess its RCRA Subtitle D criteria regulations for oil and gas wastes, EPA and the environmental groups entered into an agreement that was finalized in a consent decree issued by the District Court on December 28, 2016. Under the decree, the EPA is

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required to propose no later than March 15, 2019, a rulemaking for revision of certain Subtitle D criteria regulations pertaining to oil and gas wastes or sign a determination that revision of the regulations is not necessary. If EPA proposes a rulemaking for revised oil and gas waste regulations, the Consent Decree requires that the EPA take final action following notice and comment rulemaking no later than July 15, 2021. A loss of the RCRA exclusion for drilling fluids, produced waters and related wastes could result in an increase in our and our oil and gas producing customers' costs to manage and dispose of generated wastes, which could have a material adverse effect on our and our customers' results of operations and financial position. In the course of our operations, we generate some amounts of ordinary industrial wastes, such as paint wastes, waste solvents and waste oils that may be regulated as hazardous wastes.

Wastes containing naturally occurring radioactive materials ("NORM") may also be generated in connection with our operations. Certain processes used to produce oil and gas may enhance the radioactivity of NORM, which may be present in oilfield wastes. NORM is subject primarily to individual state radiation control regulations. In addition, NORM handling and management activities are governed by regulations promulgated by the Occupational Safety and Health Administration ("OSHA"). These state and OSHA regulations impose certain requirements concerning worker protection, the treatment, storage and disposal of NORM waste, the management of waste piles, containers and tanks containing NORM, as well as restrictions on the uses of land with NORM contamination.

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the Superfund law, and comparable state laws impose liability, without regard to fault or legality of conduct, on classes of persons considered to be responsible for the release of a "hazardous substance" into the environment. These persons include the current and past owner or operator of the site where the hazardous substance release occurred and anyone who disposed or arranged for the disposal of a hazardous substance released at the site. Under CERCLA, such persons 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, for damages to natural resources and for the costs of certain health studies. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. In addition, neighboring landowners and other third-parties may file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. We generate materials in the course of our operations that may be regulated as hazardous substances.

We currently own, lease, or operate numerous properties that have been used for activities supporting oil and gas exploration, development and production for a number of years. Although we believe that we have utilized operating and waste disposal practices that were standard in the industry at the time, hazardous substances, wastes, or petroleum hydrocarbons may have been released on, under or from the properties owned or leased by us, or on, under or from other locations, including off-site locations, where we conduct services for our customers or where such substances have been taken for treatment or disposal. In addition, some of our properties have been operated by third parties or by previous owners or operators whose treatment and disposal of hazardous substances, wastes, or petroleum hydrocarbons was not under our control. These properties and the substances disposed or released on, under or from them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to undertake response or corrective measures, which could include removal of previously disposed substances and wastes, cleanup of contaminated property or performance of remedial operations to prevent future contamination, the costs of which could be material.

Water discharges and use. The Federal Water Pollution Control Act, also known as the Clean Water Act ("CWA"), and analogous state laws, impose restrictions and strict controls with respect to

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the discharge of pollutants, including spills and leaks of oil and hazardous substances, into state waters and waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. Spill prevention, control and countermeasure plan requirements imposed under the CWA require appropriate containment berms and similar structures to help prevent the contamination of navigable waters in the event of a petroleum hydrocarbon tank spill, rupture or leak. In addition, the CWA and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities.

The CWA also prohibits the discharge of dredge and fill material in regulated waters, including wetlands, unless authorized by permit. The EPA has issued final rules outlining its position on the federal jurisdictional reach over waters of the United States, but this rule has been stayed nationwide by the U.S. Sixth Circuit Court of Appeals as that appellate court and numerous district courts ponder lawsuits opposing implementation of the rule. In January 2017, the United States Supreme Court accepted review of the rule to determine whether jurisdiction rests with the federal district or appellate courts. Litigation surrounding this rule is ongoing. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with discharge permits or other requirements of the CWA and analogous state laws and regulations.

The Oil Pollution Act of 1990 ("OPA") amends the CWA and sets minimum standards for prevention, containment and cleanup of oil spills. The OPA applies to vessels, offshore facilities, and onshore facilities, including E&P facilities that may affect waters of the United States. Under OPA, responsible parties including owners and operators of onshore facilities may be held strictly liable for oil cleanup costs and natural resource damages as well as a variety of public and private damages that may result from oil spills. The OPA also requires owners or operators of certain onshore facilities to prepare Facility Response Plans for responding to a worst-case discharge of oil into waters of the United States.

Underground injection wells and induced seismicity. Our underground injection operations are regulated pursuant to the UIC program established under the federal SDWA and analogous state and local laws and regulations. The UIC program includes requirements for permitting, testing, monitoring, record keeping and reporting of injection well activities, as well as a prohibition against the migration of fluid containing any contaminant into underground sources of drinking water. State regulations require a permit from the applicable regulatory agencies to operate underground injection wells. Although we monitor the injection process of our wells, any leakage from the subsurface portions of the injection wells could cause degradation of fresh groundwater resources, potentially resulting in suspension of our UIC permit, issuance of fines and penalties from governmental agencies, incurrence of expenditures for remediation of the affected resource and imposition of liability by third-parties claiming damages for alternative water supplies, property and personal injuries. A change in UIC disposal well regulations or the inability to obtain permits for new disposal wells in the future may affect our ability to dispose of produced waters and other substances, which could affect our business.

Furthermore, in response to recent seismic events near underground disposal wells used for the disposal by injection of produced water resulting from oil and gas activities, federal and some state agencies are investigating whether such wells have caused increased seismic activity, and some states have restricted, suspended or shut down the use of such disposal wells. In response to these concerns, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced water disposal wells or otherwise to assess any relationship between seismicity and the use of such wells. For example, Oklahoma issued new rules for wastewater disposal wells in 2014 that imposed certain permitting and operating restrictions and reporting requirements on disposal wells in proximity to faults and also, from time to time, has developed and implemented plans directing certain wells where seismic incidents have occurred to restrict or suspend disposal well operations. The Texas Railroad Commission adopted similar rules in 2014. The adoption and implementation of any

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new laws, regulations or directives that restrict our ability to dispose of wastewater gathered from our customers by limiting, volumes, disposal rates, disposal well locations or otherwise, or requiring us to shut down disposal wells, could have a material adverse effect on our business, financial condition, and results of operations.

Hydraulic fracturing activities. Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from dense subsurface rock formations. The process involves the injection of water, sand and chemicals under pressure into targeted geological formations to fracture the surrounding rock and stimulate production. Hydraulic fracturing is currently generally exempt from regulation under the UIC program established under the SDWA and is typically regulated by state oil and gas commissions or similar agencies.

However, several federal agencies have asserted regulatory authority over certain aspects of the process. For example, in February 2014, the EPA asserted regulatory authority pursuant to the SDWA's UIC program over hydraulic fracturing activities involving the use of diesel and issued guidance covering such activities. The EPA also issued final CAA regulations in 2012 and in June 2016 governing performance standards, including standards for the capture of emissions of methane and VOCs released during hydraulic fracturing. Additionally, in June 2016, the EPA published an effluent limit guideline final rule prohibiting the discharge of wastewater from onshore unconventional oil and gas extraction facilities to publicly owned wastewater treatment plants and, in May 2014, published an Advance Notice of Proposed Rulemaking regarding the Toxic Substances Control Act reporting of the chemical substances and mixtures used in hydraulic fracturing. Also, the BLM published a final rule in March 2015 that established new or more stringent standards relating to hydraulic fracturing on federal and American Indian lands but, in June 2016, a Wyoming federal judge struck down this final rule, finding that the BLM lacked congressional authority to promulgate the rule. That decision is currently being appealed by the federal government. From time to time, legislation has been introduced, but not enacted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. In the event that new federal restrictions on the hydraulic-fracturing process are adopted in areas where we or our customers conduct business, we or our customers may incur additional costs or permitting requirements to comply with such federal requirements that may be significant in nature and, in the case of our customers, could experience added delays or curtailment in the pursuit of exploration, development, or production activities, which would in turn reduce the demand for our services.

Moreover, some states and local governments have adopted, and other governmental entities are considering adopting, regulations that could impose more stringent permitting, disclosure and well-construction requirements on hydraulic fracturing operations, including states where we or our customers operate. For example, Texas, Oklahoma, California, Ohio, Pennsylvania, 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. In addition to state laws, local land use restrictions, such as city ordinances, may restrict drilling in general and/or hydraulic fracturing in particular, as certain local governments in California have done. Other states, such as Texas, Oklahoma, and Ohio have taken steps to limit the authority of local governments to regulate oil and gas development.

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

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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. The EPA's study report did not find a direct link between the action of hydraulically fracturing the well itself and contamination of groundwater resources. Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition to oil and gas production activities using hydraulic fracturing techniques. Additional legislation or regulation could also lead to operational delays or increased operating costs for our customers in the production of oil and gas, including from the developing shale plays, or could make it more difficult to perform hydraulic fracturing. The adoption of any federal, state or local laws or the implementation of regulations regarding hydraulic fracturing could potentially cause a decrease in the completion of new oil and gas wells and an associated decrease in demand for our services, increased compliance costs and time, which could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.

Air Emissions. The CAA and comparable state laws restrict the emission of air pollutants from many sources through air emissions standards, construction and operating permit programs and the imposition of other compliance standards. 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. The need to obtain permits has the potential to delay our projects as well as our customers' development of oil and gas projects. Over the next several years, we or our customers may incur certain capital expenditures for air pollution control equipment or other air emissions related issues. For example, in October 2015, the EPA issued a final rule under the CAA, lowering the National Ambient Air Quality Standard for ground-level ozone from the current standard of 75 parts per million to 70 parts per million under both the primary and secondary standards to provide requisite protection of public health and welfare, respectively. In a second example, the EPA promulgated rules in 2012 under the CAA that subject oil and gas production, processing, transmission and storage operations to regulation under the New Source Performance Standards and a separate set of requirements to address certain hazardous air pollutants frequently associated with oil and gas production and processing activities pursuant to the National Standards for Emission of Hazardous Air Pollutants program. Compliance with one or more of these and other air pollution control and permitting requirements has the potential to delay the development of oil and gas projects and increase our costs of development and production, which costs could be significant.

Climate Change. In response to findings that emissions of carbon dioxide, methane and other GHGs present an endangerment to public health and the environment, the EPA has adopted regulations under existing provisions of the CAA that, among other things, establish PSD construction and Title V operating permit reviews for certain large stationary sources that emit certain principal, or "criteria," pollutants. Facilities required to obtain PSD permits for their GHG emissions also will be required to meet "best available control technology" standards. In addition, the EPA has adopted rules requiring the monitoring and annual reporting of GHG emissions from oil and gas production, processing, transmission and storage facilities in the United States.

Congress has from time to time considered legislation to reduce emissions of GHGs but there has not been significant activity in the form of adopted legislation to reduce GHG emissions at the federal level in recent years. In the absence of such federal climate legislation, a number of state and regional efforts have emerged that are aimed at tracking and/or reducing GHG emissions through the completion of GHG emissions inventories and by means of cap and trade programs that typically require major sources of GHG emissions to acquire and surrender emission allowances in return for emitting those GHGs. The EPA has also developed strategies for the reduction of methane emissions, including emissions from the oil and gas industry. For example, in June 2016, the EPA published final

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rules establishing new emissions standards for methane and additional standards for VOCs from certain new, modified and reconstructed equipment and processes in the oil and gas source category, including production, processing, transmission and storage activities and is formally seeking additional information from E&P operators as necessary to eventually expand these final rules to include existing equipment and processes. Furthermore, the EPA passed a new rule, known as the Clean Power Plan, to limit greenhouse gases from power plants. While the U.S. Supreme Court issued a stay in February 2016, preventing implementation during the pendency of legal challenges to the rule in court, should the stay be lifted and legal challenges prove unsuccessful, then it could reduce demand for the oil and gas our customers produce, which could reduce the demand for our services, depending on the methods used to implement the rule. Additionally, in December 2015, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France that proposed an agreement, requiring member countries to review and "represent a progression" in their intended nationally determined contributions, which set GHG emission reduction goals every five years beginning in 2020. This agreement was signed by the United States in April 2016 and entered into force in November 2016. The United States is one of over 120 nations having ratified or otherwise consented to the agreement; however this agreement does not create any binding obligations for nations to limit their GHG emissions, but rather includes pledges to voluntarily limit or reduce future emissions.

Although it is not possible at this time to predict how new laws or regulations in the United States or any legal requirements imposed following the United States' agreeing to the Paris Agreement that may be adopted or issued to address GHG emissions would impact our business, any such future laws, regulations or other legal requirements imposing reporting or permitting obligations on, or limiting emissions of GHGs from, our or our customers' equipment and operations could require us or our customers to incur costs to reduce emissions of GHGs associated with operations as well as delays or restrictions in the ability to permit GHG emissions from new or modified sources. In addition, substantial limitations on GHG emissions could adversely affect demand for the oil and gas our customers produce, which could reduce demand for our services. Finally, it should be noted that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events; if any such effects were to occur, they could have an adverse effect on our operations.

Endangered Species. The ESA restricts activities that may affect endangered or threatened species or their habitats. Similar protections are offered to migratory birds under the MBTA. To the extent species that are listed under the ESA or similar state laws, or are protected under the MBTA, live in the areas where we or our oil and gas producing customers operate, our and our customers' abilities to conduct or expand operations and construct facilities could be limited or be forced to incur material additional costs. Moreover, our customer's drilling activities may be delayed, restricted, or precluded in protected habitat areas or during certain seasons, such as breeding and nesting seasons. Some of our operations and the operations of our customers are located in areas that are designated as habitats for protected species. In addition, as a result of a settlement approved by the U.S. District Court for the District of Columbia in 2011, the FWS is required to make a determination on the listing of numerous other species as endangered or threatened under the ESA by the end of the FWS' 2017 fiscal year. The designation of previously unidentified endangered or threatened species could indirectly cause us to incur additional costs, cause our or our oil and gas producing customers' operations to become subject to operating restrictions or bans and limit future development activity in affected areas. The FWS and similar state agencies may designate critical or suitable habitat areas that they believe are necessary for the survival of threatened or endangered species. Such a designation could materially restrict use of or access to federal, state, and private lands.

OSHA and other legal requirements. We are subject to the requirements of the OSHA and comparable state statutes whose purpose is to protect the health and safety of workers. In addition, the OSHA hazard communication standard, the Emergency Planning and Community Right-to-Know Act

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and comparable state statutes and any implementing regulations require that we organize and/or disclose information about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governmental authorities and citizens. We have an internal program of inspection designed to monitor and enforce compliance with worker safety requirements.

In addition, as part of the services we provide, we operate as a motor carrier and therefore are subject to regulation by the U.S. DOT and various state agencies. These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations, regulatory safety, and hazardous materials labeling, placarding and marking. There are additional regulations specifically relating to the trucking industry, including testing and specification of equipment and product handling requirements. The trucking industry is subject to possible regulatory and legislative changes that may affect the economics of the industry by requiring changes in operating practices or by changing the demand for common or contract carrier services or the cost of providing truckload services. From time to time, various legislative proposals are introduced, including proposals to increase federal, state or local taxes on motor fuels, among other things, which may increase our costs or adversely impact the recruitment of drivers. We cannot predict whether, or in what form, any increase in such taxes applicable to us will be enacted.

Seasonality

Our results of operations have historically reflected seasonal tendencies, typically in the fourth quarter, relating to holiday seasons, inclement winter weather and the conclusion of our customers' annual drilling and completions capital expenditure budgets during which we typically experience declines in our operating results. In a stable commodity price and operations environment, October has historically been our most active month, with notable declines in November and December for the reasons described above.

Intellectual Property

We own a number of trademarks and Internet domains in North America, which we use in connection with our businesses.

Risk Management and Insurance

Our operations are subject to hazards inherent in the oil and gas industry, including accidents, blowouts, explosions, craterings, fires, oil spills and hazardous materials spills. These conditions can cause:

- personal injury or loss of life;
- damage to, or destruction of property, the environment and wildlife; and
- the suspension of our or our customers' operations.

In addition, claims for loss of oil and gas production and damage to formations can occur in the well 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.

Despite our efforts to maintain high safety standards, from time to time, we have suffered accidents, and 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

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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 insurance coverage of types and amounts that we believe to be customary in the industry including workers' compensation, employer's liability, sudden & accidental pollution, umbrella, comprehensive commercial general liability, business automobile and property and equipment physical damage insurance. Our insurance coverage may be inadequate to cover our liabilities. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable or on terms as favorable as our current arrangements.

We enter into Master Service Agreements ("MSAs") with each of our customers. Our MSAs delineate our and our customer's respective indemnification obligations with respect to the services we provide. Generally, under our MSAs, including those relating to our water solutions, accommodations and rentals and wellsite completion and construction services, we assume responsibility for pollution or contamination originating above the surface from our equipment or handling of the equipment of others. However, our customers assume responsibility for all other pollution or contamination that may occur during operations, including that which may result from seepage or any other uncontrolled flow of drilling fluids. The assumed responsibilities include the control, removal and clean-up of any pollution or contamination. In such cases, we may be exposed to additional liability if we are grossly negligent or commit willful acts causing the pollution or contamination. Generally, our customers also agree to indemnify us against claims arising from the personal injury or death of the customers' employees or those of the customers' other contractors, in the case of our hydraulic fracturing operations, to the extent that such employees are injured by such operations, unless the loss is a result of our gross negligence or willful misconduct. Similarly, we generally agree to indemnify our customers for liabilities arising from personal injury to or death of any of our employees or employees of any of our subcontractors, unless resulting from the gross negligence or willful misconduct of our customer. The same principals apply to mutual indemnification for loss or destruction of customer-owned property or equipment, except such indemnification is not limited in an instance of gross negligence or willful misconduct. Losses arising from catastrophic events, such as blowouts, are generally the responsibility of the customer. However, despite this general allocation of risk, we may be unsuccessful in enforcing contractual terms, incur an unforeseen liability that is not addressed by the scope of the contractual provisions or be required to enter into an MSA with terms that vary from our standard allocations of risk, as described above. Consequently, we may incur substantial losses that could materially and adversely affect our financial condition and results of operations.

Legal Proceedings

We are not currently a party to any legal proceedings that, if determined adversely against us, individually or in the aggregate, would have a material adverse effect on our financial position, results of operations or cash flows. We are, however, named defendants in certain lawsuits, investigations and claims arising in the ordinary course of conducting our business, including certain environmental claims and employee-related matters, and we expect that we will be named defendants in similar lawsuits, investigations and claims in the future. While the outcome of these lawsuits, investigations and claims cannot be predicted with certainty, we do not expect these matters to have a material adverse impact on our business, results of operations, cash flows or financial condition. We have not assumed any liabilities arising out of these existing lawsuits, investigations and claims.

Employees

As of September 30, 2016, we had approximately 1,700 employees and no unionized labor. We believe we have good relations with our employees.

MANAGEMENT

Board of Directors and Executive Officers

Set forth below are the name, age, position and description of the business experience of our executive officers and directors.

Name	Age	Position
John Schmitz	56	Chairman and Chief Executive Officer
Eric Mattson	65	Executive Vice President, Finance
Cody Ortowski	39	President
Gary Gillette	56	Chief Financial Officer and Senior Vice President
Robert Delaney	59	Director
Adam Klein	38	Director
Douglas J. Wall	63	Director
Richard A. Burnett	43	Director

John Schmitz—Chairman and Chief Executive Officer. Mr. Schmitz has served as our Chief Executive Officer and Chairman since November 2016 and served as the Chief Executive Officer and Chairman of SES Holdings since we were originally founded as Peak Oilfield Services, LLC and began operations in 2007. After Mr. Schmitz founded Peak, he led the transformation of our assets and operations through a series of strategic acquisitions designed to enhance the company's total water solutions offerings. Prior to founding Select and its predecessors, Mr. Schmitz served as the North Texas Division Manager for Complete Production Services, Inc. ("Complete" (formerly NYSE: CPX) before its sale to Superior Energy Services, Inc. (NYSE: SPN) in February 2012). Mr. Schmitz's involvement with Complete originated when his initial oilfield services holding company, BSI Holdings, Inc., was recapitalized by SCF Partners in 2003 and was rebranded underneath the Complete Energy Services, Inc. umbrella. Mr. Schmitz founded Brammer Supply, Inc., the predecessor to BSI Holdings, Inc., in 1983 and spent the 20 years thereafter growing the company, both organically and through acquisitions, into an integrated wellsite service provider with over 16 locations in North and East Texas, Oklahoma and Louisiana. Mr. Schmitz was also responsible for the founding and subsequent recapitalization of Allied Production Solutions, LP, a production surface tank equipment manufacturer, which ultimately merged into Forum Energy Technologies, Inc. in August 2010.

Mr. Schmitz is the founder and President of: (i) B-29 Family Holdings, LLC, the family office representing the business interests of John and Steve Schmitz, (ii) B-29 Investments, LP, the private equity arm of Mr. Schmitz's family office, and (iii) Sunray Capital, LP, a subsidiary of B-29 Investments, LP that contains privately-held interests in various oil and gas investments. Through Mr. Schmitz's oversight of these investment holding companies, he has been instrumental in the successful closing of numerous upstream and midstream transactions including the sales of property packages across the Barnett, Eagle Ford, and Fayetteville basins to EOG Resources, Chesapeake Energy, and XTO Energy, respectively, and the sale of Cimmaron Gathering, LP, a natural gas pipeline company, to Copano Energy, LLC (formerly NASDAQ: CPNO). Mr. Schmitz has served on the Board of Forum Energy Technologies (NYSE: FET) since September 2010 and serves on the board of multiple private oil and gas companies.

As our founder, Mr. Schmitz is a main driving force behind our success to date. Mr. Schmitz has successfully grown our company through his vision, leadership skills and business judgment, and for this reason we believe Mr. Schmitz is a valuable asset to our board and is the appropriate person to serve as Chairman.

Eric Mattson—Executive Vice President, Finance. Mr. Mattson has served as our Executive Vice President, Finance since we were incorporated in November 2016. Prior to that, he served as Executive

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Vice President, Finance of SES Holdings since January 2016 and Executive Vice President and Chief Financial Officer from November 2008 through January 2016. Mr. Mattson was an early investor in Select prior to joining our management team.

From 1999 to 2007, Mr. Mattson served as the Senior Vice President & Chief Financial Officer of two technology companies, NetRail, Inc., a Tier One IP provider and VeriCenter, Inc., an IT managed services provider. Both companies were venture capital backed start-up companies and were successfully sold to Cogent Communications Group, Inc. and SunGard, Inc., respectively. From 1993 through 1999, Mr. Mattson served as Senior Vice President & Chief Financial Officer of Baker Hughes, Inc., an oil service company. Mr. Mattson joined Baker International, Inc. in 1980, and served in a number of capacities, including Treasurer prior to the merger of Baker International, Inc. and Hughes Tool Company in 1987, at which time he became Vice President and Treasurer of Baker Hughes, Inc., a position he held until 1993. Mr. Mattson received a B.S. in Economics and an M.B.A. from The Pennsylvania State University.

Cody Ortowski—President. Mr. Ortowski has served as our President since we were incorporated in November 2016 and as President of SES Holdings since September 2014. He joined SES Holdings' predecessor in 2007, serving as the Vice President of Operations and was promoted to Executive Vice President and Chief Operating Officer in 2011. He joined our company in connection with our acquisition of Impact Energy Services, LLC ("Impact"), a water transfer company he cofounded in 2004. Prior to founding Impact, Mr. Ortowski worked for 14 years for Pumpco Energy Services, Inc. ("Pumpco"), a stimulation and cementing company headquartered in Gainesville, Texas, where he served as Vice President of Stimulation Services. While serving as Vice President of Stimulation Services, Mr. Ortowski was instrumental in growing Pumpco's operations throughout the Barnett Shale of North Texas and expanding into other U.S. markets. Mr. Ortowski received a B.B.A. in Financial Management from Abilene Christian University.

Gary Gillette—Chief Financial Officer and Senior Vice President. Mr. Gillette has served as our Chief Financial Officer and Senior Vice President since we were incorporated in November 2016. Prior to that, he served in the same capacity for SES Holdings since January 2016 and as Chief Financial Officer of Select LLC since June 2015. Prior to joining our company, Mr. Gillette spent eight years with Allied Oil and Gas Services, LLC, as the Chief Financial Officer where he was critical in helping the company quadruple in size—from a single shale play to one spanning seven North American regions. Mr. Gillette began his career with Ernst & Young where he served a number of energy-related and manufacturing clients for nine years, before going on to serve in Finance and Operations roles with Thomson Tax & Accounting (a unit of Thomson-Reuters).

Mr. Gillette is a Certified Public Accountant and Chartered Global Management Accountant, and received a B.S. in Business Administration from Concord University and an M.B.A. from New York Institute of Technology.

Robert Delaney—Director. Mr. Delaney became a member of our board of directors in November 2016 and has served on the board of directors of SES Holdings since May 2010. Mr. Delaney is a partner at Crestview Partners and serves as the head of its energy strategy. Prior to joining Crestview Partners in 2007, Mr. Delaney was a partner at Goldman Sachs & Co., where he served in a variety of leadership positions including head of the corporate private equity business in Asia, head of the Leveraged Finance Group and co-head of the Structured Finance Group, which provided project financing for the energy, power and infrastructure sectors. Mr. Delaney received an M.B.A. from Harvard Business School. He received an M.S. in accounting from NYU Stern School of Business, and an A.B. from Hamilton College. Mr. Delaney has served on the board of directors of Samson Resources Corp. since December 2011.

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Mr. Delaney's extensive transactional and investment banking experience, his experience as a private equity investor and his experience with our business enable Mr. Delaney to provide valuable insight regarding complex financial and strategic issues in our industry.

Adam Klein—Director. Mr. Klein became a member of our board of directors in November 2016 and has served on the board of directors of SES Holdings since May 2010. Mr. Klein is a partner focused on energy investments at Crestview Partners and has been involved with monitoring Crestview Partners' investment in our company. Prior to joining Crestview Partners in 2007, Mr. Klein worked as an investment professional at Centennial Ventures, Inc., where he invested in early- to mid-stage companies across multiple industries. Before joining Centennial Ventures, Mr. Klein worked in the Mergers & Acquisitions group at Compass Partners from 2001 to 2003, advising corporations and private equity firms on a wide range of transactions. Previously, Mr. Klein worked in the Media & Telecom group at Donaldson, Lufkin & Jenrette and then Credit Suisse from 2000 through 2001. Mr. Klein received an M.B.A. from Harvard Business School and an A.B. in Economics from Harvard College. Mr. Klein served on the board of directors of FBR & Co. from February 2010 to June 2014.

Mr. Klein's private equity investment and company oversight experience, significant familiarity with our industry, and background with respect to acquisitions, debt financings and equity financings make him well-qualified to serve on our board of directors.

Douglas J. Wall—Director. Mr. Wall rejoined our board of directors in November 2016, having previously served on the board of SES Holdings, our subsidiary from January 2012 through December 2014. Mr. Wall formerly served as President and Chief Executive Officer of Patterson-UTI Energy, Inc. from October 2007 through September 2012, after joining the company as Chief Operating Officer in April 2007. He joined Patterson-UTI Energy, Inc. after a sixteen-year career with Baker Hughes, Inc., most recently as Group President, Completions & Production. In that role he was responsible for the operations of Baker Oil Tools, Inc. Baker Petrolite Corporation, and Centrilift, Inc., as well as the company's production optimization efforts. From 2003 to 2005, Mr. Wall was President of Baker Oil Tools, Inc., and from 1997 to 2003, he was President of Hughes Christensen Company. From 1991 to 1997, he was President and Chief Executive Officer of Western Rock Bit Company Ltd., then Hughes Tool Company's distributor in Canada. Prior to joining Baker Hughes, Inc. and its predecessors, Mr. Wall held a variety of senior executive positions with oilfield service companies in Canada. He began his career in the drilling industry in 1978 with ATCO Drilling (previously Thomson Drilling) and later spent 10 years with Adeco Drilling & Engineering Company Ltd., an affiliate of Parker Drilling Company.

Since May 2014, Mr. Wall has served on the board of directors of Fugro N.V., a Dutch-based company involved in the geotechnical, survey, subsea and seismic business. Additionally, in August 2016, Mr. Wall joined the board of directors of Seventy Seven Energy Inc., an Oklahoma-based oilfield services company that provides drilling, pressure pumping, oilfield rental tools and other services to U.S. onshore E&P companies. Mr. Wall received a B.A. in Economics from the University of Calgary and an M.B.A. in Finance and Marketing from the University of Alberta.

We believe Mr. Wall's extensive experience as a public energy company executive and his service on multiple public company boards bring valuable experience and insight to our board.

Richard A. Burnett—Director. Mr. Burnett joined our board of directors in November 2016 and will serve as the chairman of our audit committee. Mr. Burnett is currently the Chief Financial Officer of Double Eagle Energy Holdings II, a U.S. onshore E&P partnership with Apollo Natural Resource Partners. Prior to joining Double Eagle Energy Holdings II in August 2016, Mr. Burnett spent three years at EXCO Resources, Inc., a publicly-traded U.S. onshore E&P company, serving as Vice President, Chief Financial Officer and Chief Accounting Officer.

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From 2002 to November 2013, Mr. Burnett was at KPMG LLP, an international accounting firm, serving as a Partner beginning 2007. Starting in June 2012, Mr. Burnett served as the Partner in charge of the Energy Audit Practice within the Dallas/Ft. Worth Business Unit. Prior to joining KPMG LLP in 2002, Mr. Burnett spent time at Arthur Andersen LLP and Marine Drilling Companies, Inc. Mr. Burnett is a Certified Public Accountant in the State of Texas. Mr. Burnett received a B.B.A. in Accounting from Texas Tech University.

Mr. Burnett brings extensive business and financial expertise to our board from his two decades of financial management, accounting and public company expertise in the oil and gas and accounting industries. For these reasons we believe he is an ideal candidate to serve on our board and serve as our Audit Committee Chairman.

Board of Directors

The number of members of our board of directors will be determined from time-to-time by resolution of the board of directors. Currently, our board of directors consists of five persons.

Upon completion of this offering, we will become subject to Sarbanes-Oxley and, if our Class A common stock becomes listed on a stock exchange, we will become subject to the rules of such stock exchange. Generally, these rules require that a specified number or percentage of directors serving on the board and certain committees meet applicable standards of independence. The board of directors may increase the number of directorships to ensure that the board of directors includes the requisite number of independent directors pursuant to Sarbanes-Oxley and rules of the applicable stock exchange.

Status as a Controlled Company

We expect to be a controlled company as of the completion of this offering under Sarbanes-Oxley and rules of the applicable stock exchange. A controlled company does not need its board of directors to have a majority of independent directors or to form independent compensation and nominating and governance committees. As a controlled company, we will remain subject to rules of Sarbanes-Oxley and the applicable stock exchange that require us to have an audit committee composed entirely of independent directors. Under these rules and the rules of the applicable stock exchange, we must have at least one independent director on our audit committee by the date our Class A common stock is listed on the applicable stock exchange, at least two independent directors on our audit committee within 90 days of the listing date, and at least three independent directors on our audit committee within one year of the listing date.

If at any time we cease to be a controlled company, we will take all action necessary to comply with Sarbanes-Oxley and rules of the applicable stock exchange, including by appointing a majority of independent directors to our board of directors and ensuring we have a compensation committee and a nominating and corporate governance committee, each composed entirely of independent directors, subject to a permitted "phase-in" period.

Initially, our board of directors will consist of a single class of directors each serving one-year terms. After we cease to be a controlled company, our board of directors will be divided into three classes of directors, with each class as equal in number as possible, serving staggered three-year terms, and such directors will be removable only for "cause."

Committees of the Board

Upon the conclusion of this offering, we intend to have an audit committee of our board of directors, and may have such other committees as the board of directors shall determine from time to

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time. We anticipate that each of the standing committees of the board of directors, once constituted, will have the composition and responsibilities described below.

Audit Committee. We will establish an audit committee prior to the completion of this offering. We anticipate that following the completion of this offering, our audit committee will consist of Messrs. Burnett and Wall, with serving as chairman. The audit committee, when established, will assist the board in overseeing our accounting and financial reporting processes and the audits of our financial statements. Our board will affirmatively determine that each of the Audit Committee member nominees meets the definition of "independent director" for purposes of the applicable stock exchange rules and the independence requirements of Rule 10A-3 under the Exchange Act prior to appointing such individual to the Audit Committee. Our board will also determine whether one or more members of our audit committee qualifies as an "audit committee financial expert" as defined by SEC rules. We anticipate that our board will determine that each of Messrs. Burnett and Wall will satisfy the definition of "audit committee financial expert."

Subject to a one-year phase-in period, Sarbanes-Oxley and stock exchange rules require an audit committee consisting of at least three members, each of whom must meet applicable standards of independent directors. Applicable stock exchange rules require that each member of the audit committee be financially literate and that at least one member of the audit committee have accounting or related financial management expertise.

Sarbanes-Oxley requires companies to disclose whether they have an "audit committee financial expert," as defined by the SEC, on the audit committee. Generally, a director who satisfies the SEC's "audit committee financial expert" definition will be deemed by the board of directors to satisfy the applicable stock market's requirement that at least one member of the audit committee have accounting or related financial management expertise. We will become subject to Sarbanes-Oxley and applicable stock exchange rules under the circumstances described above under "Board of Directors."

Compensation Committee. Because we will be a "controlled company" as of the closing of this offering within the meaning of the applicable stock exchange's corporate governance standards, we will not be required to, and do not currently expect to, have a compensation committee as of the closing of this offering.

If and when we are no longer a "controlled company" within the meaning of the applicable stock exchange's corporate governance standards, we will be required to establish a compensation committee. We anticipate that such compensation committee would consist of three directors who will be "independent" under the rules of the SEC, Sarbanes Oxley and the applicable stock exchange. This committee would establish salaries, incentives and other forms of compensation for officers and other employees. Any compensation committee would also administer our incentive compensation and benefit plans. Upon formation of a compensation committee, we would expect to adopt a compensation committee charter defining the committee's primary duties in a manner consistent with the rules of the SEC, the PCAOB and applicable stock exchange or market standards.

Nominating and Governance Committee. Because we will be a "controlled company" as of the closing of this offering within the meaning of the applicable stock exchange's corporate governance standards, we will not be required to, and do not currently expect to, have a nominating and corporate governance committee as of the closing of this offering.

If and when we are no longer a "controlled company" within the meaning of the applicable stock exchange's corporate governance standards, we will be required to establish a nominating and corporate governance committee. We anticipate that such a nominating and corporate governance committee would consist of three directors who will be "independent" under the rules of the SEC. This committee would identify, evaluate and recommend qualified nominees to serve on our board of directors, develop and oversee our internal corporate governance processes and maintain a management succession plan. Upon formation of a nominating and corporate governance committee, we would expect to adopt a nominating and corporate governance committee charter defining the committee's primary duties in a manner consistent with the rules of the SEC and applicable stock exchange or market standards.

EXECUTIVE COMPENSATION

We are currently considered an "emerging growth company," within the meaning of the Securities Act, for purposes of the SEC's executive compensation disclosure rules. In accordance with such rules, we are required to provide a Summary Compensation Table and an Outstanding Equity Awards at Fiscal Year End Table, as well as limited narrative disclosures regarding executive compensation for our last completed fiscal year. Further, our reporting obligations extend only to our "Named Executive Officers," who are the individuals who served as our principal executive officer and our two other most highly compensated officers who served as executive officers during the last completed fiscal year. In accordance with the foregoing, our Named Executive Officers are:

Name	Principal Position
John Schmitz.	Chairman and Chief Executive Officer

2016 Summary Compensation Table

The table below sets forth the annual compensation paid by our predecessor during the fiscal year ended December 31, 2016 to our Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
John Schmitz (Chairman and Chief Executive Officer)	2016	\$	\$	\$	\$	\$	\$	\$	\$

Outstanding Equity Awards at 2016 Fiscal Year-End

The following table summarizes, with respect to our Named Executive Officers, information relating to compensation earned for services rendered in all capacities during the fiscal year ended December 31, 2016.

Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
John Schmitz.									

Additional Narrative Disclosures

2016 Equity Incentive Plan

Effective December 20, 2016, our board of directors adopted the Select Energy Services, Inc. 2016 Equity Incentive Plan (the "2016 Plan"), for the employees, consultants and the directors of our company and its subsidiaries who perform services for us. The description of the 2016 Plan set forth below is a summary of the material features of the 2016 Plan. This summary is qualified in its entirety by reference to the 2016 Plan, which is attached as Exhibit 10.3 to this Registration Statement and incorporated herein by reference. To date, we have issued (i) an aggregate of 620,720 options in exchange for options that were originally outstanding under our predecessor's incentive plan prior to the 144A Offering (ii) an aggregate of 324,102 options subject to new awards and (iii) an aggregate of 34,857 restricted stock units subject to new awards, in each case, under the 2016 Plan.

The 2016 Plan provides for potential grants of: (i) incentive stock options qualified as such under U.S. federal income tax laws ("incentive options"); (ii) stock options that do not qualify as incentive stock options ("nonstatutory options," and together with incentive options, "options"); (iii) restricted stock awards ("restricted stock awards"); (iv) restricted stock units ("restricted stock units" or "RSUs"); (v) bonus stock ("bonus stock awards"); (vi) performance awards ("performance awards"); and (vii) other stock- or cash-based awards (referred to collectively herein with the other awards as the "awards").

Eligibility

Our employees, consultants and non-employee directors, and employees, consultants and non-employee directors of our affiliates, are eligible to receive awards under the 2016 Plan.

Administration

Our board of directors, or a committee thereof (as applicable, the "Administrator") will administer the 2016 Plan pursuant to its terms and all applicable state, federal or other rules or laws. The Administrator has the power to determine to whom and when awards are granted, determine the amount of awards (measured in cash or in shares of our Class A common stock), proscribe and interpret the terms and provisions of each award agreement (the terms of which may vary), accelerate the exercise terms of an option, delegate duties under the 2016 Plan and execute all other responsibilities permitted or required under the 2016 Plan.

Securities to be Offered

Subject to adjustment in the event of any distribution, recapitalization, split, merger, consolidation or similar corporate event, the number of shares available for delivery pursuant to awards under the 2016 Plan is equal to (i) 4,600,000 shares of Class A common stock plus (ii) 8% of any shares of Class A common stock sold by us in any underwritten public offering (including this offering) pursuant to an effective registration statement under the Securities Act (collectively, the "Share Pool"). If an award under the 2016 Plan is forfeited, settled for cash or expires without the actual delivery of shares, any shares subject to such award will again be available for new awards under the 2016 Plan. In addition, the number of shares granted pursuant to RSU awards under the 2016 Plan shall not exceed 25% of the Share Pool.

Types of Awards

Options—We may grant options to eligible persons including: (i) incentive options (only to our employees or those of our subsidiaries) which comply with section 422 of the Code; and (ii) nonstatutory options. The exercise price of each option granted under the 2016 Plan will be stated

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in the option agreement and may vary; however, the exercise price for an option must not be less than the fair market value per share of Class A common stock as of the date of grant (or 110% of the fair market value for certain incentive options), nor may the option be re-priced without the prior approval of our stockholders. Options may be exercised as the Administrator determines, but not later than 10 years from the date of grant. The Administrator will determine the methods and form of payment for the exercise price of an option (including, in the discretion of the Administrator, payment in Class A common stock, other awards or other property) and the methods and forms in which Class A common stock will be delivered to a participant.

SARs—A SAR is the right to receive a share of Class A common stock, or an amount equal to the excess of the fair market value of one share of the Class A common stock on the date of exercise over the grant price of the SAR, as determined by the Administrator. The exercise price of a share of Class A common stock subject to the SAR shall be determined by the Administrator, but in no event shall that exercise price be less than the fair market value of the Class A common stock on the date of grant. The Administrator will have the discretion to determine other terms and conditions of a SAR award.

Restricted stock awards—A restricted stock award is a grant of shares of Class A common stock subject to a risk of forfeiture, performance conditions, restrictions on transferability and any other restrictions imposed by the Administrator in its discretion. Restrictions may lapse at such times and under such circumstances as determined by the Administrator. Except as otherwise provided under the terms of the 2016 Plan or an award agreement, the holder of a restricted stock award will have rights as a stockholder, including the right to vote the Class A common stock subject to the restricted stock award or to receive dividends on the Class A common stock subject to the restricted stock award during the restriction period. The Administrator shall provide, in the restricted stock award agreement, whether the restricted stock will be forfeited upon certain terminations of employment. Unless otherwise determined by the Administrator, Class A common stock distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, will be subject to restrictions and a risk of forfeiture to the same extent as the restricted stock award with respect to which such Class A common stock or other property has been distributed.

Restricted stock units—RSUs are rights to receive Class A common stock, cash, or a combination of both at the end of a specified period. The Administrator may subject RSUs to restrictions (which may include a risk of forfeiture) to be specified in the RSU award agreement, and those restrictions may lapse at such times determined by the Administrator. Restricted stock units may be settled by delivery of Class A common stock, cash equal to the fair market value of the specified number of shares of Class A common stock covered by the RSUs, or any combination thereof determined by the Administrator at the date of grant or thereafter. Dividend equivalents on the specified number of shares of Class A common stock covered by RSUs may be paid on a current, deferred or contingent basis, as determined by the Administrator on or following the date of grant.

Bonus stock awards—The Administrator will be authorized to grant Class A common stock as a bonus stock award. The Administrator will determine any terms and conditions applicable to grants of Class A common stock, including performance criteria, if any, associated with a bonus stock award.

Performance awards—The vesting, exercise or settlement of awards may be subject to achievement of one or more performance criteria set forth in the 2016 Plan. One or more of the following performance criteria for the company, on a consolidated basis, and/or for specified subsidiaries, may be used by the Administrator in establishing performance goals for such performance awards: (i) earnings per share; (ii) increase in revenues; (iii) increase in cash flow; (iv) increase in cash flow from operations; (v) increase in cash flow return; (vi) return on net assets; (vii) return on assets; (viii) return on investment; (ix) return on capital; (x) return on equity; (xi) economic value added; (xii) operating margin; (xiii) contribution margin; (xiv) net income; (xv) net income per share; (xvi) pretax earnings;

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(xvii) pretax operating earnings after interest expense and before incentives, service fees and extraordinary or special items; (xviii) pretax earnings before interest, depreciation and amortization; (xix) total stockholder return; (xx) debt reduction; (xxi) market share; (xxii) change in the fair market value of the Class A common stock; (xxiii) operating income; (xxiv) sales; (xxv) capital deployed; (xxvi) partner value added; (xxvii) leverage of the company's scale; (xxviii) international expansion; (xxix) effectiveness of partner compliance support or (xxx) any combination of the foregoing. The Administrator may exclude the impact of any of the following events or occurrences which the Administrator determines should appropriately be excluded: (i) asset write-downs; (ii) litigation, claims, judgments or settlements; (iii) the effect of changes in tax law or other such laws or regulations affecting reported results; (iv) accruals for reorganization and restructuring programs; (v) any unusual or infrequent items as described in the Accounting Standards Codification Topic 225, as amended by Accounting Standards Update 2015-01, and as the same may be further amended or superseded from time to time; (vi) any change in accounting principles as defined in the Accounting Standards Codification Topic 250, as the same may be amended or superseded from time to time; (vii) any loss from a discontinued operation as described in the Accounting Standards Codification Topic 360, as the same may be amended or superseded from time to time; (viii) goodwill impairment charges; (ix) operating results for any business acquired during the calendar year; (x) third party expenses associated with any acquisition by us or any subsidiary; (xi) any amounts accrued by us or any subsidiary pursuant to management bonus plans or cash profit sharing plans and related employer payroll taxes for the fiscal year; (xii) any discretionary or matching contributions made to a savings and deferred profit-sharing plan or deferred compensation plan for the fiscal year; (xiii) interest, expenses, taxes, depreciation and depletion, amortization and accretion charges; and (xiv) marked-to-market adjustments for financial instruments. The Administrator may also use any of the above goals determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Administrator including, but not limited to, the Standard & Poor's 500 stock index or a group of comparable companies. Performance awards granted to eligible persons who are deemed by the Administrator to be "covered employees" pursuant to section 162(m) of the Code shall be administered in accordance with the rules and regulations issued under section 162(m) of the Code. The Administrator may also impose individual performance criteria on the awards, which, if required for compliance with section 162(m) of the Code, will be approved by our stockholders.

Other Stock- or Cash-Based Awards—Other stock-based awards are awards denominated in or payable in, valued in whole or in part by reference to, or otherwise based on or related to, the value of Class A common stock. Cash-based awards may be granted on a free-standing basis, as an element of or a supplement to, or in lieu of any other award.

Certain Transactions. If any change is made to our capitalization, such as a stock split, stock combination, stock dividend, exchange of shares or other recapitalization, merger or otherwise, which results in an increase or decrease in the number of outstanding shares of Class A common stock, appropriate adjustments will be made by the Administrator in the shares subject to an award under the 2016 Plan. The Administrator will also have the discretion to make certain adjustments to awards in the event of a change in control, such as accelerating the exercisability of options or SARs, requiring the surrender of an award, with or without consideration, or making any other adjustment or modification to the award that the Administrator determines is appropriate in light of such transaction.

Plan Amendment and Termination. Our board of directors may amend or terminate the 2016 Plan at any time; however, stockholder approval will be required for any amendment to the extent necessary to comply with applicable law or exchange listing standards. The Administrator will not have the authority, without the approval of stockholders, to amend any outstanding stock option or stock appreciation right to reduce its exercise price per share. The 2016 Plan will remain in effect for a period of 10 years (unless earlier terminated by our board of directors).

Clawback. All awards under the 2016 Plan will be subject to any clawback or recapture policy adopted by the Company, as in effect from time to time.

Director Compensation

No obligations with respect to compensation for directors have been accrued or paid during fiscal year 2016. Our directors who are also our employees or employees of Crestview Partners will not receive any additional compensation for their service on our board of directors but we believe that attracting and retaining qualified non-employee directors will be critical to the future value of our growth and governance. In connection with this offering, we expect to adopt a comprehensive director compensation policy for our non-employee directors (other than directors who are employees of Crestview Partners), which we anticipate will include:

- an annual cash retainer of at least \$50,000, payable quarterly in arrears; and
- annual equity-based awards granted under the 2016 Plan with an aggregate fair market value of at least \$100,000 on the date(s) of grant.

Accordingly, it is anticipated that Messrs. Wall and Burnett will each receive, for fiscal year 2017, (i) a cash retainer of \$50,000, payable in equal quarterly installments in arrears, and (ii) an award of options under the 2016 Plan with a grant date fair value equal to approximately \$75,000 and an award of restricted stock units under the 2016 Plan with a grant date fair value equal to approximately \$25,000. These equity awards are expected to become fully vested (and, in the case of the options, exercisable) on the first anniversary of the applicable date of grant.

All members of our board of directors will be reimbursed for all reasonable out-of-pocket expenses incurred in the performance of their services to us. Additionally, we will purchase and maintain directors' and officers' liability insurance for, and provide indemnification to, each member of our board of directors.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the beneficial ownership of our capital stock by (a) 5% stockholders, (b) current directors, (c) named executive officers and (d) all executive officers and directors as a group, as of _____, 2017, as adjusted to give effect to this offering. All information with respect to beneficial ownership has been furnished by the respective directors, officers or 5% or more stockholders, as the case may be. This table does not reflect information as to persons or entities who may become 5% stockholders as a result of purchasing shares of Class A common stock in this offering. Unless otherwise indicated in the footnotes to this table, each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned. Other than as specifically noted below, the mailing address for each executive officer and director is in care of Select Energy Services, Inc., 1820 North I-35, P.O. Box 1715, Gainesville, Texas 76241. The percentages of ownership are based on _____ shares of Class A common stock and 38,462,541 shares of Class B common stock to be outstanding as of the closing of this offering.

Name of Beneficial Owner	Class A Common Stock		Class B Common Stock		Combined Voting Power(2)	
	Number	Percentage	Number	Percentage	Number	Percentage
5% Stockholders:						
Legacy Owner Holdco(1)(3)	—	%	38,462,541	100.0%	38,462,541	%
Crestview Partners II GP, L.P.(4)	3,802,972	%	16,221,101	42.2%	20,024,073	%
Directors and Named Executive Officers:						
John Schmitz(5)	—	%	7,385,705	19.2%	7,385,705	%
Eric Mattson(6)(9)	25,063	%	923,531	2.4%	948,594	%
Gary Gillette(7)(9)	—	%	32,883	*%	32,883	%
Cody Ortowski(8)(9)	25,063	%	1,120,437	2.9%	1,145,499	%
Robert Delaney	—	%	—	—	—	%
Adam Klein	—	%	—	—	—	%
Douglas J. Wall(9)	3,821	%	—	—	3,821	%
Richard A. Burnett(9)	—	%	—	—	—	%
All Executive Officers and Directors as a Group (8 persons)	53,947	%	9,462,556	24.6%	9,516,502	%

* Less than 1%.

- (1) Subject to the terms of the SES Holdings LLC Agreement, Legacy Owner Holdco (or its members) (and its permitted transferees, including certain members of Legacy Owner Holdco, under the SES Holdings LLC Agreement) has the right to exchange all or a portion of its SES Holdings LLC Units (together with a corresponding number of shares of Class B common stock) for Class A common stock at an exchange ratio of one share of Class A common stock for each SES Holdings LLC Unit (and corresponding share of Class B common stock) exchanged. See "Certain Relationships and Related Party Transactions—SES Holdings LLC Agreement." Pursuant to Rule 13d-3 under the Exchange Act, a person has beneficial ownership of a security as to which that person, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares voting power and/or investment power of such security and as to which that person has the right to acquire beneficial ownership of such security within 60 days. The Company has the option to deliver cash in lieu of shares of Class A common stock upon the exercise by Legacy Owner Holdco (or any transferee) of its Exchange Right. As a result, beneficial ownership of Class B common stock and SES Holdings LLC Units is not reflected as beneficial ownership of shares of our Class A common stock for which such units and stock may be exchanged.
- (2) Represents percentage of voting power of our Class A common stock and Class B common stock voting together as a single class. Legacy Owner Holdco will hold one share of Class B common stock for each SES Holdings LLC Unit that it owns. Each share of Class B common stock has no economic rights, but entitles the holder thereof to one vote. See "Organizational Structure," "Description of Capital Stock—Class A Common Stock" and "Description of Capital Stock—Class B Common Stock."
- (3) The board of managers of Legacy Owner Holdco has voting and dispositive power over the shares held by it. The board of managers of Legacy Owner Holdco consists of two representatives of Crestview Partners II SES Investments, LLC ("Crestview Holdings A"), Robert Delaney and Adam Klein, and our Chairman and Chief Executive Officer, John Schmitz. Of the shares beneficially owned by Legacy Owner Holdco, the following

parties (and their affiliated entities) have the following percentage ownership interests in Legacy Owner Holdco: Crestview Holdings A (42.2%); John Schmitz (19.2%); Eric Mattson (2.4%); Cody Ortowski (2.9%) and Gary Gillette (0.1%).

- (4) Represents 16,221,101 Class B shares and corresponding SES Holdings LLC Units held directly by Legacy Owner Holdco and 3,802,972 Class A shares held directly by Crestview Partners II SES Investment B, LLC ("Crestview Holdings B"), in each case for which Crestview GP may be deemed to be the beneficial owner. Crestview Holdings A generally has the right to acquire beneficial ownership of such 16,221,101 shares of Class B common stock and corresponding SES Holdings LLC Units held by Legacy Owner Holdco at its election pursuant to the Legacy Owner Holdco limited liability company agreement. Crestview GP is the general partner of the investment funds which are direct or indirect members of Crestview Holdings A. Crestview GP is also the general partner of the investment funds which are members of Crestview Holdings B. Decisions by Crestview GP to vote or dispose of the interests held by Crestview Holdings A and Crestview Holdings B require the approval of a majority of the 10 members of its investment committee, which is composed of the following individuals: Barry S. Volpert, Thomas S. Murphy, Jr., Jeffrey A. Marcus, Robert J. Hurst, Richard M. DeMartini, Robert V. Delaney, Jr., Brian P. Cassidy, Quentin Chu, Alexander M. Rose and Adam J. Klein. None of the foregoing persons has the power individually to vote or dispose of any of such interests. Each of the foregoing individuals disclaims beneficial ownership of all such interests. The address of each of the foregoing is c/o Crestview, 667 Madison Avenue, 10th Floor, New York, New York 10065.
- (5) Represents 7,385,705 shares of Class B common stock and corresponding SES Holdings LLC Units held directly by Legacy Owner Holdco for which John Schmitz may be deemed to be the beneficial owner. John Schmitz generally has the right to acquire beneficial ownership of such 7,385,705 Class B shares and corresponding SES Holdings LLC Units held by Legacy Owner Holdco at his election pursuant to the Legacy Owner Holdco limited liability company agreement.
- (6) Of the shares beneficially owned by Legacy Owner Holdco, Eric Mattson has an indirect economic interest in approximately 2.4% of such shares. The board of managers of Legacy Owner Holdco has voting and dispositive power over the shares held by it. The board of managers of Legacy Owner Holdco consists of two representatives of Crestview Holdings A, Robert Delaney and Adam Klein, and John Schmitz. Eric Mattson disclaims beneficial ownership of the shares of Class B common stock held by Legacy Owner Holdco except to the extent of his pecuniary interest therein.
- (7) Of the shares beneficially owned by Legacy Owner Holdco, Gary Gillette has an indirect economic interest in approximately 0.1% of such shares. The board of managers of Legacy Owner Holdco has voting and dispositive power over the shares held by it. The board of managers of Legacy Owner Holdco consists of two representatives of Crestview Holdings A, Robert Delaney and Adam Klein, and John Schmitz. Gary Gillette disclaims beneficial ownership of the shares of Class B common stock held by Legacy Owner Holdco except to the extent of his pecuniary interest therein.
- (8) Of the shares beneficially owned by Legacy Owner Holdco, Cody Ortowski has an indirect economic interest in approximately 2.9% of such shares. The board of managers of Legacy Owner Holdco has voting and dispositive power over the shares held by it. The board of managers of Legacy Owner Holdco consists of two representatives of Crestview Holdings A, Robert Delaney and Adam Klein, and John Schmitz. Cody Ortowski disclaims beneficial ownership of the shares of Class B common stock held by Legacy Owner Holdco except to the extent of his pecuniary interest therein.
- (9) Includes shares that may be purchased upon the exercise of outstanding options that the Company expects to be exercisable within 60 days of the date of this prospectus.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

SES Holdings LLC Agreement

Exchange Rights

Subject to certain limitations, under the SES Holdings LLC Agreement, Legacy Owner Holdco (and its permitted transferees, including certain members of Legacy Owner Holdco, under the SES Holdings LLC Agreement) has the right (an Exchange Right) to cause SES Holdings to acquire all or a portion of its SES Holdings LLC Units (along with a corresponding number of shares of our Class B common stock) for, at SES Holdings' election, (i) shares of our Class A common stock at an exchange ratio of one share of Class A common stock for each SES Holdings LLC Unit exchanged, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions or (ii) cash in an amount equal to the Cash Election Value of such Class A common stock. At SES Holdings' request, we will be obligated to facilitate an exercise of an Exchange Right by contributing to SES Holdings the shares of Class A common stock or cash to be used to acquire the tendered SES Holdings LLC Units. Alternatively, upon the exercise of any Exchange Right, Select Inc. (instead of SES Holdings) will have the right (our Call Right) to acquire the tendered SES Holdings LLC Units from the exchanging unitholder for, at its election, (i) the number of shares of Class A common stock the exchanging unitholder would have received under the Exchange Right or (ii) cash in an amount equal to the Cash Election Value of such Class A common stock. The board of managers of Legacy Owner Holdco, which consists of John Schmitz and two representatives of funds controlled by Crestview GP, must unanimously approve any exchange of ownership interests in Legacy Owner Holdco for SES Holdings LLC Units except, following listing of our Class A common stock on a national securities exchange, for exchanges by affiliates of John Schmitz and Crestview GP (which may be made at the election of such affiliates). If such exchange is approved, such members of Legacy Owner Holdco will have the same "Exchange Right" as Legacy Owner Holdco, subject to the terms and conditions described above.

"Cash Election Value" means, with respect to the shares of Class A common stock to be delivered to the exchanging unitholder by us pursuant to our Call Right, (i) if our Class A common stock is then admitted to trading on a national securities exchange, the amount that would be received if the number of shares of Class A common stock to which the exchanging unitholder would otherwise be entitled were sold at a per share price equal to the trailing 10-day volume weighted average price of a share of Class A common stock on such exchange, net of actual or deemed offering expenses, or (ii) if our Class A common stock is not then admitted to trading on a national securities exchange, the value that would be obtained in an arm's length transaction for cash between an informed and willing buyer and an informed and willing seller, neither of whom is under any compulsion to purchase or sell, respectively, and without regard to the particular circumstances of the buyer and the seller, as determined by us, net of deemed offering expenses.

In connection with any exchange of SES Holdings LLC Units pursuant to an Exchange Right or our Call Right, the corresponding number of shares of Class B common stock will be cancelled.

As Legacy Owner Holdco exchanges its SES Holdings LLC Units, our membership interest in SES Holdings will be correspondingly increased, the number of shares of Class A common stock outstanding will be increased, and the number of shares of Class B common stock outstanding will be reduced.

Distributions and Allocations

Under the SES Holdings LLC Agreement, we have the right to determine when distributions will be made to the unitholders and the amount of any such distributions. If we authorize a distribution, such distribution will be made to the unitholders on a pro rata basis in accordance with the respective number of SES Holdings LLC Units they hold.

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SES Holdings will allocate its net income or net loss for each year to its unitholders pursuant to the terms of the SES Holdings LLC Agreement, and its unitholders, including us, will generally incur U.S. federal, state and local income taxes on their share of any taxable income of SES Holdings. Net income and losses of SES Holdings generally will be allocated to the unitholders on a pro rata basis in accordance with the respective number of SES Holdings LLC Units they hold, subject to requirements under U.S. federal income tax law that certain items of income, gain, loss or deduction be allocated disproportionately in certain circumstances. To the extent SES Holdings has available cash and subject to the terms of our credit agreements and any other debt instruments, we intend to cause SES Holdings to make (i) generally pro rata distributions to its unitholders, including us, in an amount at least sufficient to allow us to pay our taxes and make payments under the Tax Receivable Agreements that we entered into with the TRA Holders in connection with the closing of the 144A Offering and any subsequent tax receivable agreements that we may enter into in connection with future acquisitions and (ii) non-pro rata payments to us as reimbursement for our corporate and other overhead expenses.

Issuance of Equity

The SES Holdings LLC Agreement will provide that, except as otherwise determined by us, at any time we issue a share of our Class A common stock or any other equity security, the net proceeds received by us with respect to such issuance, if any, will be concurrently invested in SES Holdings, and SES Holdings will issue to us one SES Holdings LLC Unit or other economically equivalent equity interest. Conversely, if at any time, any shares of Class A common stock are redeemed, repurchased or otherwise acquired by us, SES Holdings will redeem, repurchase or otherwise acquire an equal number of SES Holdings LLC Units held by us, upon the same terms and for the same price, as the shares of Class A common stock are redeemed, repurchased or otherwise acquired.

Tax Receivable Agreements

As described in "Organizational Structure," in connection with this offering, certain of the TRA Holders contributed, directly or indirectly, all or a portion of their SES Holdings LLC Units to us in exchange for Class A common stock and, in the future, as described in "—SES Holdings LLC Agreement—Exchange Rights," Legacy Owner Holdco or its permitted transferees may exchange SES Holdings LLC Units for shares of our Class A common stock or cash, as applicable, pursuant to an Exchange Right or our Call Right. SES Holdings intends to make for itself (and for each of its direct or indirect subsidiaries that is treated as a partnership for U.S. federal income tax purposes and that it controls) an election under Section 754 of the Internal Revenue Code of 1986, as amended (the "Code") that will be effective for the taxable year of this offering and each taxable year in which an exchange of SES Holdings LLC Units pursuant to an Exchange Right or our Call Right occurs. Pursuant to the Section 754 election, our acquisition (or deemed acquisition for U.S. federal income tax purposes) of SES Holdings LLC Units as a part of the reorganization transactions and as a result of exchanges of SES Holdings LLC Units pursuant to an Exchange Right or our Call Right are expected to result in adjustments to the tax basis of the tangible and intangible assets of SES Holdings. These adjustments will be allocated to us. Such adjustments to the tax basis of the tangible and intangible assets of SES Holdings would not have been available to us absent our acquisition or deemed acquisition of SES Holdings LLC Units as a part of the reorganization transactions or as a result of exchanges of SES Holdings LLC Units pursuant to the exercise of an Exchange Right or our Call Right. The anticipated basis adjustments are expected to increase (for tax purposes) our depreciation and amortization deductions and may also decrease our gains (or increase our losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets. In addition, we expect that certain net operating losses may be available to us as a result of the reorganization transactions. Such increased deductions and losses, reduced gains, and net operating losses may reduce the amount of tax that we would otherwise be required to pay in the future.

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In connection with the closing of the 144A Offering, we entered into two Tax Receivable Agreements with the TRA Holders. The first of such Tax Receivable Agreements, which we entered into with Legacy Owner Holdco and Crestview GP, generally provides for the payment by us to such TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that we actually realize (computed using simplifying assumptions to address the impact of state and local taxes) or are deemed to realize in certain circumstances in periods after the 144A Offering as a result of, as applicable to each such TRA Holder, (i) certain increases in tax basis that occur as a result of our acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such TRA Holder's SES Holdings LLC Units in connection with the 144A Offering or pursuant to the exercise of the Exchange Right or our Call Right and (ii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make under such Tax Receivable Agreement. The second of the Tax Receivable Agreements, which we entered into with certain of the Contributing Legacy Owners, generally provides for the payment by us to such TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that we actually realize (computed using simplifying assumptions to address the impact of state and local taxes) or are deemed to realize in certain circumstances in periods after the 144A Offering as a result of, as applicable to each such TRA Holder, (i) any net operating losses available to us as a result of certain reorganization transactions entered into in connection with the 144A Offering and (ii) imputed interest deemed to be paid by us as a result of any payments we make under such Tax Receivable Agreement. Under both Tax Receivable Agreements, we will retain the benefit of the remaining 15% of these cash savings. Certain of the TRA Holders' rights under the Tax Receivable Agreements are transferable in connection with a permitted transfer of SES Holdings LLC Units or if the TRA Holder no longer holds SES Holdings LLC Units.

The payment obligations under the Tax Receivable Agreements are our obligations and not obligations of SES Holdings, and we expect that the payments we will be required to make under the Tax Receivable Agreements will be substantial. Estimating the amount and timing of payments that may become due under the Tax Receivable Agreements is by its nature imprecise. For purposes of the Tax Receivable Agreements, cash savings in tax generally will be calculated by comparing our actual tax liability (using the actual applicable U.S. federal income tax rate and an assumed combined state and local income and franchise tax rate) to the amount we would have been required to pay had we not been able to utilize any of the tax benefits subject to the Tax Receivable Agreements. The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreements, will vary depending upon a number of factors, including the timing of the exchanges of SES Holdings LLC Units, the price of our Class A common stock at the time of each exchange, the extent to which such exchanges are taxable transactions, the amount and timing of the taxable income we generate in the future and the U.S. federal income tax rate then applicable, and the portion of our payments under the Tax Receivable Agreements that constitute imputed interest or give rise to depreciable or amortizable tax basis. Assuming no material changes in the relevant tax law, we expect that if the Tax Receivable Agreements were terminated immediately after this offering, the estimated termination payments, based on the assumptions discussed below (and assuming an initial offering price of \$ per share), would be approximately \$ million (calculated using a discount rate equal to the lesser of 6.50% per annum, compounded annually, or one-year LIBOR plus 100 basis points, applied against an undiscounted liability of \$ million). The foregoing amounts are merely estimates and the actual payments could differ materially. It is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding Tax Receivable Agreement payments as compared to the foregoing estimates. Moreover, there may be a negative impact on our liquidity if, as a result of timing discrepancies or otherwise, (i) the payments under the Tax Receivable Agreements exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreements and/or (ii) distributions to us by SES Holdings are not sufficient to permit us to make payments under the Tax Receivable Agreements after we have paid our taxes and

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other obligations. Please read "Risk Factors—Risks Related to Our Internal Reorganization and Resulting Structure—In certain cases, payments under the Tax Receivable Agreements may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreements." The payments under the Tax Receivable Agreements will not be conditioned upon the continued ownership interest in either SES Holdings or us of any holder of rights under the Tax Receivable Agreements.

In addition, although we are not aware of any issue that would cause the Internal Revenue Service ("IRS") or other relevant tax authorities to challenge potential tax basis increases or other tax benefits covered under the Tax Receivable Agreements, the TRA Holders will not reimburse us for any payments previously made under the Tax Receivable Agreements if such basis increases or other benefits are subsequently disallowed, except that excess payments made to any such holder will be netted against payments otherwise to be made, if any, to such holder after our determination of such excess. As a result, in such circumstances, we could make payments that are greater than our actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect our liquidity.

The term of each Tax Receivable Agreement commenced upon the completion of the 144A Offering and will continue until all tax benefits that are subject to such Tax Receivable Agreement have been utilized or expired, unless we exercise our right to terminate the Tax Receivable Agreements. If we elect to terminate the Tax Receivable Agreements early, or it is terminated early due to our failure to honor a material obligation thereunder or due to certain mergers, asset sales, other forms of business combinations or other changes of control, our obligations under the Tax Receivable Agreements would accelerate and we would be required to make an immediate payment equal to the present value of the anticipated future payments to be made by us under the Tax Receivable Agreements (determined by applying a discount rate of the lesser of 6.50% per annum, compounded annually, or one-year LIBOR plus 100 basis points). The calculation of anticipated future payments will be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreements, including the assumptions that (i) we have sufficient taxable income to fully utilize the tax benefits covered by the Tax Receivable Agreements, (ii) any SES Holdings LLC Units (other than those held by us) outstanding on the termination date are deemed to be exchanged on the termination date and (iii) certain loss or credit carryovers will be utilized in the taxable year that includes the termination date. Any early termination payment may be made significantly in advance of the actual realization, if any, of the future tax benefits to which the termination payment relates.

The Tax Receivable Agreements provide that in the event that we breach any of our material obligations under it, whether as a result of (i) our failure to make any payment when due (including in cases where we elect to terminate the Tax Receivable Agreements early, the Tax Receivable Agreements are terminated early due to certain mergers, asset sales, or other forms of business combinations or changes of control or we have available cash but fail to make payments when due under circumstances where we do not have the right to elect to defer the payment, as described below), (ii) our failure to honor any other material obligation under it, or (iii) by operation of law as a result of the rejection of the Tax Receivable Agreements in a case commenced under the U.S. Bankruptcy Code or otherwise, then the TRA Holders may elect to treat such breach as an early termination, which would cause all our payment and other obligations under the Tax Receivable Agreements to be accelerated and become due and payable applying the same assumptions described above.

As a result of either an early termination or a change of control, we could be required to make payments under the Tax Receivable Agreements that exceed our actual cash tax savings under the Tax Receivable Agreements. In these situations, our obligations under the Tax Receivable Agreements could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms of business combinations or changes of control.

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Decisions we make in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may affect the timing and amount of payments that are received by the TRA Holders under the Tax Receivable Agreements. For example, the earlier disposition of assets following an exchange of SES Holdings LLC Units may accelerate payments under the Tax Receivable Agreements and increase the present value of such payments, and the disposition of assets before an exchange of SES Holdings LLC Units may increase certain TRA Holders' tax liability without giving rise to any rights of such holders to receive payments under the Tax Receivable Agreements. In addition, our ability to settle audits or other proceedings related to taxes will be subject to the consent of the TRA Holders to the extent such settlement could have a material effect on the TRA Holders' rights under the Tax Receivable Agreements. Such effects and such consent rights may result in differences or conflicts of interest between the interests of the TRA Holders and other stockholders.

Payments generally will be due under the Tax Receivable Agreements within five days following the finalization of the schedule with respect to which the payment obligation is calculated. However, interest on such payments will begin to accrue from the due date (without extensions) of our U.S. federal income tax return for the period to which such payments relate until such payment due date at a rate equal to one-year LIBOR plus 100 basis points. Except in cases where we elect to terminate the Tax Receivable Agreements early or they are otherwise terminated as described above, generally we may elect to defer payments due under the Tax Receivable Agreements if we do not have available cash to satisfy our payment obligations under the Tax Receivable Agreements or if our contractual obligations limit our ability to make these payments. Any such deferred payments under the Tax Receivable Agreements generally will accrue interest from the due date for such payment until the payment date at a rate of one-year LIBOR plus 100 basis points. However, interest will accrue from the due date for such payment until the payment date at a rate equal to the highest rate under our credit facility plus 200 basis points if we are unable to make such payment as a result of limitations imposed by existing credit agreements. We have no present intention to defer payments under the Tax Receivable Agreements.

Because we are a holding company with no operations of our own, our ability to make payments under the Tax Receivable Agreements will be dependent on the ability of SES Holdings to make distributions to us in an amount sufficient to cover our obligations under the Tax Receivable Agreements. This ability, in turn, may depend on the ability of SES Holdings' subsidiaries to make distributions to it. The ability of SES Holdings, its subsidiaries and other entities in which it directly or indirectly holds an equity interest to make such distributions will be subject to, among other things, (i) the applicable provisions of Delaware law (or other applicable jurisdiction) that may limit the amount of funds available for distribution and (ii) restrictions in relevant debt instruments issued by SES Holdings, or its subsidiaries and/or other entities in which it directly or indirectly holds an equity interest. To the extent that we are unable to make payments under the Tax Receivable Agreements for any reason, such payments will be deferred and will accrue interest until paid.

The Tax Receivable Agreements are filed as an exhibit to the registration statement of which this prospectus forms a part, and the foregoing descriptions of the Tax Receivable Agreements are qualified by reference thereto. Future unitholders may become party to one or more tax receivable agreements entered into in connection with future acquisitions by SES Holdings.

Registration Rights Agreement for the Benefit of the Legacy Owners and the Contributing Legacy Owners

On December 20, 2016, we entered into a registration rights agreement with the Contributing Legacy Owners and Legacy Owner Holdco. Pursuant to such agreement, the Contributing Legacy Owners and Legacy Owner Holdco are entitled to registration rights pursuant to a registration rights

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agreement with respect to the shares of Class A common stock owned by them which may be received upon exchanges of Class B common stock owned directly or indirectly by them.

At any time 180 days after the effective date of any registration statement relating to the shares of Class A common stock underlying the Class A-1 common stock sold in the 144A Offering, a party to the registration rights agreement will have the right to require us by written notice to demand registration of its registrable shares; provided, however, that such registration rights shall be available in connection with our IPO, subject to an 80% priority right with respect to permitted secondary shares in favor of purchasers of our shares of Class A-1 common stock in the 144A Offering. Our obligations under this agreement include short-form, long-form and shelf registration statements, subject to certain restrictions as to number of demands, timing and value of sales to be registered or shares to be sold in an underwritten offering.

If, at any time, we propose to register or conduct an underwritten offering of our securities (subject to certain exceptions) for our own account or for the account of any stockholder other than the parties to the Registration Rights Agreement or their permitted transferees (including any registration statement we file pursuant to the Registration Rights Agreement for the benefit of investors in this offering), then we must give notice to the parties to the registration rights agreement or their permitted transferees to allow them to participate, or piggyback, in that registration statement or offering. In addition, any party to the registration rights agreement shall have the right to piggyback in any registration statement or offering effected at the request of any other party to the registration rights agreement.

These registration rights are subject to certain conditions and limitations, including the right of the underwriters to limit the number of shares to be included in a registration and our right to delay or withdraw a registration statement under certain circumstances. We will generally be obligated to pay all registration expenses in connection with these registration obligations, regardless of whether a registration statement is filed or becomes effective. The obligations to register registrable shares under the registration rights agreement will terminate when no registrable shares remain outstanding. Registrable shares will cease to be covered by the registration rights agreement when they (i) have been sold pursuant to an effective registration statement under the Securities Act, (ii) have been sold in a transaction exempt from registration under the Securities Act (including transactions pursuant to Rule 144), (iii) are held by the Company or one of its subsidiaries; (iv) have been sold in a private transaction in which the transferor's rights under the registration rights agreement are not assigned to the transferee of such securities; or (v) are sold in a private transaction in which the transferor's rights under the registration rights agreement are assigned to the transferee and such transferee is not an affiliate of the company, two years following the transfer of such registrable share to such transferee.

The registration rights granted to the parties to the registration rights agreement may be freely assigned, including to their transferees.

Registration Rights Agreement with 144A Offering Purchasers

In connection with the 144A Offering, we entered into a registration rights agreement with purchasers in the private placement. Please read "Shares Eligible for Future Sale—Registration Rights" for additional information on the terms of this registration rights agreement.

Historical Transactions with Related Parties

Management Fee

B-29 Investments, LP and Crestview Partners each receive management fees and reimbursements for expenses related to time spent conducting the business and affairs of SES Holdings, pursuant to the SES Holdings LLC Agreement. For the year ended December 31, 2015, B-29 Investments, LP and

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Crestview Partners received \$409,957 and \$700,051, respectively. For the nine months ended September 30, 2016, we have incurred costs of \$300,000 and \$600,533 from B-29 Investments, LP and Crestview Partners, respectively. B-29 Investments, LP is controlled by our Chairman and Chief Executive Officer, John Schmitz. Funds managed by Crestview Partners are members of Legacy Owner Holdco, and other funds managed by Crestview Partners are the Contributing Legacy Owners.

Following the closing of this offering, we will enter into a management services agreement with B-29 Investments, LP and Crestview Partners, which will provide for management fees and reimbursements for expenses related to time spent conducting our business. We expect that annual payments to B-29 Investments, LP and Crestview Partners will be \$500,000 to each such entity.

Aquacore Rental Company LLC

For the nine months ended September 30, 2016, we rented pumps and filter pod trailers for use in our operations at a cost of approximately \$388,810 from Aquacore Rental Company LLC ("Aquacore"), an entity indirectly owned by Cody Ortowski, our President, and Cole Ortowski, an employee of the Company.

B-29 Ups & Downs, LLC

For the year ended December 31, 2015, we incurred costs totaling \$499,269 for aviation services for use by our Executive Officers from B-29 Ups & Downs, LLC ("B-29 Ups & Downs"). For the nine months ended September 30, 2016, we incurred costs of approximately \$113,703 for these services. B-29 Ups & Downs is owned and controlled by our Chairman and Chief Executive Officer, John Schmitz.

Bell Supply Company, LLC

For the year ended December 31, 2015 and the nine months ended September 30, 2016, we purchased inventory and parts for use in our operations totaling \$251,568 and \$130,867, respectively, from Bell Supply Company, LLC ("Bell Supply"), an entity owned by Synergy Energy Holdings LLC, which is owned by certain of our stockholders and directors, including funds managed by Crestview GP and our Chairman and Chief Executive Officer, John Schmitz. Our subsidiary, Affirm, performed hauling services for Bell Supply for approximately \$3,665 for the nine months ended September 30, 2016. Additionally, our directors, Robert Delaney, Adam Klein and our Chairman and Chief Executive Officer, John Schmitz, are on the board of directors of Synergy Energy Holdings LLC.

Grayco Midstream, LLC

For the year ended December 31, 2015, we had accounts receivable valued at \$175,039 for services provided under our MSA with Grayco Midstream, LLC ("Grayco Midstream"), which is wholly owned by CP Energy, LLC. Funds managed by Crestview Partners and our Chairman and Chief Executive Officer, John Schmitz, collectively own a majority of the membership interests in CP Energy, LLC. Additionally, John Schmitz and our directors, Robert Delaney and Adam Klein, are on the board of directors of CP Energy, LLC.

Hard Way, LLC

For the year ended December 31, 2015, we incurred charges totaling approximately \$139,725 for airplane aviation services from Hard Way, LLC ("Hard Way"), which is wholly owned by Orteq Energy Technologies. Orteq Energy Technologies is indirectly owned by Cody Ortowski, our President, and Cole Ortowski, an employee of the Company.

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Mages Group, LLC

Prior to 2014, we leased trailers and provided accommodations to Mages Group, LLC ("Mages Group"). For the year ended December 31, 2015, Mages Group paid us \$151,080 for such services. For the year ended December 31, 2015, we incurred charges totaling \$1,431,256 for real estate and construction services from Mages Group. Mages Group is wholly owned by B-29 Family Holdings, LLC, an entity owned and controlled by our Chairman and Chief Executive Officer, John Schmitz.

Merit Appraisal & Tax Consulting, L.P.

For the year ended December 31, 2015 and the nine months ended September 30, 2016, we incurred charges totaling \$987,290 and \$444,115, respectively, for appraisal services and tax consulting from Merit Appraisal & Tax Consulting, LP ("Merit"). B-29 Investments, LP, an entity controlled by our Chairman and Chief Executive Officer, John Schmitz, controls and partially owns Merit.

Orteq Energy Technologies

For the year ended December 31, 2015 and the nine months ended September 30, 2016, we purchased pumps and related equipment for our operations totaling \$2,522,509 and \$315,317, respectively, from Orteq Energy Technologies, which is indirectly owned by Cody Ortowski, our President, and Cole Ortowski, an employee of the Company.

Samson Resources

For the year ended December 31, 2015 and the nine months ended September 30, 2016, we provided services totaling \$352,997 and \$364,415, respectively, to Samson Resources ("Samson") under a master services agreement. Samson is currently being reorganized in bankruptcy. Our director Robert Delaney is a director of Samson, and funds controlled by Crestview GP are equity holders in Samson.

Silver Creek Oil & Gas, LLC

For the year ended December 31, 2015 and the nine months ended September 30, 2016, we provided services totaling \$3,183,313 and \$369,589, respectively, to Silver Creek Oil & Gas, LLC ("Silver Creek"), under a masters services agreement. Our directors, Robert Delaney, Adam Klein and our Chairman and Chief Executive Officer, John Schmitz, serve on the board of Silver Creek. Each of B-29 Investments, LP, an entity controlled by John Schmitz, and funds controlled by Crestview GP owns 50% of the membership interests in Silver Creek.

TruPoint Well Services, LP

For the year ended December 31, 2015, we incurred costs totaling approximately \$344,757 for workover services for a saltwater disposal well in Colorado from TruPoint Well Services, LP ("TruPoint"). B-29 Investments, LP, an entity controlled by our Chairman and Chief Executive Officer, John Schmitz, owns a majority of the equity interests in TruPoint. Additionally, our President Cody Ortowski is an indirect owner of TruPoint. John Schmitz and Cody Ortowski are directors of TruPoint.

United Surface and Minerals

For the year ended December 31, 2015 and the nine months ended September 30, 2016, we leased land and access rights for water sourcing in Colorado at a cost of \$675,423 and \$250,000, respectively, from United Surface and Minerals ("United Surface"), which is owned by B-29 Investments, LP, an entity controlled by our Chairman and Chief Executive Officer, John Schmitz. Proactive

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Investments, LP, an entity owned by our President Cody Ortowski, owns a minority equity interest in United Surface. Additionally, Robert Delaney is an equity investor in United Surface.

Corporate Reorganization

In connection with our reorganization prior to this offering, we engaged in certain transactions with certain affiliates and the members of SES Holdings, LLC. Please read "Organizational Structure."

Policies and Procedures for Review of Related Party Transactions

A "Related Party Transaction" is a transaction, arrangement or relationship in which we or any of our subsidiaries was, is or will be a participant, the amount of which involved exceeds \$120,000, and in which any related person had, has or will have a direct or indirect material interest. A "Related Person" means:

- any person who is, or at any time during the applicable period was, one of our executive officers or one of our directors;
- any person who is known by us to be the beneficial owner of more than 5.0% of our Class A common stock;
- any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a director, executive officer or a beneficial owner of more than 5.0% of our Class A common stock, and any person (other than a tenant or employee) sharing the household of such director, executive officer or beneficial owner of more than 5.0% of our Class A common stock; and
- any firm, corporation or other entity in which any of the foregoing persons is a partner or principal or in a similar position or in which such person has a substantial ownership interest or control of the entity.

Our board of directors will adopt a written related party transactions policy prior to the completion of this offering. Pursuant to this policy, our audit committee will review all material facts of all Related Party Transactions and either approve or disapprove entry into the Related Party Transaction, subject to certain limited exceptions. In determining whether to approve or disapprove entry into a Related Party Transaction, our audit committee shall take into account, among other factors, the following: (i) whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and (ii) the extent of the Related Person's interest in the transaction. Further, the policy will require that all Related Party Transactions required to be disclosed in our filings with the SEC be so disclosed in accordance with applicable laws, rules and regulations.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table and related footnotes set forth certain information regarding the selling shareholders. To our knowledge, each of the selling shareholders has sole voting and investment power as to the shares shown, except as disclosed in this prospectus or to the extent this power may be shared with a spouse. Except as noted in this prospectus, none of the selling shareholders is a director, officer or employee of ours or an affiliate of such person.

	Shares Owned Prior to this Offering	Number of Shares to be Sold in the Offering	Maximum Number of Additional Shares to be Sold Upon Full Exercise of Underwriters' Option(1)	Before Offering	After Offering (Assuming no Exercise of Underwriters' Option)(2)	Percentage Beneficially Owned After Offering (Assuming Exercise of Underwriters' Option in Full)(1)
Total						

ORGANIZATIONAL STRUCTURE

The Company was incorporated as a Delaware corporation on November 21, 2016. The Company is a holding company whose sole material asset consists of a membership interest in SES Holdings. SES Holdings was formed as a Delaware limited liability company in July 2008 and owns all of the equity interests of the primary operating subsidiaries through which we operate our business. The Company is the sole managing member of SES Holdings, is responsible for all operational, management and administrative decisions relating to SES Holdings' business and consolidates the financial results of SES Holdings and its subsidiaries.

In December 2016, in connection with the 144A Offering we completed certain reorganization transactions including:

- Legacy Owner Holdco acquired by merger all of the outstanding membership interests in SES Holdings from the existing owners of such membership interests, whom we refer to as the "Legacy Owners," in exchange for membership interests in Legacy Owner Holdco;
- the membership interests of SES Holdings were converted into a single class of common units, which we refer to as "SES Holdings LLC Units";
- the Company acquired, directly or indirectly, SES Holdings LLC Units that were directly and indirectly owned by certain affiliates of the Legacy Owners, whom we refer to as the "Contributing Legacy Owners," in exchange for 3,802,972 shares of Class A common stock;
- the Company issued 16,100,000 shares of Class A-1 common stock, which will be automatically converted to shares of Class A common stock upon the effectiveness of a registration statement filed to permit resales of shares purchased in the 144A Offering;
- the Company issued 38,462,541 shares of its Class B common stock and contributed these shares and all of the net proceeds of the 144A Offering to SES Holdings in exchange for a number of SES Holdings LLC Units equal to the number of shares of Class A-1 common stock issued to the purchasers in the 144A Offering; and
- SES Holdings distributed to Legacy Owner Holdco all of the Class B common stock it received from the Company, with Legacy Owner Holdco receiving one share of Class B common stock for each SES Holdings LLC Unit that Legacy Owner Holdco owns.

Each share of Class B common stock has no economic rights but entitles its holder to one vote on matters to be voted on by our stockholders. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or by our certificate of incorporation. We do not intend to list our Class B common stock on any stock exchange. All of our Class B common stock will be held by Legacy Owner Holdco; accordingly, the board of managers of Legacy Owner Holdco will exercise voting control over all Class B common stock immediately following this offering.

Legacy Owner Holdco (and its permitted transferees, including certain members of Legacy Owner Holdco under the SES Holdings LLC Agreement) subject to certain limitations, has the right, which we refer to as the "Exchange Right," to cause SES Holdings to acquire all or a portion of its SES Holdings LLC Units (along with a corresponding number of shares of our Class B common stock) for, at SES Holdings' election, (i) shares of our Class A common stock at an exchange ratio of one share of Class A common stock for each SES Holdings LLC Unit exchanged, subject to conversion rate adjustments for stock splits, stock dividends, reclassification and other similar transactions or (ii) cash in an amount equal to the Cash Election Value of such Class A common stock. Alternatively, upon the exercise of any Exchange Right, the Company (instead of SES Holdings) will have the right, which we refer to as our "Call Right," to acquire the tendered SES Holdings LLC Units from the exchanging unitholder for, at its election, (i) the number of shares of Class A common stock the exchanging

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unitholder would have received under the Exchange Right or (ii) cash in an amount equal to the Cash Election Value of such Class A common stock. The board of managers of Legacy Owner Holdco, which consists of our CEO, John Schmitz, and two representatives of funds controlled by Crestview GP, must unanimously approve any exchange of ownership interests in Legacy Owner Holdco for SES Holdings LLC Units except, following listing of our Class A common stock on a national securities exchange, for exchanges by affiliates of John Schmitz and Crestview GP (which may be made at the election of such affiliates). If such exchange is approved, such members of Legacy Owner Holdco will have the same "Exchange Right" as Legacy Owner Holdco, subject to the terms and conditions described above. In connection with any exchange of SES Holdings LLC Units pursuant to an Exchange Right or our Call Right, the corresponding number of shares of Class B common stock will be cancelled. The Exchange Rights will be subject to restrictions intended to ensure that SES Holdings will continue to be treated as a partnership for U.S. federal income tax purposes. Please read "Certain Relationships and Related Party Transactions—SES Holdings LLC Agreement."

In connection with the 144A Offering, we entered into two tax receivable agreements, which we refer to as the "Tax Receivable Agreements," with Legacy Owner Holdco, Crestview GP and certain affiliates of the Legacy Owners, including the Contributing Legacy Owners, whom we collectively refer to as the "TRA Holders."

The first of the Tax Receivable Agreements, which we entered into with Legacy Owner Holdco and Crestview GP, generally provides for the payment by us to such TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that we actually realize (computed using simplifying assumptions to address the impact of state and local taxes) or are deemed to realize in certain circumstances in periods after the 144A Offering as a result of, as applicable to each such TRA Holder, (i) certain increases in tax basis that occur as a result of our acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such TRA Holder's SES Holdings LLC Units in connection with the 144A Offering or pursuant to the exercise of the Exchange Right or our Call Right and (ii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make under such Tax Receivable Agreement.

The second of the Tax Receivable Agreements, which we entered into with an affiliate of the Contributing Legacy Owners, generally provides for the payment by us to such TRA Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax that we actually realize (computed using simplifying assumptions to address the impact of state and local taxes) or are deemed to realize in certain circumstances in periods after the 144A Offering as a result of, as applicable to each such TRA Holder, (i) any net operating losses available to us as a result of certain reorganization transactions entered into in connection with the 144A Offering and (ii) imputed interest deemed to be paid by us as a result of any payments we make under such Tax Receivable Agreement.

Under both Tax Receivable Agreements, we will retain the benefit of the remaining 15% of these cash savings. Certain of the TRA Holders' rights under the Tax Receivable Agreements are transferable in connection with a permitted transfer of SES Holdings LLC Units or if the TRA Holder no longer holds SES Holdings LLC Units. For additional information regarding the Tax Receivable Agreements, see "Risk Factors—Risks Relating to the Offering and our Class A Common Stock," "Risk Factors—Risks Related to Our Internal Reorganization and Resulting Structure" and "Certain Relationships and Related Party Transactions—Tax Receivable Agreements."

DESCRIPTION OF CAPITAL STOCK

Upon completion of this offering, our authorized capital stock will consist of 250,000,000 shares of Class A common stock, \$0.01 par value per share, of which will be issued and outstanding; 150,000,000 shares of Class B common stock, \$0.01 par value per share, of which 38,462,541 will be issued and outstanding; 40,000,000 shares of Class A-1 common stock, \$0.01 par value per share, of which no shares will be issued and outstanding; and 50,000,000 shares of preferred stock, \$0.01 par value per share, of which no shares will be issued and outstanding.

The following summary of our capital stock and certificate of incorporation and bylaws does not purport to be complete and is qualified in its entirety by reference to the provisions of applicable law and to our amended and restated certificate of incorporation and amended and restated bylaws, are filed as exhibits to the registration statement of which this prospectus is a part.

Class A Common Stock

Voting Rights. Holders of shares of our Class A common stock are entitled to one vote per share held of record on all matters to be voted upon by the stockholders. Holders of shares of our Class A common stock do not have cumulative voting rights in the election of directors. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval.

Dividend Rights. Holders of shares of our Class A common stock are entitled to ratably receive dividends when and if declared by our board of directors out of funds legally available for that purpose, subject to any statutory or contractual restrictions on the payment of dividends and to any prior rights and preferences that may be applicable to any outstanding preferred stock.

Liquidation Rights. Upon our liquidation, dissolution, distribution of assets or other winding up, holders of shares of our Class A common stock are entitled to receive ratably the assets available for distribution to the stockholders after payment of liabilities and the liquidation preference of any of our outstanding shares of preferred stock.

Other Matters. The shares of Class A common stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Class A common stock. All outstanding shares of our Class A common stock, including the Class A common stock offered in this offering, are fully paid and non-assessable.

Class B Common Stock

Voting Rights. Holders of shares of our Class B common stock are entitled to one vote per share held of record on all matters to be voted upon by the stockholders. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval.

Dividend and Liquidation Rights. Holders of our Class B common stock do not have any right to receive dividends, unless (i) the dividend consists of shares of our Class B common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class B common stock paid proportionally with respect to each outstanding share of our Class B common stock and (ii) a dividend consisting of shares of Class A common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class A common stock on the same terms is simultaneously paid to the holders of Class A common stock. Holders of our Class B common stock do not have any right to receive a distribution upon our liquidation or winding up.

Class A-1 Common Stock

General. Our Class A-1 common stock were issued in connection with the 144A Offering. Upon the effectiveness of a registration statement filed to permit resales of shares purchased in the 144A Offering, all shares of our Class A-1 common stock will be converted into shares of Class A common stock and no shares will be outstanding.

Preferred Stock

Our amended and restated certificate of incorporation authorizes our board of directors, subject to any limitations prescribed by law, without further stockholder approval, to establish and to issue from time to time one or more classes or series of preferred stock, par value \$0.01 per share, covering up to an aggregate of 50,000,000 shares of preferred stock. Each class or series of preferred stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by the board of directors, which may include, among others, dividend rights, liquidation preferences, voting rights, conversion rights, preemptive rights and redemption rights. Except as provided by law or in a preferred stock designation, the holders of preferred stock will not be entitled to vote at or receive notice of any meeting of stockholders.

Anti-Takeover Effects of Provisions of Our Certificate of Incorporation, Our Bylaws and Delaware Law

Some provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws described below, will contain provisions that could make the following transactions more difficult: (i) acquisitions of us by means of a tender offer, a proxy contest or otherwise or (ii) removal of our incumbent officers and directors. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of the board of directors or of our Class A common stock to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in improved terms for our stockholders.

Delaware Law

Section 203 of the Delaware General Corporation Law ("DGCL") prohibits a Delaware corporation from engaging in any business combination with any stockholder who beneficially owns more than 15% of our stock (an "interested stockholder") for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the transaction is approved by the board of directors before the date the interested stockholder attained that status;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or after such time the business combination is approved by the board of directors and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

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We have opted out of Section 203 of the DGCL. Our amended and restated certificate of incorporation will contain, however, provisions that are similar to Section 203 of the DGCL (except with respect to any or all of the Legacy Owners, Contributing Legacy Owners, Legacy Owner Holdco, Crestview Partners, Crestview GP, B-29 Investments, LP, Sunray Capital, LP, any of our managers or directors, and any successors in interest to, assigns of, third-party transferees of, and affiliates of any of the aforementioned persons).

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Provisions of our amended and restated certificate of incorporation and our amended and restated bylaws may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our Class A common stock.

Among other things, our amended and restated certificate of incorporation and amended and restated bylaws:

- establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year's annual meeting. Our amended and restated bylaws specify the requirements as to form and content of all stockholders' notices. These requirements may deter stockholders from bringing matters before the stockholders at an annual or special meeting;
- authorize our board of directors to issue undesignated preferred stock. This ability makes it possible for our board of directors to issue, without stockholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company;
- provide that the authorized number of directors may be changed only by resolution of the board of directors;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law or, if applicable, the rights of holders of a series of preferred stock, be filled by the affirmative vote of a majority of the total number of authorized directors;
- provide that, after we cease to be a controlled company, any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders, subject to the rights of the holders of any series of preferred stock with respect to such series;
- provide that our amended and restated certificate of incorporation and amended and restated bylaws may be amended by the affirmative vote of the holders of at least two-thirds of our then outstanding Class A common stock;
- provide that, after we cease to be a controlled company, special meetings of our stockholders may only be called by a majority of the total number of authorized directors;
- provide that, after we cease to be a controlled company, our board of directors be divided into three classes of directors, with each class as nearly equal in number as possible, serving

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staggered three-year terms, other than directors which may be elected by holders of preferred stock, if any. This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors;

- provide that we renounce any interest or expectancy in any business opportunity (existing and future) that involves any aspect of the energy business or industry and that may be from time to time presented to any member of Legacy Owner Holdco, Crestview Partners or any affiliate of Crestview GP, B-29 Investments, LP, Sunray Capital, LP or Proactive Investments, LP (the "Legacy Group") or any director or officer of the corporation who is also an employee, partner, member, manager, officer or director of any member of the Legacy Group, and that such persons have no obligation to offer us those investments or opportunities; and
- provide that our amended and restated bylaws can be amended by unilateral action of the board of directors.

Forum Selection

Our amended and restated certificate of incorporation provides that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders;
- any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; or
- any action asserting a claim against us or any director or officer or other employee of ours that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

Our amended and restated certificate of incorporation also provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and to have consented to, this forum selection provision. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. The enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that this provision in our amended and restated certificate of incorporation is inapplicable or unenforceable.

Limitation of Liability and Indemnification Matters

Our amended and restated certificate of incorporation limits the liability of our directors for monetary damages for breach of their fiduciary duty as directors, except to the extent such exemption or limitation thereof is not permitted under the DGCL and applicable law. Delaware law provides that directors of a company will not be personally liable for monetary damages for breach of their fiduciary duty as directors, except for liabilities:

- for any breach of their duty of loyalty to us or our stockholders;

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- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- for unlawful payment of dividend or unlawful stock repurchase or redemption, as provided under Section 174 of the DGCL; or
- for any transaction from which the director derived an improper personal benefit.

Any amendment, repeal or modification of these provisions will be prospective only and would not affect any limitation on liability of a director for acts or omissions that occurred prior to any such amendment, repeal or modification.

Our amended and restated bylaws also provide that we will indemnify and hold harmless our directors and officers to the fullest extent permitted by Delaware law. Our amended and restated bylaws also permit us to purchase insurance on behalf of any officer, director, employee or other agent for any liability arising out of that person's actions as our officer, director, employee or agent, regardless of whether or not we would have the power under the DGCL to indemnify such persons against related expense, liability or loss. We expect to enter into indemnification agreements with each of our directors and officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liability that may arise by reason of their service to us and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We believe that the limitation of liability provision in our amended and restated certificate of incorporation and the indemnification agreements facilitate our ability to continue to attract and retain qualified individuals to serve as directors and officers.

Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC is the transfer agent and registrar for our Class A common stock.

ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the acquisition and holding of shares of Class A common stock by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code (the "Code") or employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) or other plans that are not subject to the foregoing but may be subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws"), and entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, a "Plan").

This summary is based on the provisions of ERISA and the Code (and related regulations and administrative and judicial interpretations) as of the date of this registration statement. This summary does not purport to be complete, and no assurance can be given that future legislation, court decisions, regulations, rulings or pronouncements will not significantly modify the requirements summarized below. Any of these changes may be retroactive and may thereby apply to transactions entered into prior to the date of their enactment or release. This discussion is general in nature and is not intended to be all inclusive, nor should it be construed as investment or legal advice.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation to an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in shares of Class A common stock with a portion of the assets of any Plan, a fiduciary should consider the Plan's particular circumstances and all of the facts and circumstances of the investment and determine whether the acquisition and holding of shares of Class A common stock is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code, or any Similar Law relating to the fiduciary's duties to the Plan, including, without limitation:

- whether the investment is prudent under Section 404(a)(1)(B) of ERISA and any other applicable Similar Laws;
- whether, in making the investment, the ERISA Plan will satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA and any other applicable Similar Laws;
- whether the investment is permitted under the terms of the applicable documents governing the Plan;
- whether in the future there may be no market in which to sell or otherwise dispose of the shares of Class A common stock;
- whether the acquisition or holding of the shares of Class A common stock will constitute a "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Code (please see discussion under "—Prohibited Transaction Issues" below); and

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- whether the Plan will be considered to hold, as plan assets, (i) only shares of Class A common stock or (ii) an undivided interest in our underlying assets (please see the discussion under "—Plan Asset Issues" below).

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to excise taxes, penalties and liabilities under ERISA and the Code. The acquisition and/or holding of shares of Class A common stock by an ERISA Plan with respect to which the issuer, the initial purchaser, or a guarantor is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

Because of the foregoing, shares of Class A common stock should not be acquired or held by any person investing "plan assets" of any Plan, unless such acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a similar violation of any applicable Similar Laws.

Plan Asset Issues

Additionally, a fiduciary of a Plan should consider whether the Plan will, by investing in us, be deemed to own an undivided interest in our assets, with the result that we would become a fiduciary of the Plan and our operations would be subject to the regulatory restrictions of ERISA, including its prohibited transaction rules, as well as the prohibited transaction rules of the Code and any other applicable Similar Laws.

The Department of Labor (the "DOL") regulations provide guidance with respect to whether the assets of an entity in which ERISA Plans acquire equity interests would be deemed "plan assets" under some circumstances. Under these regulations, an entity's assets generally would not be considered to be "plan assets" if, among other things:

(a) the equity interests acquired by ERISA Plans are "publicly offered securities" (as defined in the DOL regulations)—i.e., the equity interests are part of a class of securities that is widely held by 100 or more investors independent of the issuer and each other, are freely transferable, and are either registered under certain provisions of the federal securities laws or sold to the ERISA Plan as part of a public offering under certain conditions;

(b) the entity is an "operating company" (as defined in the DOL regulations)—i.e., it is primarily engaged in the production or sale of a product or service, other than the investment of capital, either directly or through a majority-owned subsidiary or subsidiaries; or

(c) there is no significant investment by "benefit plan investors" (as defined in the DOL regulations)—i.e., immediately after the most recent acquisition by an ERISA Plan of any equity interest in the entity, less than 25% of the total value of each class of equity interest (disregarding certain interests held by persons (other than benefit plan investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof) is held by ERISA Plans, IRAs and certain other Plans (but not including governmental plans, foreign plans and certain church plans), and

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entities whose underlying assets are deemed to include plan assets by reason of a Plan's investment in the entity.

Due to the complexity of these rules and the excise taxes, penalties and liabilities that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering acquiring and/or holding shares of our Class A common stock on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the acquisition and holding of shares of Class A common stock. Purchasers of shares of Class A common stock have the exclusive responsibility for ensuring that their acquisition and holding of shares of Class A common stock complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. The sale of shares of Class A common stock to a Plan is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

SHARES ELIGIBLE FOR FUTURE SALE

General

Prior to this offering, there has been no public market for our Class A common stock. Future sales of our Class A common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect the market price of our Class A common stock prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of a substantial number of shares of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our Class A common stock at such time and our ability to raise equity-related capital at a time and price we deem appropriate.

Sales of Restricted Shares

Upon completion of this offering, we will have _____ shares of our Class A common stock outstanding. Of these shares, all of the _____ shares of Class A common stock to be sold in this offering (or _____ shares assuming the underwriters exercise their option to purchase additional shares in full) will be freely tradable without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 under the Securities Act.

In addition, we issued 16,100,000 shares of Class A-1 common stock to qualified institutional buyers, accredited investors and certain foreign investors pursuant to the 144A Offering and 3,802,972 shares of Class A common stock to the Contributing Legacy Owners. The shares of Class A-1 common stock will convert into Class A common stock upon effectiveness of a shelf registration statement for the resale of such shares. The majority of the shares outstanding prior to this offering are subject to the resale limitations of the registration rights agreements as described below under "—Registration Rights." In addition, shares held by our directors and officers, Legacy Owner Holdco and the Contributing Legacy Owners are subject to the Lock-Up Agreements described below under "—Lock-Up Agreements." Because each of the securities outstanding prior to this offering were issued and sold in private placements, such shares are eligible for resale only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144, Rule 701, Regulation S or another exemption from registration under the Securities Act, which rules are summarized below.

In addition, subject to certain limitations and exceptions, pursuant to the terms of the SES Holdings LLC Agreement, Legacy Owner Holdco and its permitted transferees will have the right to exchange all or a portion of its SES Holdings LLC Units (together with a corresponding number of shares of Class B common stock) for Class A common stock (or the Cash Election Value of such Class A common stock) at an exchange ratio of one share of Class A common stock for each SES Holdings LLC Unit (and corresponding share of Class B common stock) exchanged, subject to conversion rate adjustments for stock splits, stock dividends and reclassifications. Legacy Owner Holdco holds 38,462,541 SES Holdings LLC Units, all of which (together with a corresponding number of shares of our Class B common stock) are exchangeable for 38,462,541 shares of our Class A common stock. See "Certain Relationships and Related Party Transactions—SES Holdings LLC Agreement." The shares of Class A common stock we issue upon such exchanges would be "restricted securities" as defined in Rule 144 described below. Upon the closing of the 144A Offering, we entered into a registration rights agreement with the Legacy Owners and the Contributing Legacy Owners that requires us to register under the Securities Act these shares of Class A common stock. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement for the Benefit of the Legacy Owners and the Contributing Legacy Owners."

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As a result of the lock-up agreements and the registration rights agreements described below and the provisions of Rule 144 and Rule 701 under the Securities Act, shares of our Class A common stock (excluding the shares to be sold in this offering) will be available for sale in the public market shortly after this offering, assuming registration of such shares under the Securities Act or when permitted under Rule 144, Rule 701 Regulation S or another exemption from registration under the Securities Act are as follows:

- shares subject to the Lock-Up Agreements will not be eligible for sale for 180 days from the date of the prospectus which forms a part of our initial public offering registration statement, subject to certain exceptions.
- 16,100,000 shares subject to the Registration Rights Agreement will not be eligible for sale for at least 60 days following the closing of our initial public offering, if the owner of such shares elected not to participate in this offering.

Lock-Up Periods

We, all of our directors and officers and certain of our selling shareholders have agreed not to sell or otherwise transfer or dispose of any common stock for a period of 180 days from the date of our initial public offering prospectus, subject to certain exceptions and extensions.

The holders of Class A-1 common stock purchased in the 144A Offering or issued as Special Stock Dividends (as defined in the Registration Rights Agreement) who do not elect to include their shares of Class A common stock into which the shares of Class A-1 common stock is convertible for resale in the initial public offering have agreed not to sell or otherwise transfer or dispose of any common stock for a period of 60 days from the date of our initial public offering prospectus, subject to certain exceptions and extensions.

Registration Rights

Registration Rights Agreement with FBR

In December 2016, in connection with the closing of the 144A Offering, we entered into a registration rights agreement between us and FBR Capital Markets & Co. Under this registration rights agreement, we agreed, at our expense, to file with the SEC, in no event later than April 30, 2017, a shelf registration statement registering for resale the 16,100,000 shares of our Class A-1 common stock sold in the 144A Offering plus any additional shares of Class A-1 common stock issued in respect thereof whether by stock dividend, stock distribution, stock split, or otherwise, and to cause such registration statement to be declared effective by the SEC as soon as practicable but in any event within 180 days after the initial filing of such registration statement. All of the Class A-1 common stock will convert into Class A common stock upon effectiveness of a shelf registration statement for the resale of such shares. We have filed such registration statement and expect it to become effective shortly after the completion of this offering. Investors in the 144A Offering will be entitled to make sales under such registration statement 60 days following the completion of this offering.

We are required to use our commercially reasonable efforts to cause the shelf registration statement to become effective under the Securities Act as soon as practicable after the filing and, subject to certain blackout periods, to continuously maintain the effectiveness of the shelf registration statement under the Securities Act until the first to occur of:

- the sale of all of the shares of common stock covered by the shelf registration statement in accordance with the intended distribution of such common stock;
- none of the shares of common stock with rights under the registration rights agreement remain outstanding; or

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- the first anniversary of the initial effective date of the shelf registration statement, subject to certain conditions and extension periods, as applicable.

The preceding summary of certain provisions of the registration rights agreement is not intended to be complete, and is subject to, and qualified in its entirety by reference to, all of the provisions of the registration rights agreement and you should read this summary together with the complete text of the registration rights agreement, which is filed as an exhibit to the registration statement of which this prospectus is a part.

Registration Rights Agreement with Legacy Owners

In December 2016, in connection with the closing of the 144A Offering, we entered into a registration rights agreement among us, Legacy Owner Holdco and the Contributing Legacy Owners. Under this registration rights agreement, Legacy Owner Holdco and the Contributing Legacy Owners are entitled to registration rights with respect to the shares of Class A common stock which may be received upon exchanges of Class B common stock owned directly or indirectly by them. Please read "Certain Relationships and Related Party Transactions—Registration Rights Agreement for the Benefit of the Legacy Owners and the Contributing Legacy Owners" for more information on this registration rights agreement.

Rule 144

In general, under Rule 144 under the Securities Act as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person (who has been unaffiliated for at least the past three months) who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our Class A common stock or the average weekly trading volume of our Class A common stock reported through the NYSE during the four calendar weeks preceding the filing of notice of the sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirement of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144. The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus

2016 Long-Term Incentive Plan

We adopted the 2016 Plan for the employees, consultants and the directors of our company and its affiliates who perform services for us. To date, we have issued (i) an aggregate of 620,720 options in exchange for options that were originally outstanding under our predecessor's incentive plan prior to the 144A Offering (ii) an aggregate of 324,102 options subject to new awards and (iii) an aggregate of 34,857 restricted stock units subject to new awards, in each case, under the 2016 Plan. Upon closing of this offering, we expect to have awards outstanding.

The 2016 Plan provides for potential grants of: (i) incentive stock options qualified as such under U.S. federal income tax laws ("incentive options"); (ii) stock options that do not qualify as incentive stock options ("nonstatutory options," and together with incentive options, "options"); (iii) restricted stock awards ("restricted stock awards"); (iv) restricted stock units ("restricted stock units" or "RSUs"); (v) bonus stock ("bonus stock awards"); (vi) performance awards ("performance awards"); (vii) annual incentive awards ("annual incentive awards"); and (viii) management incentive unit awards (described below, and referred collectively herein with the other awards as the "awards").

The maximum aggregate number of shares of Class A common stock that may be issued pursuant to any and all awards under the 2016 Plan shall not exceed 4,600,000 shares of Class A common stock plus 8% of any shares of Class A common stock sold in any underwritten public offering, including the options to be assumed by us under the 2011 Plan. With respect to management incentive unit awards, the plan's reserve pool will be reduced on a one-for-one basis. The reserve pool will be subject to adjustment due to recapitalization or reorganization, or related to forfeitures or the expiration of awards, as provided under the 2016 Plan. If Class A common stock subject to any award is not issued or transferred, or ceases to be issuable or transferable for any reason, including (but not exclusively) because shares are withheld or surrendered in payment of taxes or any exercise or purchase price relating to an award or because an award is forfeited, terminated, expires unexercised, is settled in cash in lieu of Class A common stock or is otherwise terminated without a delivery of shares, those shares of Class A common stock will again be available for issue, transfer or exercise pursuant to awards under the 2016 Plan to the extent allowable by law. For a description of the 2016 Plan, see "Executive Compensation."

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income tax considerations related to the purchase, ownership and disposition of our Class A common stock by a non-U.S. holder (as defined below), that holds our Class A common stock as a "capital asset" (generally property held for investment). This summary is based on the provisions of the Code, U.S. Treasury regulations, administrative rulings and judicial decisions, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to non-U.S. holders in light of their personal circumstances. In addition, this summary does not address the Medicare tax on certain investment income, U.S. federal estate or gift tax laws, any state, local or non-U.S. tax laws or any tax treaties. This summary also does not address tax considerations applicable to investors that may be subject to special treatment under the U.S. federal income tax laws, such as:

- banks, insurance companies or other financial institutions;
- tax-exempt or governmental organizations;
- qualified foreign pension funds (or any entities all of the interests of which are held by a qualified foreign pension fund);
- dealers in securities or foreign currencies;
- traders in securities that use the mark-to-market method of accounting for U.S. federal income tax purposes;
- persons subject to the alternative minimum tax;
- partnerships or other pass-through entities for U.S. federal income tax purposes or holders of interests therein;
- persons deemed to sell our Class A common stock under the constructive sale provisions of the Code;
- persons that acquired our Class A common stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan;
- certain former citizens or long-term residents of the United States; and
- persons that hold our Class A common stock as part of a straddle, appreciated financial position, synthetic security, hedge, conversion transaction or other integrated investment or risk reduction transaction.

PROSPECTIVE INVESTORS ARE ENCOURAGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR CLASS A COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL, NON-U.S. OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Non-U.S. Holder Defined

For purposes of this discussion, a "non-U.S. holder" is a beneficial owner of our Class A common stock that is not for U.S. federal income tax purposes a partnership or any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (i) the administration of which is subject to the primary supervision of a U.S. court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (ii) which has made a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our Class A common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner, upon the activities of the partnership and upon certain determinations made at the partner level. Accordingly, we urge partners in partnerships (including entities or arrangements treated as partnerships for U.S. federal income tax purposes) considering the purchase of our Class A common stock to consult their tax advisors regarding the U.S. federal income tax considerations of the purchase, ownership and disposition of our Class A common stock by such partnership.

Distributions

We do not plan to make any distributions on our Class A common stock in the foreseeable future. However, in the event we do make distributions of cash or other property on our Class A common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed our current and accumulated earnings and profits, the distributions will be treated as a non-taxable return of capital to the extent of the non-U.S. holder's tax basis in our Class A common stock and thereafter as capital gain from the sale or exchange of such Class A common stock. See "—Gain on Disposition of Class A Common Stock." Subject to the withholding requirements under FATCA (as defined below) and with respect to effectively connected dividends, each of which is discussed below, any distribution made to a non-U.S. holder on our Class A common stock generally will be subject to U.S. withholding tax at a rate of 30% of the gross amount of the distribution unless an applicable income tax treaty provides for a lower rate. To receive the benefit of a reduced treaty rate, a non-U.S. holder must provide the applicable withholding agent with an IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable or successor form) certifying qualification for the reduced rate.

Dividends paid to a non-U.S. holder that are effectively connected with a trade or business conducted by the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, are treated as attributable to a permanent establishment maintained by the non-U.S. holder in the United States) generally will be taxed on a net income basis at the rates and in the manner generally applicable to United States persons (as defined under the Code). Such effectively connected dividends will not be subject to U.S. withholding tax if the non-U.S. holder satisfies certain certification requirements by providing the applicable withholding agent a properly executed IRS Form W-8ECI certifying eligibility for exemption. If the non-U.S. holder is treated as a corporation for U.S. federal income tax purposes, it may also be subject to a branch profits tax (at a 30% rate or such lower rate as

specified by an applicable income tax treaty) on its effectively connected earnings and profits (as adjusted for certain items), which will include effectively connected dividends.

Gain on Disposition of Class A Common Stock

Subject to the discussion below under "—Backup Withholding and Information Reporting" and "—Additional Withholding Requirements under FATCA," a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our Class A common stock unless:

- the non-U.S. holder is an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met;
- the gain is effectively connected with a trade or business conducted by the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States); or
- our Class A common stock constitutes a United States real property interest by reason of our status as a United States real property holding corporation ("USRPHC") for U.S. federal income tax purposes.

A non-U.S. holder described in the first bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as specified by an applicable income tax treaty) on the amount of such gain, which generally may be offset by U.S. source capital losses.

A non-U.S. holder whose gain is described in the second bullet point above or, subject to the exceptions described in the next paragraph, the third bullet point above, generally will be taxed on a net income basis at the rates and in the manner generally applicable to United States persons (as defined under the Code) unless an applicable income tax treaty provides otherwise. If the non-U.S. holder is treated as a corporation for U.S. federal income tax purposes whose gain is described in the second bullet point above, then such gain would also be included in its effectively connected earnings and profits (as adjusted for certain items), which may be subject to a branch profits tax (at a 30% rate or such lower rate as specified by an applicable income tax treaty).

Generally, a corporation is a USRPHC if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We believe that we currently are not a USRPHC for U.S. federal income tax purposes, and we do not expect to become a USRPHC for the foreseeable future. However, in the event that we become a USRPHC, as long as our Class A common stock is and continues to be regularly traded on an established securities market, only a non-U.S. holder that actually or constructively owns, or owned at any time during the shorter of the five-year period ending on the date of the disposition or the non-U.S. holder's holding period for the Class A common stock, more than 5% of our Class A common stock will be taxable on gain realized on the disposition of our Class A common stock as a result of our status as a USRPHC. If we were to become a USRPHC and our Class A common stock were not considered to be regularly traded on an established securities market, such holder (regardless of the percentage of our Class A common stock owned) would be subject to U.S. federal income tax on a taxable disposition of our Class A common stock (as described in the preceding paragraph), and a 15% withholding tax would apply to the gross proceeds from such disposition.

Non-U.S. holders should consult their tax advisors with respect to the application of the foregoing rules to their ownership and disposition of our Class A common stock.

Backup Withholding and Information Reporting

Any dividends paid to a non-U.S. holder must be reported annually to the IRS and to the non-U.S. holder. Copies of these information returns may be made available to the tax authorities in the country in which the non-U.S. holder resides or is established. Payments of dividends to a non-U.S. holder generally will not be subject to backup withholding if the non-U.S. holder establishes an exemption by properly certifying its non-U.S. status on an IRS Form W-8BEN, IRS Form W-8BEN-E (or other applicable or successor form).

Payments of the proceeds from a sale or other disposition by a non-U.S. holder of our Class A common stock effected by or through a U.S. office of a broker generally will be subject to information reporting and backup withholding (at the applicable rate) unless the non-U.S. holder establishes an exemption by properly certifying its non-U.S. status on an IRS Form W-8BEN, IRS Form W-8BEN-E (or other applicable or successor form) and certain other conditions are met. Information reporting and backup withholding generally will not apply to any payment of the proceeds from a sale or other disposition of our Class A common stock effected outside the United States by a non-U.S. office of a broker. However, unless such broker has documentary evidence in its records that the non-U.S. holder is not a United States person and certain other conditions are met, or the non-U.S. holder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the disposition of our Class A common stock effected outside the United States by such a broker if it has certain relationships within the United States.

Backup withholding is not an additional tax. Rather, the U.S. income tax liability (if any) of persons subject to backup withholding will be reduced by the amount of tax withheld. If backup withholding results in an overpayment of taxes, a refund may be obtained, provided that the required information is timely furnished to the IRS.

Additional Withholding Requirements under FATCA

Sections 1471 through 1474 of the Code, and the U.S. Treasury regulations and administrative guidance issued thereunder ("FATCA"), impose a 30% withholding tax on any dividends paid on our Class A common stock and on the gross proceeds from a disposition of our Class A common stock (if such disposition occurs after December 31, 2018), in each case if paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code) (including, in some cases, when such foreign financial institution or non-financial foreign entity is acting as an intermediary), unless (i) in the case of a foreign financial institution, such institution enters into an agreement with the U.S. government to withhold on certain payments, and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are non-U.S. entities with U.S. owners), (ii) in the case of a non-financial foreign entity, such entity certifies that it does not have any "substantial United States owners" (as defined in the Code) or provides the applicable withholding agent with a certification identifying the direct and indirect substantial United States owners of the entity (in either case, generally on an IRS Form W-8BEN-E), or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules and provides appropriate documentation (such as an IRS Form W-8BEN-E). Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing these rules may be subject to different rules. Under certain circumstances, a holder might be eligible for refunds or credits of such taxes. Non-U.S. holders are encouraged to consult their own tax advisors regarding the effects of FATCA on their investment in our Class A common stock.

INVESTORS CONSIDERING THE PURCHASE OF OUR CLASS A COMMON STOCK ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE APPLICABILITY AND EFFECT OF U.S. FEDERAL ESTATE AND GIFT TAX LAWS AND ANY STATE, LOCAL OR NON-U.S. TAX LAWS AND TAX TREATIES.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated _____, the underwriters named below, for whom _____ are acting as representatives, have severally agreed to purchase, and we and the selling shareholders have agreed to sell to them, severally, the number of shares of Class A common stock indicated below:

<u>Name</u>	<u>Number of Shares</u>
_____	_____
_____	_____
Total	_____

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of Class A common stock in the offering if any are purchased, other than those shares covered by the option described below. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We have granted the underwriters a 30-day option to purchase up to _____ additional shares of our Class A common stock at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of Class A common stock.

Prior to this offering, there has been no public market for our common stock. The initial public offering price has been negotiated between us and the representatives of the underwriters. The factors that were considered in these negotiations were:

- the history of, and prospects for, us and the industry in which we compete;
- our past and present financial performance;
- an assessment of our management;
- the present state of our development;
- the prospects for our future earnings;
- the prevailing conditions of the applicable United States securities market at the time of this offering; and
- market valuations of publicly traded companies that we and the representatives of the underwriters believe to be comparable to us.

The underwriters propose to offer the shares of Class A common stock initially at the initial public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of \$ _____ per share. The underwriters and selling group members may allow a discount of \$ _____ per share on sales to other broker/dealers. After the initial offering of the shares of Class A common stock, the underwriters may change the initial public offering price and concession and discount to broker/dealers. The offering of the shares of our Class A common stock by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

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The following table summarizes the compensation and estimated expenses that we and the selling shareholders will pay:

	<u>Per Share</u>	<u>Total</u>	
		<u>No Exercise</u>	<u>Full Exercise</u>
Public offering price			
Underwriting discounts and commissions to be paid by us			
Underwriting discounts and commissions to be paid by the selling shareholders			
Proceeds, before expenses, to us			

The expenses of this offering that are payable by us are estimated to be approximately \$ (excluding underwriting discounts and commissions).

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares offered by them.

We intend to apply to list our shares on the NYSE under the symbol " ."

Crestview and each of our officers and directors have agreed in connection with this offering that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our Class A common stock or securities convertible into or exchangeable or exercisable for any shares of our Class A common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our Class A common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of for a period of 180 days after the date of this prospectus.

, in its sole discretion, may release the Class A common stock and other securities subject to the lock-up agreements entered into in connection with this offering and described above in whole or in part at any time. When determining whether or not to release the Class A common stock and other securities from such lock-up agreements, may consider, among other factors, the holder's reasons for requesting the release and the number of shares of Class A common stock or other securities for which the release is being requested.

Additionally, in connection with this offering, all of the holders of our Class A-1 common stock purchased in the 144A Offering have agreed with us, to the extent requested by us or the lead managing underwriter(s), not to directly or indirectly sell, offer to sell, grant any option or otherwise transfer or dispose of our common stock for 180 days, in the case of the holders that are the selling shareholders in this offering, and 60 days, in the case of the holders who are not selling stock in this offering, in each case after the effective date of the registration statement of which this prospectus forms a part.

FBR, in its sole discretion, may release the Class A common stock and other securities subject to the lock-up agreements entered into in connection with the 144A Offering and described above in whole or in part at any time. When determining whether or not to release the Class A common stock and other securities from such lock-up agreements, FBR may consider, among other factors, the holder's reasons for requesting the release and the number of shares of Class A common stock or other securities for which the release is being requested.

We and the selling shareholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

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The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have from time to time performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for us and for our affiliates in the ordinary course of business for which they have received and would receive customary compensation.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investments and securities activities may involve long or short positions in securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions, penalty bids and passive market making in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any covered short position by either exercising their option to purchase additional shares and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the Class A common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representative to reclaim a selling concession from a syndicate member when the Class A common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.
- In passive market making, market makers in the Class A common stock who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchases of our Class A common stock until the time, if any, at which a stabilizing bid is made.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our Class A common stock or preventing or retarding a

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decline in the market price of the Class A common stock. As a result the price of our Class A common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the NYSE or otherwise and, if commenced, may be discontinued at any time.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, investment banking, commercial banking and other services for us and our affiliates, for which they received or will receive customary fees and expenses.

Furthermore, certain of the underwriters and their respective affiliates may, from time to time, enter into arms-length transactions with us in the ordinary course of their business. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities or instruments of the company. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

FBR was the sole initial purchaser and placement agent for the 144A offering, for which it was paid customary fees. FBR may in the future provide us and our affiliates with investment banking and financial advisory services for which FBR may in the future receive customary fees.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to the underwriters that may make Internet distributions on the same basis as other allocations.

Pricing of the Offering

Prior to this offering, there has been no public market for our shares. The initial public offering price will be determined by negotiations between us and the representatives. Among the factors that will be considered in determining the initial public offering price will be our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to ours. The estimated initial public offering price range set forth on the cover page of this prospectus is subject to change as a result of market conditions and other factors.

We cannot assure you that the prices at which the shares will sell in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our shares will develop and continue after this offering.

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to _____ % of the shares offered hereby for our directors, officers, employees, business associates and related persons. If purchased by these persons, these shares will be subject to a 180-day lock-up restriction. The number of shares available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares which are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered hereby.

LEGAL MATTERS

Vinson & Elkins L.L.P., Houston, Texas will pass upon the validity of the shares of our Class A common stock offered under this prospectus. Certain legal matters in connection with this offering will be passed upon for the underwriters by Baker Botts L.L.P., Houston, Texas.

EXPERTS

Pannell Kerr Forster of Texas, P.C., independent registered public accounting firm, has audited the consolidated financial statements of SES Holdings, LLC for the year ended December 31, 2015. We have included the aforementioned financial statements in this prospectus in reliance upon the reports of Pannell Kerr Forster of Texas, P.C., and upon authority of such firm as experts in the field of accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 (including the exhibits, schedules and amendments thereto) under the Securities Act, with respect to the shares of our Class A common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to us and the Class A common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus as to the contents of any contract, agreement or any other document are summaries of the material terms of this contract, agreement or other document. With respect to each of these contracts, agreements or other documents filed as an exhibit to the registration statement, reference is made to the exhibits for a more complete description of the matter involved. A copy of the registration statement, and the exhibits and schedules thereto, may be inspected without charge at the Public Reference Room of the SEC at 100 F Street N.E., Washington, DC 20549. Copies of these materials may be obtained from such office, upon payment of a duplicating fee. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

As a result of this offering, we will become subject to full information requirements of the Exchange Act. We will fulfill our obligations with respect to such requirements by filing periodic reports and other information with the SEC. We intend to furnish our shareholders with annual reports containing financial statements certified by an independent public accounting firm

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SELECT ENERGY SERVICES, INC.
UNAUDITED PRO FORMA FINANCIAL STATEMENTS

Introduction

The following unaudited pro forma consolidated financial statements of Select Energy Services, Inc. (the "Company") as of September 30, 2016, for the year ended December 31, 2015, and for the nine months ended September 30, 2016, are derived from the historical financial statements of SES Holdings, LLC set forth elsewhere in this prospectus and are qualified in their entirety by reference to such historical financial statements and related notes contained therein. These unaudited pro forma consolidated financial statements have been prepared to reflect our formation, private-placement of Class A-1 shares (the "144A Offering"), related formation and organizational transactions, and this offering of Class A common stock (the "IPO").

The pro forma adjustments are based upon currently available information and certain estimates and assumptions. Actual effects of the transactions may differ from the pro forma adjustments. Management believes, however, that the assumptions provide a reasonable basis for presenting the significant effects of the transactions as contemplated and that the pro forma adjustments are factually supportable and give appropriate effect to those assumptions and are properly applied in the unaudited pro forma financial data.

The pro forma adjustments have been prepared as if the 144A Offering, the IPO, and related transactions had taken place on September 30, 2016 in the case of the unaudited pro forma consolidated balance sheet, and as if the 144A Offering, the IPO, and related transactions had taken place on January 1, 2015, in the case of the unaudited pro forma consolidated statements of operations for the year ended December 31, 2015 and for the nine months ended September 30, 2016. The unaudited pro forma consolidated financial statements have been prepared on the assumption that the Company will be treated as a corporation for federal income tax purposes. The unaudited pro forma consolidated financial statements should be read in conjunction with the notes accompanying such unaudited pro forma financial statements and with the historical financial statements and related notes, as well as "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," each included elsewhere in this prospectus. Defined terms used but not defined herein have the meanings assigned to such terms in the prospectus.

The unaudited pro forma consolidated financial statements give pro forma effect to the following adjustments, among others:

144A Offering pro forma adjustments

- the acquisition by merger of all outstanding membership interests in SES Holdings, LLC by Legacy Owner Holdco and the conversion of all such interests of SES Holdings, LLC into a single class of units;
- the issuance of 16,100,000 shares of Class A-1 common stock to certain investors in the 144A Offering, including the exercise of the underwriters' option to purchase additional Class A-1 shares;
- the issuance of 3,802,972 shares of Class A common stock to the Contributing Legacy Owners in exchange for their direct or indirect interest in SES Holdings LLC Units;
- the issuance of 38,462,541 shares of Class B common stock to Legacy Owner Holdco immediately following the completion of the 144A Offering;
- the adjustments associated with the change in tax status to a corporation;
- the contribution by us of net proceeds of the offering in exchange for SES Holdings LLC Units and the issuance of SES Holdings LLC Units to Legacy Owner Holdco;

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- an estimate of the liability associated with the Tax Receivable Agreements we entered into as part of the reorganization and the corresponding deferred tax asset;
- the recognition of a noncontrolling interest in SES Holdings, LLC held by Legacy Owner Holdco;
- repayment of outstanding indebtedness and retention of cash for general corporate purposes, including potential future acquisitions; and
- changes in interest expense resulting from the repayment of outstanding indebtedness and the entry into the recent credit facility amendment.

IPO pro forma adjustments

- the issuance of shares of Class A common stock to the public in this offering;
- the automatic conversion of 16,100,000 shares of Class A-1 common stock into 16,100,000 shares of Class A common stock;
- the contribution by us of the net proceeds of this offering in exchange for SES Holdings LLC Units;
- the cash settlement of SES Holdings, LLC phantom units; and
- retention of cash by SES Holdings, LLC for general corporate purposes, including the expansion of the Bakken Pipeline systems and to fund other organic and acquisition growth opportunities.

The unaudited pro forma consolidated statements of operations exclude certain transaction costs, such as costs associated with the 144A Offering and the IPO that are not capitalized as part of the 144A Offering and the IPO. The unaudited pro forma consolidated financial data are presented for illustrative purposes only and do not purport to indicate the financial condition or results of operations of future periods or the financial condition or results of operations that actually would have been realized had the 144A Offering and the IPO been consummated on the dates or for the periods presented.

The unaudited pro forma consolidated financial statements constitute forward-looking information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Risk Factors" and "Forward-Looking Statements."

SELECT ENERGY SERVICES, INC.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2016

(in thousands, except unit data)	Historical SES Holdings, LLC	Pro forma adjustments			Pro forma Select Energy Services, Inc.
		144A Offering	Offering of Class A Shares		
Assets					
Current assets					
Cash and cash equivalents	\$ 6,741	\$ 45,034	(a)	\$ (d), (e)	\$
Accounts receivable	62,592	—	—	—	62,592
Accounts receivable, related parties	91	—	—	—	91
Inventory	875	—	—	—	875
Prepaid expenses and other current assets	8,262	—	—	—	8,262
Total current assets	78,561	45,034	—	—	—
Property and equipment	740,231	—	—	—	740,231
Accumulated depreciation	(477,675)	—	—	—	(477,675)
Property and equipment, net	262,556	—	—	—	262,556
Goodwill	12,242	—	—	—	12,242
Other intangible assets, net	13,707	—	—	—	13,707
Deferred tax asset	—	8,014	(b)	—	8,014
Other assets	3,800	4,203	(a)	—	8,003
Total assets	\$ 370,866	\$ 57,251	—	\$	\$
Liabilities and Members' Capital / Stockholders' Equity					
Current liabilities					
Accounts payable	\$ 7,554	\$ —	—	\$ —	\$ 7,554
Accounts payable and accrued expenses, related parties	186	—	—	—	186
Accrued salaries and benefits	5,791	—	—	—	5,791
Accrued insurance	9,425	—	—	—	9,425
Accrued expenses and other current liabilities	15,904	—	—	—	15,904
Current maturities of long-term debt	6,915	(6,915)	(a)	—	—
Total current liabilities	45,775	(6,915)	—	—	38,860
Accrued lease obligations	10,546	—	—	—	10,546
Other long term liabilities	9,976	6,812	(b)	—	16,788
Long-term debt, net of current maturities	242,366	(242,366)	(a)	—	—
Total liabilities	308,663	(242,469)	—	—	66,194
Commitments and contingencies					
Members' capital—42,265,513 common units issued and outstanding as of September 30, 2016 (actual); no common units issued and outstanding as of September 30, 2016 (pro forma, as adjusted)	55,773	(55,773)	(c)	—	—
Class A-1 common stock, \$0.01 par value; no shares authorized, issued and outstanding as of September 30, 2016 (actual); 40,000,000 shares authorized and no shares issued and outstanding as of September 30, 2016 (pro forma, as adjusted)	—	161	(a), (c)	(161)	(f)
Class A common stock, \$0.01 par value; no shares authorized, issued and outstanding as of September 30, 2016 (actual); 250,000,000 shares authorized and shares issued and outstanding as of September 30, 2016 (pro forma, as adjusted)	—	38	(c)	—	(f)
Class B common stock, \$0.01 par value; no shares authorized, issued and outstanding as of September 30, 2016 (actual); 150,000,000 shares authorized and 38,462,541 shares issued and outstanding as of September 30, 2016 (pro forma, as adjusted)	—	385	(c)	—	385
Preferred stock, \$0.01 par value; no shares authorized, issued and outstanding as of September 30, 2016 (actual); 50,000,000 shares authorized and no shares issued and outstanding as of September 30, 2016 (pro forma, as adjusted)	—	—	(c)	—	—
Additional paid-in capital	—	121,434	(a), (b), (c)	(f)	—
Retained earnings (accumulated deficit)	—	—	—	(e)	—
Noncontrolling interests	6,430	233,475	(a), (c)	(e), (f)	—
Total members' capital / stockholders' equity	62,203	299,720	—	—	—
Total liabilities and members' capital / stockholders' equity	\$ 370,866	\$ 57,251	—	\$	\$

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

SELECT ENERGY SERVICES, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

(in thousands, except unit and per unit data)	Historical SES Holdings, LLC	Pro forma adjustments		Pro forma Select Energy Services, Inc.
		144A Offering	Offering of Class A Shares	
Revenues				
Water solutions	\$ 427,496	\$ —	\$ —	\$ 427,496
Accommodations and rentals	52,948	—	—	52,948
Wellsite completion and construction services	55,133	—	—	55,133
Total revenues	535,577	—	—	535,576
Costs of revenue				
Water solutions	332,411	—	—	332,411
Accommodations and rentals	37,957	—	—	37,957
Wellsite completion and construction services	48,356	—	—	48,356
Depreciation and amortization	104,608	—	—	104,608
Total costs of revenue	523,332	—	—	523,332
Gross profit	12,245	—	—	12,245
Operating expenses				
Selling, general and administrative	56,548	—	—	56,548
Depreciation and amortization	3,104	—	—	3,104
Impairment of intangible assets	21,366	—	—	21,366
Total operating costs and expenses	81,018	—	—	81,018
Loss from operations	(68,773)	—	—	(68,773)
Other income (expense)				
Interest expense, net	(13,689)	11,069	(d)	(2,620)
Other income, net	893	—	—	893
Loss from operations before taxes	(81,569)	11,069	—	(70,499)
Tax expense (benefit)	324	—	(e)	324
Loss from continuing operations	(81,893)	11,069	—	(70,824)
Net income from discontinued operations, net of tax	21	—	—	21
Net loss	\$ (81,872)	\$ 11,069	\$ —	\$ (70,803)
Net loss attributable to noncontrolling interests	981	44,754	(f)	(i)
Net loss attributable to SES Holdings, LLC	(80,891)	80,891	(f), (g), (h)	—
Net loss attributable to Select Energy Services, Inc.	—	(25,068)	(f), (g), (h)	(i)
Allocation of net income (loss) attributable to:				
Common unitholders	(80,891)	80,891	(f)	—
Class A-1 shareholders	—	(20,627)	(g)	20,627 (j)
Class A shareholders	—	(4,441)	(h)	(i),(j)
Class B shareholders	—	—	(f)	—
	(80,891)	55,823		
Weighted average units/shares outstanding:				
Common units—Basic & Diluted	38,398,649	(38,398,649)	(f)	—
Class A-1 shares—Basic & Diluted	—	16,100,000	(g)	(16,100,000) (j)
Class A shares—Basic & Diluted	—	3,466,747	(h)	(i),(j)
Class B shares—Basic & Diluted	—	34,931,902	(f)	34,931,902
Net income (loss) per unit/share attributable to:				
Common units—Basic & Diluted	\$ (2.11)	\$ 2.11	\$ —	\$ —
Class A-1 shares—Basic & Diluted	\$ —	\$ 1.28	\$ 1.28	\$ —
Class A shares—Basic & Diluted	\$ —	\$ 1.28	\$ —	\$ —
Class B shares—Basic & Diluted	\$ —	\$ —	\$ —	\$ —

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

SELECT ENERGY SERVICES, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(in thousands, except unit and per unit data)	Historical SES Holdings, LLC	Pro forma adjustments		Pro forma Select Energy Services, Inc.
		144A Offering	Offering of Class A Shares	
Revenue				
Water solutions	\$ 173,157	\$ —	\$ —	\$ 173,157
Accommodations and rentals	19,585	—	—	19,585
Wellsite completion and construction services	22,923	—	—	22,923
Total revenues	215,665	—	—	215,665
Costs of revenue				
Water solutions	144,653	—	—	144,653
Wellsite completion and construction services	15,527	—	—	15,527
Accommodations and rentals	19,817	—	—	19,817
Depreciation and amortization	73,874	—	—	73,874
Total costs of revenue	253,871	—	—	253,871
Gross loss	(38,206)	—	—	(38,206)
Operating expenses				
Selling, general and administrative	25,928	—	—	25,928
Depreciation and amortization	1,644	—	—	1,644
Impairment of goodwill and other intangible assets	138,666	—	—	138,666
Impairment of property and equipment	60,026	—	—	60,026
Lease abandonment costs	13,169	—	—	13,169
Total operating costs and expenses	239,433	—	—	239,433
Loss from operations	(277,639)	—	—	(277,639)
Other income (expense)				
Interest expense, net	(11,792)	10,571	(d)	(1,221)
Other income, net	588	—	—	588
Loss from operations before taxes	(288,843)	10,571	—	(278,272)
Tax expense (benefit)	392	—	(e)	392
Net loss	\$ (289,235)	\$ 10,571	\$ —	\$ (278,664)
Net loss attributable to noncontrolling interests	3,876	176,305	(f)	(i)
Net loss attributable to SES Holdings, LLC	(285,359)	285,359	(f), (g), (h)	—
Net loss attributable to Select Energy Services, Inc.	—	(98,483)	(f), (g), (h)	(i)
Allocation of net income (loss) attributable to:				
Common unitholders	(285,359)	285,359	(f)	—
Class A-1 shareholders	—	(80,988)	(g)	80,988 (j)
Class A shareholders	—	(17,494)	(h)	(i),(j)
Class B shareholders	—	—	(f)	—
	(285,359)	186,876	—	—
Weighted average units/shares outstanding:				
Common units—Basic & Diluted	38,526,128	(38,526,128)	(f)	—
Class A-1 shares—Basic & Diluted	—	16,100,000	(g)	(16,100,000) (j)
Class A shares—Basic & Diluted	—	3,477,791	(h)	(i),(j)
Class B shares—Basic & Diluted	—	35,048,337	(f)	—
				35,048,337
Net income (loss) per unit/share attributable to:				
Common units—Basic & Diluted	\$ (7.41)	\$ 7.41	\$ —	\$ —
Class A-1 shares—Basic & Diluted	\$ —	\$ (5.03)	\$ 5.03	\$ —
Class A shares—Basic & Diluted	\$ —	\$ (5.03)	\$ —	\$ —
Class B shares—Basic & Diluted	\$ —	\$ —	\$ —	\$ —

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

SELECT ENERGY SERVICES, INC.**NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS****1. Basis of presentation, transactions and the Offering**

The historical financial information is derived from the historical financial statements of our predecessor, SES Holdings LLC. The pro forma adjustments have been prepared as if the 144A Offering, the IPO, and the related transactions described in this prospectus had taken place on September 30, 2016 in the case of the unaudited pro forma consolidated balance sheet, and as if the 144A Offering, the IPO, and the related transactions had taken place as of January 1, 2015, in the case of the unaudited pro forma combined statement of operations for the nine months ended September 30, 2016 and for the year ended December 31, 2015. The adjustments are based on currently available information and certain estimates and assumptions and therefore the actual effects of these transactions will differ from the pro forma adjustments.

2. Unaudited pro forma consolidated balance sheet adjustments and assumptions

The adjustments are based on currently available information and certain estimates and assumptions and therefore the actual effects of these transactions will differ from the pro forma adjustments. A description of these transactions and adjustments is provided as follows:

- (a) Represents the net adjustment to cash related to the sources and uses of proceeds of the 144A Offering, calculated as follows (in thousands):

Proceeds from the 144A Offering	\$ 322,000
Repayment of term loan	(63,166)(1)
Repayment of revolving credit facility	(189,500)(1)
144A Offering transaction expenses and fees	(22,714)
Costs associated with the recent credit facility amendment	(1,586)(1)
Pro forma net adjustment to cash	<u>\$ 45,034</u>

- (1) As a result of the paydown of the term loan and revolving credit facility, certain debt issuance costs related to the term loan were expensed and the remaining debt issuance costs and costs associated with the credit facility amendment attributable to the revolving credit facility have been reclassified and are presented as a deferred asset in accordance with Accounting Standards Codification 835-30-S45-1.

(b) As part of the reorganization transactions, Select Energy Services, Inc. entered into two Tax Receivable Agreements with certain of the owners of SES Holdings, LLC and their affiliates prior to the 144A Offering (the "TRA Beneficiaries"), pursuant to which Select Energy Services, Inc. will pay to the TRA Beneficiaries 85% of the amount of net cash savings, if any, in U.S. federal, state and local income tax or franchise tax that it actually realizes (computed using simplifying assumptions to address the impact of state and local taxes) or are deemed to realize in certain circumstances as a result of certain tax basis increases, net operating losses available to us as a result of certain reorganization transactions entered into in connection with the 144A Offering, and certain tax benefits attributable to imputed interest. The unaudited pro forma consolidated balance sheet as of September 30, 2016 reflects adjustments to recognize (i) a deferred tax asset totaling \$8.0 million, (ii) a liability totaling \$6.8 million, based on our estimate of the aggregate amount that we would pay the TRA Beneficiaries under the Tax Receivable Agreements, and (iii) an adjustment to stockholders' equity totaling \$1.2 million, as a result of the

SELECT ENERGY SERVICES, INC.

NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS (Continued)

2. Unaudited pro forma consolidated balance sheet adjustments and assumptions (Continued)

exchanges by Contributing Legacy Owners and the contribution of certain tax attributes related to these exchanges.

Other than exchanges for the benefit of the Contributing Legacy Owners in connection with the closing of the 144A Offering, no exchanges of SES Holdings LLC Units are contemplated nor permitted for a period of 180 days subsequent to the 144A Offering (unless a waiver of the applicable lock-up provisions is approved by FBR Capital Markets & Co.). If all SES Holdings LLC Units had been exchanged in connection with the 144A Offering (which would have required a waiver of the lock-up provisions with respect to the Existing Owners) and the Tax Receivable Agreements had been terminated immediately after the 144A Offering, the estimated deferred tax asset, noncurrent tax receivable agreement liability, and stockholders' equity would have been approximately \$417.6 million, \$354.9 million, and \$62.6 million, respectively. (The estimated termination payment would have been approximately \$276.6 million, which is discounted at the London Interbank offering rate, plus 100 basis points.) These estimates are subject to a number of assumptions more fully described in "Certain Relationships and Related Party Transactions—Tax Receivable Agreements" in the prospectus.

For all other adjustments associated with the change in tax status to a corporation, it has been assumed that any net deferred tax asset resulting from the activity in the period would be fully offset by a valuation allowance given historical losses in recent periods.

The foregoing amounts are merely estimates based on the assumptions set forth above. The actual amount and timing of any payments under the Tax Receivable Agreements will vary depending upon a number of factors, including the timing of the exchanges of SES Holdings LLC Units, the price of Class A common stock at the time of each exchange, the extent to which such exchanges are taxable, the amount and timing of the taxable income we generate in the future and the tax rate then applicable, and the portion of our payments under the Tax Receivable Agreements constituting imputed interest or depletable, depreciable or amortizable basis. Thus, it is likely that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding Tax Receivable Agreements payments as compared to the estimates set forth above.

Further, it is important to note that the foregoing estimated amounts were not prepared in accordance with GAAP. The actual liability that will be reflected on the balance sheet of Select Energy Services, Inc. will be determined at the time of an exchange, and will be determined based on a number of factors, including the items described above. The estimates reflected herein are provided for illustrative purposes only.

(c) Reflects the consummation of the 144A Offering and the transactions related thereto, pursuant to which Select Energy Services, Inc. contributed \$299.3 million to SES Holdings, LLC in exchange for 16,100,000 SES Holdings LLC Units and acquired, directly or indirectly, SES Holdings LLC Units from the Contributing Legacy Owners in exchange for the issuance of Class A common stock in Select Energy Services, Inc. As a result of this agreement and contribution, (i) Select Energy Services, Inc. became the sole managing member of SES Holdings, LLC and exercises control over SES Holdings, LLC, resulting in consolidation of SES Holdings, LLC by Select Energy Services, Inc., (ii) the Contributing Legacy Owners hold 3,802,972 shares of Class A common stock, and (iii) Legacy Owner Holdco holds a noncontrolling interest comprising 38,462,541 SES Holdings LLC Units and 38,462,541 shares of Class B common stock of Select

SELECT ENERGY SERVICES, INC.

NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS (Continued)

2. Unaudited pro forma consolidated balance sheet adjustments and assumptions (Continued)

Energy Services, Inc. The transfer of SES Holdings LLC Units to Select Energy Services, Inc. was treated as a transfer of assets between entities under common control and did not result in a step up of basis to the historical financial reporting carrying amounts of assets and liabilities held by SES Holdings, LLC. The unaudited pro forma consolidated balance sheet as of September 30, 2016 includes adjustments to (i) reflect the \$299.3 million contribution with a corresponding charge to members' capital, representing the consideration received from Select Energy Services, Inc. for the controlling interest in SES Holdings, LLC and (ii) reflect the write-off of \$0.8 million of capitalized debt issuance costs related to the repayment of the term loan. Based on such carrying amounts, together with the effects of other pro forma adjustments to such carrying amounts described herein, the carrying amount of SES Holdings, LLC's net assets as of September 30, 2016, would have been \$354.3 million, and the Legacy Owner Holdco's share of such net assets would have been \$233.5 million, with the remaining \$120.8 million related to the SES Holdings LLC Units held by Select Energy Services, Inc.

(d) Represents the net adjustment to cash related to the sources and uses of proceeds of this offering, calculated as follows (in thousands):

Proceeds from this offering	\$
Transaction expenses and fees	
Pro forma net adjustment to cash	<u>\$</u>

(e) Reflects the cash settlement of outstanding phantom units at SES Holdings, LLC.

(f) Reflects the consummation of this offering and the transactions related thereto, pursuant to which Select Energy Services, Inc. will contribute \$ million to SES Holdings, LLC in exchange for SES Holdings LLC Units. Upon completion of this offering, 16,100,000 shares of Class A-1 common stock in Select Energy Services, Inc. will automatically convert into shares of Class A common stock in Select Energy Services, Inc.

SELECT ENERGY SERVICES, INC.

NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS (Continued)

3. Unaudited pro forma consolidated statements of operations adjustments and assumptions

The adjustments are based on currently available information and certain estimates and assumptions and therefore the actual effects of these transactions will differ from the pro forma adjustments. A description of these transactions and adjustments is provided as follows:

(d) Reflects the pro forma adjustment to interest expense, resulting from the repayment of our indebtedness pursuant to the completion of the 144A Offering and the entry into the recent credit facility amendment (in thousands):

	For the year ended December 31, 2015	For the nine months ended September 30, 2016
Interest on revolving credit facility	\$ 1,632	\$ 345
Interest on term loan	\$ —	\$ —
Commitment fees	\$ 244	\$ 318
Pro forma interest expense	\$ 1,876	\$ 662
Amortization of capitalized debt issuance costs	\$ 744	\$ 558
Total pro forma interest expense	\$ 2,620	\$ 1,221
Less: historical interest expense	\$ 13,689	\$ 11,792
Pro forma adjustment to interest expense	\$ (11,069)	\$ (10,571)

A 0.25% change in interest rates would impact interest expense by \$0.1 million for the year ended December 31, 2015 and would not impact interest expense for the nine months ended September 30, 2016.

(e) For adjustments to income tax expense (benefit) associated with the change in tax status to a corporation, it has been assumed that any net deferred tax asset resulting from the activity in the period would be fully offset by a valuation allowance given historical losses in recent periods. As such, the unaudited pro forma consolidated statements of operations for the year ended December 31, 2015 and for the nine months ended September 30, 2016 do not reflect income tax benefit adjustments.

(f) Reflects the effect of the elimination of the Legacy Owner Holdco's controlling interest in SES Holdings, LLC as a result of the 144A Offering and the issuance of Class B common stock in Select Energy Services, Inc. in exchange for the contribution of all of the net proceeds of the 144A Offering.

(g) Reflects the effect of the issuance of Class A-1 common stock in Select Energy Services, Inc. to purchasers in the 144A Offering.

(h) Reflects the effect of acquiring, either directly or indirectly, SES Holdings LLC Units from the Contributing Legacy Owners in exchange for the issuance of Class A common stock in Select Energy Services, Inc.

(i) Reflects the effect of the issuance of Class A common stock in Select Energy Services, Inc. to purchasers in this offering and adjustments to the net loss attributable to noncontrolling interests as a result of the issuance of additional SES Holdings LLC Units in exchange for the contribution of all of the net proceeds of this offering.

(j) Reflects the automatic conversion of shares of Class A-1 common stock in Select Energy Services, Inc. into shares of Class A common stock in Select Energy Services, Inc. upon completion of this offering.

SES HOLDINGS, LLC
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

SES HOLDINGS, LLC
CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands, except unit data)

	September 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 6,741	\$ 16,305
Accounts receivable trade, net of allowance for doubtful accounts of \$1,649 and \$2,351, respectively	62,592	79,479
Accounts receivable, related parties	91	224
Inventory	875	701
Prepaid expenses and other current assets	8,262	10,408
Total current assets	<u>78,561</u>	<u>107,117</u>
Property and equipment	740,231	736,418
Accumulated depreciation	<u>(477,675)</u>	<u>(367,726)</u>
Property and equipment, net	<u>262,556</u>	<u>368,692</u>
Goodwill	12,242	150,771
Other intangible assets, net	13,707	19,840
Other assets	3,800	3,828
Total assets	<u>\$ 370,866</u>	<u>\$ 650,248</u>
Liabilities and Members' Capital		
Current liabilities		
Accounts payable	\$ 7,554	\$ 9,745
Accounts payable and accrued expenses, related parties	186	112
Accrued salaries and benefits	5,791	2,658
Accrued insurance	9,425	16,437
Accrued expenses and other current liabilities	15,904	14,293
Current maturities of long-term debt	6,915	22,305
Total current liabilities	<u>45,775</u>	<u>65,550</u>
Accrued lease obligations	10,546	—
Other long term liabilities	9,976	11,582
Long-term debt, net of current maturities	242,366	245,341
Total liabilities	<u>308,663</u>	<u>322,473</u>
Commitments and contingencies (Note 8)		
Members' capital—42,265,513 and 38,398,649 common units issued and outstanding as of September 30, 2016 and December 31, 2015, respectively (Note 17)	55,773	317,154
Noncontrolling interests	6,430	10,621
Total members' capital	<u>62,203</u>	<u>327,775</u>
Total liabilities and members' capital	<u>\$ 370,866</u>	<u>\$ 650,248</u>

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

SES HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except unit and per unit data)

	Nine months ended September 30,	
	2016	2015
Revenue		
Water solutions	\$ 173,157	\$ 348,613
Accommodations and rentals	19,585	43,177
Wellsite completion and construction services	22,923	45,199
Total revenue	<u>215,665</u>	<u>436,989</u>
Costs of revenue		
Water solutions	144,653	267,264
Accommodations and rentals	15,527	31,012
Wellsite completion and construction services	19,817	39,912
Depreciation and amortization	73,874	78,417
Total costs of revenue	<u>253,871</u>	<u>416,605</u>
Gross profit (loss)	(38,206)	20,384
Operating expenses		
Selling, general and administrative	25,928	42,090
Depreciation and amortization	1,644	2,427
Impairment of goodwill and other intangible assets	138,666	21,366
Impairment of property and equipment	60,026	—
Lease abandonment costs	13,169	—
Total operating expenses	<u>239,433</u>	<u>65,883</u>
Loss from operations	(277,639)	(45,499)
Other income (expense)		
Interest expense, net	(11,792)	(9,806)
Other income, net	588	445
Loss from operations before taxes	(288,843)	(54,860)
Tax expense	392	259
Net loss from continuing operations	(289,235)	(55,119)
Net income from discontinued operations, net of tax	—	21
Net loss	(289,235)	(55,098)
Net loss attributable to noncontrolling interests	3,876	741
Net loss attributable to SES Holdings, LLC	<u>\$ (285,359)</u>	<u>\$ (54,357)</u>
Weighted average common units outstanding:		
Basic & Diluted	<u>38,526,128</u>	<u>38,398,649</u>
Net loss per unit attributable to common unitholders:		
Basic & Diluted	<u>\$ (7.41)</u>	<u>\$ (1.424)</u>

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

SES HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited)
(in thousands)

	Nine months ended	
	September 30,	
	2016	2015
Net loss	\$ (289,235)	\$ (55,098)
Other comprehensive income (loss)		
Interest rate derivatives designated as cash flow hedges		
Unrealized holding loss arising during period	(106)	(344)
Net amount reclassified to earnings	113	254
Net change in unrealized gain (loss)	7	(90)
Comprehensive loss	(289,228)	(55,188)
Comprehensive loss attributable to noncontrolling interests	3,876	741
Comprehensive loss attributable to SES Holdings, LLC	<u>\$ (285,352)</u>	<u>\$ (54,447)</u>

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

SES HOLDINGS, LLC

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' CAPITAL

(unaudited)

(in thousands, except unit data)

	Common Units	Contributed Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Members' Capital	Noncontrolling Interests	Total
Balance as of December 31, 2015	38,398,649	\$ 221,065	\$ 96,096	\$ (7)	\$ 317,154	\$ 10,621	\$ 327,775
Member contributions	3,866,864	23,519	—	—	23,519	—	23,519
Purchase of additional controlling interest	—	135	—	—	135	(453)	(318)
Noncontrolling interests in subsidiary	—	—	—	—	—	138	138
Equity-based compensation	—	317	—	—	317	—	317
Fair value of interest rate swap	—	—	—	7	7	—	7
Net loss	—	—	(285,359)	—	(285,359)	(3,876)	(289,235)
Balance as of September 30, 2016	<u>42,265,513</u>	<u>\$ 245,036</u>	<u>\$ (189,263)</u>	<u>\$ —</u>	<u>\$ 55,773</u>	<u>\$ 6,430</u>	<u>\$ 62,203</u>

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

SES HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	Nine months ended	
	September 30,	
	2016	2015
Cash flows from operating activities		
Net loss	\$ (289,235)	\$ (55,098)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	75,518	80,844
Gain on disposal of property and equipment	(30)	(8,087)
Bad debt expense	1,679	710
Amortization of debt issuance costs	2,244	1,694
Equity-based compensation	317	685
Impairment of goodwill and other intangible assets	138,666	21,366
Impairment of property and equipment	60,026	—
Loss on the sale of business unit	—	972
Other operating items, net	(806)	(2,410)
Changes in operating assets and liabilities		
Accounts receivable	15,339	117,889
Prepaid expenses and other assets	679	(2,214)
Accounts payable and accrued liabilities	3,681	(35,450)
Net cash provided by operating activities	<u>8,078</u>	<u>120,901</u>
Cash flows from investing activities		
Proceeds received (purchases of) investments	—	717
Purchase of property, equipment, and intangible assets	(28,630)	(39,833)
Proceeds received from sale of business unit	—	400
Proceeds received from sale of property and equipment	8,258	17,872
Net cash used in investing activities	<u>(20,372)</u>	<u>(20,844)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	18,500	5,000
Payments on long-term debt	(36,334)	(100,250)
Payment of debt issuance costs	(2,775)	—
Purchase of noncontrolling interests	(318)	—
Proceeds from noncontrolling interests	138	104
Contributions from parent	—	(3,958)
Contributions from members	23,519	—
Net cash provided by (used in) financing activities	<u>2,730</u>	<u>(99,104)</u>
Effect of exchange rate changes on cash	—	75
Net increase (decrease) in cash and cash equivalents	(9,564)	1,028
Cash and cash equivalents, beginning of period	16,305	10,282
Cash and cash equivalents, end of period	<u>\$ 6,741</u>	<u>\$ 11,310</u>
Supplemental cash flow disclosure:		
Cash paid for interest	\$ 9,592	\$ 8,198
Cash paid for taxes	\$ 619	\$ 2,386
Supplemental disclosure of noncash investing activities:		
Capital expenditures included in accounts payable and accrued liabilities	<u>\$ 2,479</u>	<u>\$ 57</u>

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

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BUSINESS AND BASIS OF PRESENTATION

Description of the business: Select Energy Services, LLC ("Select"), formerly known as Peak Oilfield Services, LLC ("Peak"), a Delaware limited liability company, was formed in December 2006. In July 2008, SES Holdings, LLC ("SES" or "the Company") was formed. During October 2008, members of Select transferred all interests in Select to SES in exchange for membership interests in SES and Select became a wholly-owned subsidiary of SES.

SES is an oilfield services company that provides water solutions to the U.S. unconventional oil and natural gas industry. The Company offers water-related services that support oil and gas well completion and production activities including containment, monitoring, treatment, flowback, hauling and disposal in the U.S. shale basins. These services establish and maintain the flow of oil and natural gas throughout the productive life of a horizontal well.

The Company also operates a wellsite services group as a part of its total water solutions offering. These services include equipment rental, accommodations, crane and logistics services, wellsite and pipeline construction, and field services. The Company also conducts its wellsite services activities on a third-party contractual basis unrelated to its water-related services.

Basis of presentation: The accompanying financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). Certain information and note disclosures commonly included in annual financial statements have been omitted. Accordingly, the accompanying financial statements and notes should be read in conjunction with the Company's annual consolidated financial statements and notes to consolidated financial statements included elsewhere within this prospectus. In the opinion of management, all material adjustments, which are of a normal and recurring nature necessary for a fair presentation of the results for the periods presented, have been reflected. The accompanying unaudited condensed consolidated financial statements include the accounts of SES and all of its majority-owned or controlled subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

For investments in subsidiaries that are not wholly-owned, but where the Company exercises control, the equity held by the minority owners and their portion of net income (loss) are reflected as noncontrolling interests. Investments in entities in which SES exercises significant influence over operating and financial policies are accounted for using the equity method, and investments in entities for which the Company does not have significant control or influence are accounted for using the cost method.

Certain reclassifications have been made to the prior periods presented to conform to the current period financial statement presentation. The reclassifications have no effect on the consolidated financial position, results of operations, or cash flows of the Company.

Discontinued operations: The Company considers a component of its business to be one that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of its business. The operating results of a component of its business that either has been disposed of or is classified as held for sale are presented as discontinued operations when the operations and cash flows of the component have been or will be eliminated from its ongoing operations as a result of the disposal transaction and the Company will not have any significant continuing involvement in the operations of the disposed component.

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 1—BUSINESS AND BASIS OF PRESENTATION (Continued)

Segment reporting: The Company operates in three operating and reportable segments. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. The Company's chief operating decision maker assesses performance and allocates resources on the basis of the three reportable segments.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies: Our significant accounting policies are disclosed in the consolidated financial statements for the year ended December 31, 2015. There have been no changes in such policies or the application of such policies during the nine month period ended September 30, 2016.

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (the "FASB") issued an accounting standards update on a comprehensive new revenue recognition standard that will supersede Accounting Standards Codification ("ASC") 605, Revenue Recognition. The new accounting guidance creates a framework under which an entity will allocate the transaction price to separate performance obligations and recognize revenue when each performance obligation is satisfied. Under the new standard, entities will be required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation, and determining when an entity satisfies its performance obligations. The standard allows for either "full retrospective" adoption, meaning that the standard is applied to all of the periods presented with a cumulative catch-up as of the earliest period presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements with a cumulative catch-up as of the current period. In July 2015, the FASB decided to defer the original effective date by one year to be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, instead of December 15, 2016 for public entities. The Company is still evaluating the impact that the new accounting guidance will have on its consolidated financial statements and related disclosures and has not yet determined the method by which it will adopt the standard.

In August 2014, the FASB issued an accounting standards update which requires management to assess a company's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Before this new standard, there was minimal guidance in U.S. GAAP specific to going concern. Under the new standard, disclosures are required when conditions give rise to substantial doubt about a company's ability to continue as a going concern within one year from the financial statement issuance date. The new standard applies to all entities and is effective for the annual period ending after December 15, 2016, and all annual and interim periods thereafter. We are currently evaluating the future disclosure requirements under this guidance.

In April 2015, the FASB issued an accounting standards update that requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying value of that debt liability, consistent with debt discounts. The guidance is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. As a result of adopting this guidance during the nine months ended September 30, 2016, the Company

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

presents \$3.4 million of debt issuance costs as a direct deduction from the carrying value of short-term and long-term debt within the consolidated balance sheets as of September 30, 2016 and has retrospectively reclassified \$2.9 million of debt issuance costs that were previously presented as other long term assets as of December 31, 2015.

In November 2015, the FASB issued an accounting standards update which amends existing guidance on income taxes to require the classification of all deferred tax assets and liabilities as noncurrent on the balance sheet. The pronouncement is effective for annual reporting periods beginning after December 15, 2016, and may be applied either prospectively or retrospectively. The Company is still evaluating the impact that the new accounting guidance will have on its consolidated financial statements and related disclosures and has not yet determined the method by which it will adopt the standard.

In February 2016, the FASB issued an accounting standards update for leases. The ASU introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in the current accounting guidance as well as the FASB's new revenue recognition standard. However, the ASU eliminates the use of bright-line tests in determining lease classification as required in the current guidance. The ASU also requires additional qualitative disclosures along with specific quantitative disclosures to better enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The pronouncement is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, using a modified retrospective approach. Early adoption is permitted. The Company is still evaluating the impact that the new accounting guidance will have on its consolidated financial statements and related disclosures and has not yet determined the method by which it will adopt the standard.

In March 2016, the FASB issued an accounting standards update that provides a new requirement to record all of the tax effects related to share-based payments at settlement (or expiration) through the income statement. This pronouncement is effective for annual reporting periods beginning after December 15, 2016. The Company is still evaluating the impact that the new accounting guidance will have on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued an accounting standards update addressing the classification and presentation of eight specific cash flow issues that currently result in diverse practices. The amendments provide guidance in the presentation and classification of certain cash receipts and cash payments in the statement of cash flows including debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, 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, and distributions received from equity method investees. This pronouncement is effective for annual reporting periods beginning after December 15, 2017. The amendments in this ASU should be applied using a retrospective approach. The Company is still evaluating the impact that the new accounting guidance will have on its consolidated financial statements and related disclosures.

NOTE 3—DISCONTINUED OPERATIONS

During the nine months ended 2016, there were no activities or cash flows related to discontinued operations.

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 3—DISCONTINUED OPERATIONS (Continued)

During the nine months ended 2015, the Company completed the liquidation of certain Canadian subsidiaries disposed of during 2014. The results of operations related to discontinued operations are included in other (income) expense, net in the amount of \$21 thousand within the consolidated statement of operations for the nine months ended September 30, 2015.

The cash flows from discontinued operations were as follows (in thousands):

	Nine months ended September 30,	
	2016	2015
Net cash provided by operating activities	\$ —	\$ 400
Net cash provided by investing activities	—	679
Net cash used in financing activities	—	(1,678)
Effect of exchange rate changes on cash	—	75
Net increase (decrease) in cash	<u>\$ —</u>	<u>\$ (524)</u>

NOTE 4—EXIT AND DISPOSAL ACTIVITIES

The Company recorded \$13.2 million of charges related to exit and disposal activities during the nine months ended September 30, 2016; the Company did not record any costs for exit and disposal activities during the corresponding period in 2015. Costs associated with exit and disposal activities in 2016 primarily related to facility consolidation initiatives. The Company had \$13.5 million accrued as of September 30, 2016 related to exit and disposal activities for its Water Solutions segment. The current portion of \$3.0 million is included within accrued expenses and other current liabilities and the long-term portion is recorded as accrued lease obligations.

The Company's exit and disposal accrual, payments made against the accrual, and remaining liabilities for and as of the nine months ended September 30, 2016 were as follows (in thousands):

	Balance as of December 31, 2015	Provision during the nine months ended September 30, 2016	Usage during the nine months ended September 30, 2016	Balance as of September 30, 2016
Lease obligations and terminations	\$ —	\$ 13,169	\$ 716	\$ 12,453
Reclassification of deferred rent	—			1,081
Total	<u>\$ —</u>			<u>\$ 13,534</u>

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2016 and December 31, 2015 (in thousands):

	September 30, 2016	December 31, 2015
Land	\$ 7,097	\$ 9,924
Buildings and leasehold improvements	82,889	82,834
Vehicles and equipment	23,871	8,993
Machinery and equipment	537,414	550,489
Computer equipment and software	10,271	10,256
Office furniture and equipment	4,289	4,329
Disposal wells	67,048	63,771
Helicopters	497	497
Construction in progress	6,855	5,325
	740,231	736,418
Less accumulated depreciation and impairment	(477,675)	(367,726)
Total property and equipment, net	<u>\$ 262,556</u>	<u>\$ 368,692</u>

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company determined that triggering events existed during the first quarter of 2016 resulting in an evaluation of the recoverability of the carrying value of certain property and equipment. As part of this assessment, the Company compared the estimated future undiscounted cash flows associated with the asset with the asset's carrying amount to determine if an impairment of such asset was necessary. This required the Company to make long-term forecasts of the future revenues and costs related to the assets subject to review. As a result of this assessment, the Company recorded impairment of property and equipment of \$60.0 million related to the Company's Water Solutions segment.

The Company had no capital lease obligations as of September 30, 2016 and December 31, 2015.

NOTE 6—GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is evaluated for impairment on at least an annual basis, or more frequently if indicators of impairment exist. As a result of triggering events during 2015, the Company conducted its goodwill impairment test as of September 30, 2015 and recognized the impairment presented below. The Company determined that additional triggering events were present during the first quarter of 2016 resulting in an additional impairment assessment also as indicated below. The annual impairment tests

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 6—GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

are based on Level 3 inputs. The changes in the carrying amounts of goodwill for the nine months ended September 30, 2016 and 2015 are as follows (in thousands):

	Water Solutions	Wellsite Completion and Construction Services	Accommodations and Rentals	Total
Balance as of December 31, 2014	\$ 157,902	\$ 12,242	\$ 995	\$ 171,139
Impairment	(20,136)	—	—	(20,136)
Dispositions	(232)	—	—	(232)
Balance as of December 31, 2015	137,534	12,242	995	150,771
Impairment	(137,534)	—	(995)	(138,529)
Balance as of September 30, 2016	\$ —	\$ 12,242	\$ —	\$ 12,242

The components of other intangible assets are as follows (in thousands):

	September 30, 2016		
	Gross Value	Accumulated Amortization	Net Value
Customer relationships	\$ 56,826	\$ 46,262	\$ 10,564
Other	5,492	2,349	3,143
Total other intangible assets	\$ 62,318	\$ 48,611	\$ 13,707
Customer relationships	\$ 56,826	\$ 40,163	\$ 16,663
Other	4,924	1,747	3,177
Total other intangible assets	\$ 61,750	\$ 41,910	\$ 19,840

Intangibles obtained through acquisitions are initially recorded at estimated fair value based on preliminary information which is subject to change until final valuations are obtained. Customer relationships and non-compete agreements are being amortized over estimated useful lives ranging from five to seven years and three to five years, respectively. Other intangible assets primarily relate to certain water rights that are amortized over estimated useful lives ranging from three to eight years.

Amortization expense was \$6.7 million and \$9.3 million for the nine months ended September 30, 2016 and 2015, respectively.

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 7—DEBT

The Company's long-term debt, net of debt issuance costs, consists of the following (in thousands):

	September 30, 2016	December 31, 2015
SES revolving line of credit	\$ 186,884	\$ 170,990
SES credit facility term loan	62,397	96,656
Total debt	249,281	267,646
Less current maturities of long term debt	6,915	22,305
Long term debt	<u>\$ 242,366</u>	<u>\$ 245,341</u>

Credit facility term loans and revolving line of credit

SES has a senior secured credit facility originally executed in May of 2011 and which has been amended over time. As of December 31, 2015, the Company's \$355.0 million senior secured credit facility comprised a \$105.0 million term loan and a \$250.0 million revolving line of credit. The credit facility was further amended on September 22, 2016 to reduce the total credit facility to \$278.2 million, comprising a \$63.2 million term loan and a \$215.0 million revolving line of credit. Accrued interest is payable at the end of each quarter. In addition, a commitment fee related to the revolving line of credit is payable at the end of each calendar quarter based on a rate of 0.50%, per annum, on any unused portion of the commitment under the credit agreement. The credit facility matures on February 28, 2018 and has a variable interest rate that ranges from either (i) the London interbank rate ("LIBOR") plus a margin for Eurodollar advances or (ii) the applicable base rate plus a margin for base rate advances based on the Company's leverage ratio as outlined below.

Applicable Margin	Leverage Ratio	Eurodollar Advances	Base Rate Advances
Level I	< 4.00 to 1.00	4.00%	3.00%
Level II	³ 4.00 to 1.00	4.50%	3.50%

SES had approximately \$189.5 million and \$173.0 million outstanding under the revolving line of credit as of September 30, 2016 and December 31, 2015, respectively. The weighted-average interest rate of outstanding borrowings under the revolving line of credit was 5.125% and 3.25% as of September 30, 2016 and December 31, 2015, respectively. The unused portion of the available borrowings under the revolving line of credit was \$9.7 million and \$62.2 million at September 30, 2016 and December 31, 2015, respectively.

The borrowing capacity under the SES revolving line of credit was reduced by outstanding letters of credit of \$15.8 million and \$14.8 million as of September 30, 2016 and December 31, 2015, respectively. Prior to the September 22, 2016 amendment, the Company's letters of credit had a variable interest rate between 1.75% and 4.00% based on the Company's leverage ratio as outlined within the historical annual consolidated financial statements. Subsequent to the September 22, 2016 amendment, the Company's letters of credit have a variable interest rate between 4.00% and 4.50% based on the Company's leverage ratio outlined above.

In connection with amending the credit facility, the Company incurred \$2.8 million of debt issuance costs during the nine months ended September 30, 2016. There were no cost incurred during

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 7—DEBT (Continued)

the comparative period in 2015. Debt issuance costs are amortized to interest expense over the life of the debt to which they pertain. Total unamortized debt issuance costs as of September 30, 2016 and December 31, 2015 were \$3.4 million and \$2.9 million, respectively, and are presented as a direct deduction from the carrying value of the associated debt instruments on the consolidated balance sheets.

The Company's obligations under its senior secured credit facility are secured by substantially all of its assets. The credit facility contains customary events of default and covenants and limits its ability to incur additional indebtedness, pay dividends or make other distributions, create liens and sell assets. Certain principal payments related to the term loan are due quarterly. The credit agreement was also amended in March and July 2016 to update certain definitions and financial covenants. See Note 17—Subsequent Events for discussion of further amendments.

NOTE 8—COMMITMENTS AND CONTINGENCIES

Litigation

The Company is named from time to time in various legal proceedings in the ordinary course of business. The legal proceedings are at different stages; however, the Company does not believe the resolution of any of these proceedings would be material to its financial position or results of operations.

General Business Risk

As discussed in Note 1, the substantial majority of Company's customers are in the oil and gas industry. The oil and gas industry is currently facing unique challenges due to the continued volatility and depressed state of oil prices.

NOTE 9—MEMBERS' CAPITAL

On September 22, 2016, the Company raised \$23.5 million through the issuance of 3,866,864 common units, on a split adjusted basis.

NOTE 10—NONCONTROLLING INTERESTS

The Company has ownership interests in multiple subsidiaries that are consolidated within the Company's financial statements but are not wholly owned. During the nine months ended September 30, 2016, the Company purchased additional interests from third-parties in certain of these subsidiaries for a total of \$0.3 million. As a result of the Company's increased interest in these subsidiaries, the Company reduced its noncontrolling interests by \$0.4 million and recognized an increase in contributed capital related to the purchase of noncontrolling interests of \$0.1 million.

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10—NONCONTROLLING INTERESTS (Continued)

The following table summarizes the effects of changes in noncontrolling interests on the Company's members' capital for the nine months ended September 30, 2016:

	September 30, 2016
Net loss attributable to SES Holdings, LLC	\$ (285,359)
Transfers to noncontrolling interests:	
Increase in the Company's contributed capital due to purchase of noncontrolling interests	135
Change from net loss attributable SES Holdings, LLC and transfers to noncontrolling interests	<u>\$ (285,224)</u>

NOTE 11—UNIT-BASED COMPENSATION

The 2011 Equity Incentive Plan, ("2011 Plan") was approved by the board of managers in April 2011. The maximum number of common units available under the 2011 Plan for the grant of options is equal to 2,589,572 common units, subject to adjustment in the event of unit splits and certain other corporate events. Unit options are granted with terms not to exceed ten years. Phantom Units granted under the Plan, which upon vesting, entitle the Participant to receive an amount of cash based on the value of a common unit.

Unit option awards

Unit options were granted with an exercise price equal to or greater than the fair market value of its common units as of the date of grant. The Company values its common units on a quarterly basis using a market approach that includes a comparison to publicly traded peer companies using earnings multiples based on their market values and a discount for lack of marketability. The fair value measurement relies on Level 3 inputs. The estimated fair value of its unit options is expensed over their vesting period, which is generally three years. The Company utilizes the Black-Scholes model to determine fair value, which incorporates assumptions to value stock-based awards. The risk-free interest rate is based on the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant. There is no market for its common units. Therefore, the Company considers the historic volatility of publicly traded peer companies when determining the volatility factor. The expected life of the options is based on a formula considering the vesting period and term of the options awarded.

A summary of its unit option activity and related information is as follows:

	For the nine months ended September 30, 2016	
	Unit Options	Weighted Average Exercise Price
Beginning balance	973,410	\$ 16.16
Granted	204,245	16.17
Cancelled	(556,934)	15.79
Ending balance	<u>620,721</u>	<u>\$ 16.50</u>

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 11—UNIT-BASED COMPENSATION (Continued)

The weighted-average grant date fair value of unit options granted during the nine months ended September 30, 2016 was \$1.84. All vested outstanding unit options are currently exercisable; however, the exercise price of the unit options exceed the underlying price of the Company's units as of September 30, 2016. The Company recognized \$0.3 million of compensation expense related to unit option grants within the consolidated statements of operations for the nine months ended September 30, 2016.

Phantom awards

The Phantom Units are cash settled awards contingent upon meeting certain Members' Capital returns and a liquidation event. The distribution amount is based on the fair value of common units at the time of the liquidation event with a maximum value of \$7.53 per Phantom Unit. As a result of the cash-settlement feature of these awards, the Company considers these awards to be liability awards, which are measured at fair value at each reporting date and the pro rata vested portion of the award is recognized as a liability. No compensation expense has been recognized to date due to the non-occurrence of the performance condition, which is not yet considered probable. As of December 31, 2015, the Company had 1,289,472 Phantom Units outstanding as of December 31, 2015. During the nine months ended September 30, 2016, the Company granted 158,026 Phantom Units and cancelled 19,919 Phantom Units. There are 1,427,579 Phantom Units outstanding as of September 30, 2016.

NOTE 12—DERIVATIVE FINANCIAL INSTRUMENTS

The Company has variable rate debt outstanding which is subject to interest rate risk based on volatility in underlying interest rates. In April 2013, the Company entered into a pay fixed, receive variable interest rate swap, with an aggregate notional amount of \$125.0 million, which the Company designated as a cash flow hedge. The derivative contract matured in April 2016. The change in value and amounts reclassified to interest expense during the nine months ended September 30, 2015 and 2016, as well as the balance at December 31, 2015 are nominal. The fair value measurement of the interest rate swap agreement was based on Level 2 inputs. See Note 13—Fair Value Measurement for further discussion.

The table below summarizes the fair value and classification of the Company's derivative instruments:

<u>Classification</u>	<u>Balance Sheet Location</u>	As of	As of
		September 30, 2016	December 31, 2015
		(in thousands)	
Liabilities:			
Current liability	Accrued expenses and other current liabilities	\$ —	\$ 7
Long-term liability	Other long-term liabilities	—	—
Total liabilities		<u>\$ —</u>	<u>\$ 7</u>

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 12—DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Changes in the fair values of the Company's derivative instruments are presented on a net basis in the accompanying consolidated statements of operations. Changes in the fair value of the Company's interest rate swap derivative instruments are as follows:

<u>Derivatives designated as cash flow hedges</u>	<u>For the nine months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
	<u>(in thousands)</u>	
Beginning fair value of interest rate swap derivative instruments	\$ (7)	\$ (68)
Amount of unrealized losses recognized in OCI	(106)	(344)
Amount of gains reclassified from AOCI to earnings (effective portion)	113	254
Net change in fair value of interest rate swap derivative instruments	7	(90)
Ending fair value of interest rate swap derivative instruments	<u>\$ —</u>	<u>\$ (158)</u>

NOTE 13—FAIR VALUE MEASUREMENT

The Company utilizes fair value measurements to measure assets and liabilities in a business combination or assess impairment of property and equipment, intangible assets and goodwill. Fair value is defined as the amount at which an asset (or liability) could be bought (or incurred) or sold (or settled) in an orderly transaction between market participants at the measurement date. Further, ASC 820 establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and includes certain disclosure requirements. Fair value estimates are based on either (i) actual market data or (ii) assumptions that other market participants would use in pricing an asset or liability, including estimates of risk.

ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

Level 1—Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2—Quoted prices for similar assets or liabilities in non-active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Inputs that are unobservable and significant to the fair value measurement (including the Company's own assumptions in determining fair value).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. There were no transfers into, or out of, the three levels of the fair value hierarchy for the nine months ended September 30, 2016 and 2015.

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 13—FAIR VALUE MEASUREMENT (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company estimated the fair value of derivative instruments using the market approach via a model that uses inputs that are observable in the market or can be derived from, or corroborated by, observable data. See Note 12—Derivative Financial Instruments for further discussion.

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis:

	Fair Value Measurements			Total
	Using			
	Level 1	Level 2	Level 3	
	(In thousands)			
<i>As of September 30, 2016</i>				
Financial liabilities				
Interest rate swap derivative instrument	\$ —	\$ —	\$ —	\$ —
<i>As of December 31, 2015</i>				
Financial liabilities				
Interest rate swap derivative instrument	\$ —	\$ (7)	\$ —	\$ (7)

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

Nonfinancial assets and liabilities measured at fair value on a non-recurring basis include certain nonfinancial assets and liabilities as may be acquired in a business combination and measurements of goodwill and intangible impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these measurements as Level 3.

Long-lived assets, such as property and equipment and finite-lived intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate that its carrying value may not be recoverable. The development of future cash flows and the estimate of fair value represent the Company's best estimates based on industry trends and reference to market transactions and are subject to variability.

The Company conducts its annual goodwill impairment test in the fourth quarter each year, or more frequently if indicators of impairment exist. As a result of triggering events during 2015, the Company conducted its goodwill impairment test as of September 30, 2015. The Company determined that additional triggering events were present during 2016 resulting in an additional impairment assessment. The Company's impairment test utilizes discounted cash flow projections using weighted average cost of capital calculations based on capital structures of publicly traded peer companies to determine the fair value of its reporting units. The Company's reporting units are based on its organizational and reporting structure. Application of the goodwill impairment test requires judgment, including the identification of reporting units, allocation of assets (including goodwill) and liabilities to reporting units and determining the fair value. The determination of reporting unit fair value relies upon certain estimates and assumptions. These estimates and assumptions are affected by numerous factors, including the general economic environment and levels of exploration and production activity of oil and natural gas companies.

The Company's estimates of fair value have been determined at discrete points in time based on relevant information. These estimates involve uncertainty and cannot be determined with precision.

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 13—FAIR VALUE MEASUREMENT (Continued)

There were no significant changes in valuation techniques or related inputs for the nine months ended September 30, 2016 and 2015.

The following table presents information about the Company's assets measured at fair value on a non-recurring basis for the nine months ended September 30, 2016 and 2015.

	Fair Value Measurements Using			Carrying Value(1)	Impairment
	Level 1	Level 2	Level 3		
(In thousands)					
<i>Nine Months Ended September 30, 2016</i>					
Goodwill	\$ —	\$ —	\$ —	\$ 138,529	\$ 138,529
Intangible Assets	—	—	—	137	137
Fixed Assets	—	—	23,188	83,214	60,026
<i>Nine Months Ended September 30, 2015</i>					
Goodwill	\$ —	\$ —	\$ —	\$ 20,136	\$ 20,136
Intangible Assets	—	—	—	1,230	1,230

(1) Amount represents carrying value at the date of assessment.

Other Fair Value Considerations

The carrying values of the Company's current financial instruments, which include cash and cash equivalents, accounts receivable trade and accounts payable, approximate their fair value at September 30, 2016 and December 31, 2015 due to the short-term maturity of these instruments. The carrying value of all debt as of September 30, 2016 and December 31, 2015 approximates fair value due to variable market rates of interest. These fair values, which are Level 3 measurements, were estimated based on the Company's incremental borrowing rates for similar types of borrowing arrangements, when quoted market prices were not available. The estimated fair values of the Company's financial instruments are not necessarily indicative of the amounts that would be realized in a current market exchange.

NOTE 14—RELATED PARTY TRANSACTIONS

The Company considers its related parties to be those members who are beneficial owners of more than 5.0% of its common units, executive officers, members of its board of managers or immediate family members of any of the foregoing persons. The Company has entered into a significant number of transactions with related parties. The Company's board of managers regularly reviews these transactions. Notwithstanding this, its results of operations may be different if these transactions were conducted with non-related parties.

During the nine months ended September 30, 2016, sales to related parties were \$0.8 million. Purchases from related party vendors were \$2.6 million during the nine months ended September 30, 2016. These purchases were comprised of \$0.6 million relating to purchases of property and equipment, \$0.1 million relating to inventory and consumables, \$0.4 million relating to rent of certain equipment or other services used in operations, and \$1.5 million relating to management, consulting and other services.

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 14—RELATED PARTY TRANSACTIONS (Continued)

During the nine months ended September 30, 2015, sales to related parties were \$3.5 million. Purchases from related party vendors were \$7.2 million during the nine months ended September 30, 2015. These purchases were comprised of \$4.5 million relating to purchases of property and equipment, \$0.3 million relating to inventory and consumables, \$0.4 million relating to rent of certain equipment or other services used in operations, and \$2.0 million relating to management, consulting and other services.

NOTE 15—EARNINGS PER UNIT

Earnings per unit is based on the amount of income allocated to the unitholders and the weighted-average number of units outstanding during the period. The Company's outstanding unit options are not included in the calculation of diluted weighted average units outstanding for the periods presented as the effect is antidilutive.

The following table presents the Company's calculation of basic and diluted earnings per unit for the periods presented (dollars in thousands, except unit and per unit amounts):

	Nine Months Ended September 30, 2016		
	Continuing Operations	Discontinued Operations	Net
Net loss	\$ (289,235)	\$ —	\$ (289,235)
Net loss attributable to noncontrolling interests	3,876	—	3,876
Net loss attributable to common unitholders	\$ (285,359)	\$ —	\$ (285,359)
Weighted average common units outstanding:			
Basic & Diluted	<u>38,526,128</u>	<u>38,526,128</u>	<u>38,526,128</u>
Net loss per unit attributable to common unitholders:			
Basic & Diluted	<u>\$ (7.41)</u>	<u>\$ —</u>	<u>\$ (7.41)</u>

	Nine Months Ended September 30, 2015		
	Continuing Operations	Discontinued Operations	Net
Net income (loss)	\$ (55,119)	\$ 21	\$ (55,098)
Net loss attributable to noncontrolling interests	741	—	741
Net income (loss) attributable to common unitholders	\$ (54,378)	\$ 21	\$ (54,357)
Weighted average common units outstanding:			
Basic & Diluted	<u>38,398,654</u>	<u>38,398,654</u>	<u>38,398,654</u>
Net income (loss) per unit attributable to common unitholders:			
Basic & Diluted	<u>\$ (1.42)</u>	<u>\$ 0.00</u>	<u>\$ (1.42)</u>

NOTE 16—SEGMENT INFORMATION

SES is an oilfield services company that provides water solutions to the North American onshore oil and natural gas industry. The Company's services are offered through three operating segments.

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 16—SEGMENT INFORMATION (Continued)

Corporate and other expenses that do not individually meet the criteria for segment reporting are reported separately as Corporate. Each operating segment reflects a reportable segment led by separate segment management that reports directly or indirectly to our chief operating decision maker ("CODM"). Our CODM assesses performance and allocates resources on the basis of the following three reportable segments:

Water Solutions—The Water Solutions segment provides water-related services to customers that include major integrated oil companies and independent oil and natural gas producers. These services include: the sourcing of water; the transfer of the water to the wellsite through permanent pipeline infrastructure and temporary pipe; the containment of fluids off- and on-location; measuring and monitoring of water; the filtering and treatment of fluids, well testing and handling of flowback and produced formation water; and the transportation and recycling or disposal of drilling, completion and production fluids.

Accommodations and Rentals—The Accommodations and Rentals segment provides workforce accommodations and surface rental equipment supporting drilling, completion and production operations to the U.S. onshore oil and gas industry.

Wellsite Completion and Construction Services—The Wellsite Completion and Construction Services segment provides oil and natural gas operators with a variety of services, including crane and logistics services, wellsite and pipeline construction and field services. These services are performed to establish, maintain and improve production throughout the productive life of an oil or gas well, or to otherwise facilitate other services performed on a well.

Financial information related to the Company's financial position as of September 30, 2016 and December 31, 2015, by segment, is as follows:

	Total Assets	
	As of September 30, 2016	As of December 31, 2015
	(in thousands)	
Water Solutions	\$ 303,739	\$ 560,064
Accommodations and Rentals	38,553	52,890
Wellsite Completion and Construction Services	27,283	35,384
Corporate	1,291	1,910
	<u>\$ 370,866</u>	<u>\$ 650,248</u>

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 16—SEGMENT INFORMATION (Continued)

Financial information related to the Company's results of operations for the nine months ended September 30, 2016 and 2015, by segment, is as follows:

	For the nine months ended September 30, 2016			
	Revenues	Income (loss) before taxes	Depreciation and Amortization	Capital Expenditures
	(in thousands)			
Water Solutions	\$ 173,294	\$ (264,416)	\$ 63,218	\$ 28,533
Accommodations and Rentals	19,750	(8,303)	8,197	834
Wellsite Completion and Construction Services	23,098	(3,820)	4,103	215
Elimination	(477)	—	—	—
Loss from operations		(276,539)		
Corporate	—	(1,100)	—	—
Interest expense, net	—	(11,792)	—	—
Other income, net	—	588	—	—
	<u>\$ 215,665</u>	<u>\$ (288,843)</u>	<u>\$ 75,518</u>	<u>\$ 29,582</u>

	For the nine months ended September 30, 2015			
	Revenues	Income (loss) before taxes	Depreciation and Amortization	Capital Expenditures
	(in thousands)			
Water Solutions	\$ 348,691	\$ (36,441)	\$ 66,891	\$ 26,250
Accommodations and Rentals	43,860	664	8,418	4,629
Wellsite Completion and Construction Services	46,170	(2,301)	5,336	2,814
Elimination	(1,732)	—	—	—
Loss from operations		(38,078)		
Corporate	—	(7,421)	199	—
Interest expense, net	—	(9,806)	—	—
Other income, net	—	445	—	—
	<u>\$ 436,989</u>	<u>\$ (54,860)</u>	<u>\$ 80,844</u>	<u>\$ 33,693</u>

NOTE 17—SUBSEQUENT EVENTS

The Company recorded \$1.2 million of additional charges related to exit and disposal activities during October 2016. Costs associated with exit and disposal activities in October 2016 primarily related to facility consolidation initiatives.

On November 22, 2016, the Company executed a non-binding letter of intent for \$48.5 million, with 75% paid in cash and 25% paid in equity, to acquire a business in the Permian Basin with proprietary fresh water sources and water transport infrastructure. The Company's entry into a definitive agreement is subject to completion of satisfactory accounting, financial and other due diligence.

SES HOLDINGS, LLC

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 17—SUBSEQUENT EVENTS (Continued)

Effective December 20, 2016, the Company amended its senior secured credit facility. The Company and its lenders entered into a credit agreement amendment to extend the term of the Company's senior secured credit facility from February 28, 2018 to February 28, 2020. The amended agreement resulted in a reduction of the total senior secured credit facility from \$278.2 million to \$100.0 million, now consisting of a \$100.0 million revolving line of credit. The credit agreement amendment provided that a minimum of \$150.0 million of any net equity proceeds be first applied to reduce debt under the senior secured credit facility and provides certain restrictions for proceeds in excess of that amount. The agreement also amends certain financial covenants and restrictions and outlines a new pricing grid that is effective after receipt of the third quarter 2017 compliance certificate as outlined below.

<u>Leverage Ratio</u>	<u>Eurodollar Advances</u>	<u>Base Rate Advances</u>	<u>Commitment Fees</u>
< 2.00	3.00%	2.00%	0.50%
³ 2.00 < 2.50	3.25%	2.25%	0.50%
³ 2.50 < 3.00	3.50%	2.50%	0.50%
³ 3.00 < 3.50	3.75%	2.75%	0.50%
³ 3.50 < 4.00	4.00%	3.00%	0.50%
³ 4.00	4.50%	3.50%	0.50%

The Company has evaluated subsequent events through January 20, 2017.

SES HOLDINGS, LLC
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

Report of Independent Registered Public Accounting Firm

Board of Directors and Unitholders
SES Holdings, LLC

We have audited the accompanying consolidated balance sheet of SES Holdings, LLC and subsidiaries (the "Company") as of December 31, 2015, and the related consolidated statements of operations, comprehensive income (loss), changes in members' capital, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SES Holdings, LLC and subsidiaries as of December 31, 2015, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ PANNELL KERR FORSTER OF TEXAS P.C.

Houston, Texas
November 22, 2016,
except for Note 16, as to which the date is January 20, 2017

SES HOLDINGS, LLC
CONSOLIDATED BALANCE SHEETS

(in thousands, except unit data)

	As of December 31, 2015
Assets	
Current assets	
Cash and cash equivalents	\$ 16,305
Accounts receivable trade, net of allowance for doubtful accounts of \$2,351	79,479
Accounts receivable, related parties	224
Inventory	701
Prepaid expenses and other current assets	10,408
Assets of discontinued operations	—
Total current assets	<u>107,117</u>
Property and equipment	736,418
Accumulated depreciation	<u>(367,726)</u>
Property and equipment, net	<u>368,692</u>
Goodwill	150,771
Other intangible assets, net	19,840
Other assets	<u>3,828</u>
Total assets	<u>\$ 650,248</u>
Liabilities and Members' Capital	
Current liabilities	
Accounts payable	\$ 9,745
Accounts payable and accrued expenses, related parties	112
Accrued salaries and benefits	2,658
Accrued insurance	16,437
Accrued expenses and other current liabilities	14,293
Current maturities of long-term debt	22,305
Total current liabilities	<u>65,550</u>
Other long term liabilities	11,582
Long-term debt, net of current maturities	<u>245,341</u>
Total liabilities	<u>322,473</u>
Commitments and contingencies (Note 7)	
Members' capital—38,398,649 common units issued and outstanding (Note 16)	317,154
Noncontrolling interests	<u>10,621</u>
Total members' capital	<u>327,775</u>
Total liabilities and members' capital	<u>\$ 650,248</u>

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

SES HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except unit and per unit data)

	Year Ended December 31, 2015
Revenue	
Water solutions	\$ 427,496
Accommodations and rentals	52,948
Wellsite completion and construction services	55,133
Total revenue	535,577
Costs of revenue	
Water solutions	332,411
Accommodations and rentals	37,957
Wellsite completion and construction services	48,356
Depreciation and amortization	104,608
Total costs of revenue	523,332
Gross profit	12,245
Operating expenses	
Selling, general and administrative	56,548
Depreciation and amortization	3,104
Impairment of goodwill and other intangible assets	21,366
Total operating expenses	81,018
Income (loss) from operations	(68,773)
Other income (expense)	
Interest expense, net	(13,689)
Other income, net	893
Income (loss) from operations before taxes	(81,569)
Tax expense	324
Net income (loss) from continuing operations	(81,893)
Net income (loss) from discontinued operations, net of tax	21
Net income (loss)	(81,872)
Net loss attributable to noncontrolling interests	981
Net income (loss) attributable to SES Holdings, LLC	\$ (80,891)
Weighted average common units outstanding:	
Basic & Diluted	38,398,649
Net income (loss) per unit attributable to common unitholders:	
Basic & Diluted	\$ (2.11)

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

SES HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

	Year Ended December 31, 2015
Net income (loss)	\$ (81,872)
Other comprehensive income (loss)	
Interest rate derivatives designated as cash flow hedges	
Unrealized holding loss arising during period	(277)
Net amount reclassified to earnings	338
Net change in unrealized gain (loss)	61
Foreign currency translation adjustment	—
Comprehensive income (loss)	(81,811)
Comprehensive loss attributable to noncontrolling interests	981
Comprehensive income (loss) attributable to SES Holdings, LLC	<u>\$ (80,830)</u>

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

SES HOLDINGS, LLC

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' CAPITAL

(in thousands, except unit data)

	Common Units	Contributed (Distributed) Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members' Capital	Noncontrolling Interests	Total
Balance as of December 31, 2014	38,398,649	224,621	176,987	(68)	401,540	11,510	413,050
Member distributions	—	(4,248)	—	—	(4,248)	—	(4,248)
Noncontrolling interests in subsidiary	—	—	—	—	—	92	92
Equity-based compensation	—	692	—	—	692	—	692
Fair value of interest rate swap	—	—	—	61	61	—	61
Net income (loss)	—	—	(80,891)	—	(80,891)	(981)	(81,872)
Balance as of December 31, 2015	<u>38,398,649</u>	<u>\$ 221,065</u>	<u>\$ 96,096</u>	<u>\$ (7)</u>	<u>\$ 317,154</u>	<u>\$ 10,621</u>	<u>\$ 327,775</u>

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

SES HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2015
Cash flows from operating activities	
Net income (loss)	\$ (81,872)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation and amortization	107,712
Gain on disposal of property and equipment	(760)
Amortization of debt issuance costs	3,179
Bad debt expense	576
Equity-based compensation	692
Impairment of goodwill and other intangible assets	21,366
Loss on the sale of business unit	972
Other operating items, net	(2,340)
Changes in operating assets and liabilities	
Accounts receivable	140,426
Prepaid expenses and other assets	3,112
Accounts payable and accrued liabilities	(41,064)
Net cash provided by operating activities	<u>151,999</u>
Cash flows from investing activities	
Proceeds received (purchases of) investments	830
Acquisitions, net of cash acquired	—
Purchase of property, equipment, and intangible assets	(54,076)
Proceeds received from sale of business unit	400
Proceeds received from sale of property and equipment	14,143
Net cash used in investing activities	<u>(38,703)</u>
Cash flows from financing activities	
Proceeds from issuance of long-term debt	5,000
Payments on long-term debt	(107,000)
Payment of debt issuance costs	(1,192)
Proceeds from (distributions to) noncontrolling interests	92
Distributions made to members	(4,248)
Net cash used in financing activities	<u>(107,348)</u>
Effect of exchange rate changes on cash	<u>75</u>
Net increase (decrease) in cash and cash equivalents	6,023
Cash and cash equivalents, beginning of year	<u>10,282</u>
Cash and cash equivalents, end of year	<u>\$ 16,305</u>
Supplemental cash flow disclosure:	
Cash paid for interest	<u>\$ 10,584</u>
Cash paid for taxes	<u>\$ 2,262</u>
Supplemental disclosure of noncash investing activities:	
Capital expenditures included in accounts payable and accrued liabilities	<u>\$ 936</u>

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

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BUSINESS AND BASIS OF PRESENTATION

Description of the business: Select Energy Services, LLC ("Select"), formerly known as Peak Oilfield Services, LLC ("Peak"), a Delaware limited liability company, was formed in December 2006. In July 2008, SES Holdings, LLC ("SES" or "the Company") was formed. During October 2008, members of Select transferred all interests in Select to SES in exchange for membership interests in SES and Select became a wholly-owned subsidiary of SES.

SES is an oilfield services company that provides water solutions to the U.S. conventional oil and natural gas industry. The Company offers water-related services that support oil and gas well completion and production activities including containment, monitoring, treatment, flowback, hauling and disposal in the U.S. shale basins. These services establish and maintain the flow of oil and natural gas throughout the productive life of a horizontal well.

The Company also operates a wellsite services group as a part of its total water solutions offering. These services include equipment rental, accommodations, crane and logistics services, wellsite and pipeline construction, and field services. The Company also conducts its wellsite services activities on a third-party contractual basis unrelated to its water-related services.

Basis of presentation: The consolidated financial statements include the accounts of SES and all of its majority-owned or controlled subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

For investments in subsidiaries that are not wholly-owned, but where the Company exercises control, the equity held by the minority owners and their portion of net income (loss) are reflected as noncontrolling interests. Investments in entities in which SES exercises significant influence over operating and financial policies are accounted for using the equity method, and investments in entities for which the Company does not have significant control or influence are accounted for using the cost method.

Certain reclassifications have been made to the prior periods presented to conform to the current period financial statement presentation. The reclassifications have no effect on the consolidated financial position, results of operations, or cash flows of the Company.

Discontinued operations: The Company considers a component of its business to be one that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of its business. The operating results of a component of its business that either has been disposed of or is classified as held for sale are presented as discontinued operations when the operations and cash flows of the component have been or will be eliminated from its ongoing operations as a result of the disposal transaction and the Company will not have any significant continuing involvement in the operations of the disposed component.

Segment reporting: The Company operates in three operating and reportable segments. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. The Company's chief operating decision maker assesses performance and allocates resources on the basis of the three reportable segments.

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Use of estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

On an ongoing basis, the Company evaluates its estimates, including those related to recoverability of long-lived assets and intangibles, useful lives used in depreciation and amortization, uncollectible accounts receivable, income taxes, self-insurance liabilities, share-based compensation and contingent liabilities. The Company bases its estimates on historical and other pertinent information that are believed to be reasonable under the circumstances. The accounting estimates used in the preparation of the consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes.

Cash and cash equivalents: The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts: Accounts receivable are stated at the historical carrying amount net of an allowance for doubtful accounts. SES establishes an allowance for doubtful accounts based on review of several factors, including historical collection experience, current aging status of the customer accounts, and financial condition of its customers. Accounts receivable are written off when a settlement is reached for an amount less than the outstanding historical balance or when the Company determines that it is probable the balance will not be collected. Bad debt expense of \$0.6 million for the year ended December 31, 2015 was recognized in the accompanying consolidated statements of operations within selling, general and administrative.

Concentrations of credit and customer risk: Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and trade accounts receivable. The amounts held in financial institutions periodically exceed the federal insured limit. Management believes that the financial institutions are financially sound and the risk of loss is minimal. The Company minimizes its exposure to counterparty credit risk by performing credit evaluations and ongoing monitoring of the financial stability of its customers. During 2015, Anadarko Petroleum Corporation accounted for 10.6% of the Company's consolidated revenues.

Inventory: The Company values its inventories at lower of cost or market using the first-in, first-out ("FIFO") method. Inventory costs primarily consist of third-party invoice costs that primarily relate to water containment sections.

Debt issuance costs: Debt issuance costs consist of costs directly associated with obtaining credit with financial institutions. These costs are recorded as a direct deduction from the carrying value of the associated debt liability and are generally amortized on a straight-line basis over the life of the credit agreement, which approximates the effective-interest method. Any unamortized debt issue costs are expensed in the year when the associated debt instrument is terminated. Amortization expense for debt issue costs was \$3.2 million for the year ended December 31, 2015 and is included in interest expense in the consolidated statements of operations.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation.

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is calculated on a straight line basis over the estimated useful life of each asset as noted below:

<u>Asset Classification</u>	<u>Useful Life (years)</u>
Buildings and improvements	30 or lease term
Vehicles and equipment	5
Machinery and equipment	2 - 15
Computer equipment and software	3 - 4
Office furniture and equipment	7
Disposal wells	7 - 10
Helicopters	7

Depreciation expense related to the Company's property and equipment was \$98.3 million for the year ended December 31, 2015.

Expenditures for additions to property and equipment and major replacements are capitalized when they significantly increase the functionality or extend the useful life of the asset. Gains and losses on dispositions, maintenance, repairs and minor replacements are included in the consolidated statements of operations as incurred. See Note 4—Property and Equipment for further discussion.

Goodwill and other intangible assets: Goodwill represents the excess of the purchase price of acquisitions over the fair value of the net assets acquired. Goodwill and other intangible assets not subject to amortization are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Intangible assets with finite useful lives are amortized either on a straight-line basis over the asset's estimated useful life or on a basis that reflects the pattern in which the economic benefits of the intangible assets are realized.

Impairment of long-lived and intangible assets: Long-lived assets, such as property and equipment and finite-lived intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Recoverability is measured by a comparison of its carrying amount to the estimated undiscounted cash flows to be generated by those assets. If the undiscounted cash flows are less than the carrying amount, the Company records impairment losses for the excess of its carrying value over the estimated fair value. The development of future cash flows and the estimate of fair value represent its best estimates based on industry trends and reference to market transactions and are subject to variability. The Company considers the factors within the fair value analysis to be Level 3 inputs within the fair value hierarchy. Due to certain economic factors surrounding oil prices and rig counts, during 2015, an impairment loss of \$1.3 million related to other intangible assets was recognized within impairment of intangible assets in the consolidated statements of operations. The impairment related to certain intangible assets within the Company's water solutions segment.

The Company conducts its annual goodwill impairment test in the fourth quarter each year, or more frequently if indicators of impairment exist. The Company's annual impairment tests utilize discounted cash flow projections using weighted average cost of capital calculations based on capital structures of publicly traded peer companies to determine the fair value of its reporting units. The Company's reporting units are based on its organizational and reporting structure.

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the reporting unit's goodwill is less than its carrying value. Application of the goodwill impairment test requires judgment, including the identification of reporting units, allocation of assets (including goodwill) and liabilities to reporting units and determining the fair value. The determination of reporting unit fair value relies upon certain estimates and assumptions. These estimates and assumptions are affected by numerous factors, including the general economic environment and levels of exploration and production activity of oil and natural gas companies. The Company considers these factors to be Level 3 inputs within the fair value hierarchy.

While the Company believes that the estimates and assumptions used in its annual impairment tests are reasonable, changes in these estimates and assumptions could impact the determination of its reporting unit fair value. Due to certain economic factors surrounding oil prices and rig counts during 2015, an impairment loss of \$20.1 million related to goodwill was recognized in the consolidated statements of operations for the year ended December 31, 2015.

Asset retirement obligations: The ARO liability reflects the present value of estimated costs of plugging, site reclamation, and similar activities associated with the Company's salt water disposal wells. The Company utilizes current retirement costs to estimate the expected cash outflows for retirement obligations. The Company also estimates the productive life of the disposal wells, a credit-adjusted risk-free discount rate, and an inflation factor in order to determine the current present value of this obligation. The Company recognized accretion expense of \$0.1 million within depreciation and amortization in the consolidated statements of operations for the year ended December 31, 2015. The Company also recognized liabilities of \$0.3 million in accrued expenses and other current liabilities and \$1.2 million in other long term liabilities during the year ended December 31, 2015.

Self-insurance: The Company self-insures, through deductibles and retentions, up to certain levels for losses related to general liability, workers' compensation, vehicle liability and group medical. Management regularly reviews its estimates of reported and unreported claims and provide for losses through reserves.

Employee benefit plans: The Company sponsors a defined contribution 401(k) Profit Sharing Plan (the "401(k) Plan") for the benefit of substantially all employees of the Company. The 401(k) Plan allows eligible employees to make tax-deferred contributions, not to exceed annual limits established by the Internal Revenue Service. Prior to December 4, 2015, the Company made matching contributions of 100% of employee contributions, up to 4% of compensation. These matching contributions were vested immediately. Effective December 4, 2015, the employer match was discontinued for all employees. The Company's contributions were \$1.9 million for the year ended December 31, 2015.

Members' capital: Under the limited liability company agreement, as amended ("the Agreement"), the Company established a cash distribution policy that allows the distribution of the Company's available cash, at such times and in such amounts as determined to be appropriate by the Company's board of directors. To calculate the earnings per unit for the Company's unitholders, the Company's net income or loss is allocated pro rata in accordance with their respective member sharing percentages in accordance with the Agreement.

The Company present earnings per unit regardless of whether such earnings would or could be distributed under the terms of the Agreement. Accordingly, the reported earnings per unit is not

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

indicative of potential cash distributions that may be made based on historical or future earnings. See Note 14—Earnings Per Unit for further discussion.

Revenue recognition: The Company recognizes service revenue when it is realized or realizable and earned. Revenues are considered realized or realizable and earned when: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectability is reasonably assured. Rates for services are typically priced on a per-day, per-hour, per-job, or similar contractual basis. When the Company provides multiple services to a customer, revenue is allocated to the services performed based on the relative fair values of the services.

Unit-based compensation: The Company accounts for unit-based awards by measuring the awards at the date of grant and recognizing the grant-date fair value as an expense using either straight-line or accelerated attribution, depending on the specific terms of the award agreements over the requisite service period, which is usually equivalent to the vesting period. The Company expenses awards with graded-vesting service conditions on a straight-line basis.

Liability awards are awards that are expected to be settled in cash on their vesting dates. Liability awards are recorded as accrued liabilities based on the vested portion of the estimated fair value of the awards as of the grant date, which is subject to revision based on the impact of certain performance conditions associated with the incentive plans. See Note 8—Unit-based Compensation for further discussion.

Foreign currency: For its subsidiaries in Canada, where the local currency is the functional currency, the Company translates assets and liabilities using the exchange rates in effect at the balance sheet dates, while income and expense items are translated using average exchange rates during the period. The resulting gains or losses arising from the translation of accounts from the functional currency to the U.S. Dollar are reported in the consolidated statements of comprehensive income (loss). See Note 3—Discontinued Operations for further discussion.

Derivatives and hedging: The Company accounts for certain interest rate swaps as cash flow hedges. Management formally assesses both at the hedge's inception and on an ongoing basis that the derivative will be highly effective in offsetting changes in cash flows of the related hedged items. The fair values of the derivatives are recognized as either assets or liabilities in the consolidated balance sheets. The effective portions of the changes in fair values of the derivative contracts are initially recorded in accumulated other comprehensive income and reclassified into the statement of operations in the period in which earnings are impacted by the hedged items or in the period that the transaction no longer qualifies as a cash flow hedge. The ineffective portion of the gains or losses on the derivative contracts, if any, is recognized in the consolidated statement of operations as it is incurred. See Note 9—Derivative Financial Instruments for further discussion.

Fair value measurements: The Company measures certain assets and liabilities pursuant to accounting guidance which establishes a three-tier fair value hierarchy and prioritizes the inputs used in measuring fair value. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are quoted prices or other market data for similar assets and liabilities in active markets, or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the asset or liability. Level 3 inputs are

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

unobservable inputs based upon its own judgment and assumptions used to measure assets and liabilities at fair value. See Note 10—Fair Value Measurement for further discussion.

Income taxes: SES is organized as a limited liability company (and treated as a partnership) under the provisions of the Internal Revenue Code of 1986, as amended. The Company's taxable income or loss, to the extent not included in a taxable subsidiary, is passed through to and included in the tax returns of the Company's members. The Company generally make distributions to its members, in accordance with the terms of the limited liability company agreement, for related tax obligations.

The Company conducts certain activities through corporate subsidiaries which are subject to federal, state and local income taxes. The Company and its corporate subsidiaries account for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in earnings in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

The determination of the provision for income taxes requires significant judgment, use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from taxing authorities. When facts and circumstances change, the Company reassesses these probabilities and record any changes through the provision for income taxes. The Company recognizes interest and penalties relating to uncertain tax provisions as a component of tax expense. The Company identified no uncertain tax positions as of December 31, 2015 and 2014. See Note 12—Income Taxes for further discussion.

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (the "FASB") issued an accounting standards update on a comprehensive new revenue recognition standard that will supersede Accounting Standards Codification ("ASC") 605, Revenue Recognition. The new accounting guidance creates a framework under which an entity will allocate the transaction price to separate performance obligations and recognize revenue when each performance obligation is satisfied. Under the new standard, entities will be required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation, and determining when an entity satisfies its performance obligations. The standard allows for either "full retrospective" adoption, meaning that the standard is applied to all of the periods presented with a cumulative catch-up as of the earliest period presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements with a cumulative catch-up as of the current period. In July 2015, the FASB decided to defer the original effective date by one year to be effective for annual reporting periods beginning after December 15, 2017 instead of December 15, 2016 for public entities. The Company is still evaluating

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

the impact that the new accounting guidance will have on its consolidated financial statements and related disclosures and has not yet determined the method by which it will adopt the standard.

In August 2014, the FASB issued an accounting standards update ("ASU") which requires management to assess a company's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Before this new standard, there was minimal guidance in U.S. GAAP specific to going concern. Under the new standard, disclosures are required when conditions give rise to substantial doubt about a company's ability to continue as a going concern within one year from the financial statement issuance date. The new standard applies to all entities and is effective for the annual period ending after December 15, 2016, and all annual and interim periods thereafter. We are currently evaluating the future disclosure requirements under this guidance.

In April 2015, the FASB issued an accounting standards update that requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying value of that debt liability, consistent with debt discounts. The guidance is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. The Company adopted this guidance in 2016 and has retrospectively reclassified \$2.9 million and \$4.8 million of debt issuance costs that were previously presented as other long term assets to a direct deduction from the carrying value of short-term and long-term debt within the consolidated balance sheets as of December 31, 2015 and 2014, respectively.

In November 2015, the FASB issued an accounting standards update which amends existing guidance on income taxes to require the classification of all deferred tax assets and liabilities as noncurrent on the balance sheet. The pronouncement is effective for annual reporting periods beginning after December 15, 2016, and may be applied either prospectively or retrospectively. The Company is still evaluating the impact that the new accounting guidance will have on its consolidated financial statements and related disclosures and has not yet determined the method by which it will adopt the standard.

In February 2016, the FASB issued an accounting standards update for leases. The ASU introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in the current accounting guidance as well as the FASB's new revenue recognition standard. However, the ASU eliminates the use of bright-line tests in determining lease classification as required in the current guidance. The ASU also requires additional qualitative disclosures along with specific quantitative disclosures to better enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The pronouncement is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, using a modified retrospective approach. Early adoption is permitted. The Company is still evaluating the impact that the new accounting guidance will have on its consolidated financial statements and related disclosures and has not yet determined the method by which it will adopt the standard.

In March 2016, the FASB issued an accounting standards update that provides a new requirement to record all of the tax effects related to share-based payments at settlement (or expiration) through the income statement. This pronouncement is effective for annual reporting periods beginning after December 15, 2016. The Company is still evaluating the impact that the new accounting guidance will have on its consolidated financial statements and related disclosures.

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

In August 2016, the FASB issued an accounting standards update addressing the classification and presentation of eight specific cash flow issues that currently result in diverse practices. The amendments provide guidance in the presentation and classification of certain cash receipts and cash payments in the statement of cash flows including debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, 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, and distributions received from equity method investees. This pronouncement is effective for annual reporting periods beginning after December 15, 2017. The amendments in this ASU should be applied using a retrospective approach. The Company is still evaluating the impact that the new accounting guidance will have on its consolidated financial statements and related disclosures.

NOTE 3—DISCONTINUED OPERATIONS

During 2014, the Company made a decision to discontinue the operations of its Canadian subsidiaries. All assets, liabilities and results of operations for these subsidiaries have been classified as discontinued operations for all periods presented. Its Canadian subsidiaries were substantially liquidated during 2014, with the remaining \$0.5 million of cash and cash equivalents and \$1.1 million of other receivables realized during the year ended December 31, 2015.

The cash flows from discontinued operations were as follows (in thousands):

	Year Ended December 31, 2015
Net cash provided by operating activities	\$ 400
Net cash provided by investing activities	679
Net cash used in financing activities	(1,678)
Effect of exchange rate changes on cash	75
Net increase (decrease) in cash	<u>\$ (524)</u>

The following table presents summary results of operations from discontinued operations (in thousands):

	Year Ended December 31, 2015
Revenues	\$ —
Operating costs and expenses	
Direct operating costs	—
Selling, general and administrative	—
Depreciation and amortization	—
Impairments and other losses	—
Loss from operations	—
Other income (expense), net	21
Net income (loss) before taxes	21
Tax expense	—
Net income (loss)	<u>\$ 21</u>

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31 (in thousands):

	As of December 31, 2015
Land	\$ 9,924
Buildings and leasehold improvements	82,834
Vehicles and equipment	8,993
Machinery and equipment	550,489
Computer equipment and software	10,256
Office furniture and equipment	4,329
Disposal wells	63,771
Helicopters	497
Construction in progress	5,325
	736,418
Less accumulated depreciation	(367,726)
Total property and equipment, net	<u>\$ 368,692</u>

The Company had no capital lease obligations as of December 31, 2015.

NOTE 5—GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is evaluated for impairment on at least an annual basis. The annual impairment tests are based on Level 3 inputs. The changes in the carrying amounts of goodwill by reportable segment for the year ended December 31, 2015 are as follows (in thousands):

	Water Solutions	Wellsite Completion and Construction Services	Accommodations and Rentals	Total
Balance as of December 31, 2014	157,902	12,242	995	171,139
Impairment	(20,136)	—	—	(20,136)
Dispositions	(232)	—	—	(232)
Balance as of December 31, 2015	<u>\$ 137,534</u>	<u>\$ 12,242</u>	<u>\$ 995</u>	<u>\$ 150,771</u>

The components of other intangible assets are as follows (in thousands):

	As of December 31, 2015		
	Gross Value	Accumulated Amortization	Net Value
Customer relationships	\$ 56,826	\$ 40,163	\$ 16,663
Other	4,924	1,747	3,177
Total other intangible assets	<u>\$ 61,750</u>	<u>\$ 41,910</u>	<u>\$ 19,840</u>

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 5—GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

Intangibles obtained through acquisitions are initially recorded at estimated fair value based on preliminary information which is subject to change until final valuations are obtained. Customer relationships and non-compete agreements are being amortized over estimated useful lives ranging from five to seven years and three to five years, respectively. Other intangible assets primarily relate to certain water rights that are amortized over estimated useful lives ranging from three to eight years.

Amortization expense was \$9.3 million for the year ended December 31, 2015.

Future estimated amortization expense for other intangible assets for the next five succeeding years is expected to be as follows (in thousands):

<u>Years Ending December 31,</u>	<u>Amount</u>
2016	\$ 8,298
2017	7,405
2018	1,630
2019	166
2020	166

NOTE 6—DEBT

The Company's long-term debt, net of debt issuance costs, consists of the following (in thousands):

	<u>As of</u> <u>December 31, 2015</u>
SES revolving line of credit	\$ 170,990
SES credit facility term loan	96,656
Total debt	267,646
Less current maturities of long term debt	22,305
Long term debt	<u>\$ 245,341</u>

Credit facility term loans and revolving line of credit

SES has a senior secure credit facility originally executed in May of 2011 and which has been amended over time. As of December 31, 2014, the Company's \$536.3 million senior secured credit facility comprised a \$146.3 million term loan and a \$400.0 million revolving line of credit. The credit facility was further amended on October 30, 2015 to reduce the total credit facility to \$355.0 million, comprising a \$105.0 million term loan and a \$250.0 million revolving line of credit. Accrued interest is payable at the end of each quarter. In addition, a commitment fee related to revolving line of credit is payable at the end of each calendar quarter based on either a rate of 0.375% to 0.500%, per annum, on any unused portion of the commitment under the credit agreement based on the Company's consolidated leverage ratio. The credit facility matures on February 28, 2017 and has a variable interest rate that ranges from either (i) the London interbank rate ("LIBOR") plus a margin for Eurodollar

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 6—DEBT (Continued)

advances or (ii) the applicable base rate plus a margin for base rate advances based on the Company's leverage ratio as outlined below.

<u>Leverage Ratio</u>	<u>Eurodollar Advances</u>	<u>Base Rate Advances</u>
< 1.00	1.75%	0.75%
³ 1.00 < 1.50	2.00%	1.00%
³ 1.50 < 2.00	2.25%	1.25%
³ 2.00 < 2.50	2.50%	1.50%
³ 2.50 < 3.00	2.75%	1.75%
³ 3.00 < 3.50	3.00%	2.00%
³ 3.50 < 4.00	3.25%	2.25%
³ 4.00 < 4.50	3.50%	2.50%
³ 4.50 < 5.00	3.75%	2.75%
³ 5.00	4.00%	3.00%

SES had approximately \$173.0 million gross outstanding under the revolving line of credit as of December 31, 2015. The weighted-average interest rate of outstanding borrowings under the revolving line of credit was 3.25% as of December 31, 2015. The unused portion of the available borrowings under the revolving line of credit was \$62.2 million at December 31, 2015.

The borrowing capacity under the SES revolving line of credit was reduced by outstanding letters of credit of \$14.8 million as of December 31, 2015. The Company's letters of credit have a variable interest rate between 1.75% and 4.00% based on the Company's leverage ratio as outlined above.

In connection with amending the credit facility, the Company incurred \$1.2 million of debt issuance costs during the year ended December 31, 2015. Debt issuance costs are amortized to interest expense over the life of the debt to which they pertain. Total unamortized debt issuance costs as of December 31, 2015 were \$2.9 million and are presented as a direct deduction from the carrying value of the associated debt instruments on the consolidated balance sheets.

The Company's obligations under its senior secured credit facility are secured by substantially all of its assets. The credit facility contains customary events of default and covenants and limits its ability to incur additional indebtedness, pay dividends or make other distributions, create liens and sell assets. Certain principal payments related to the term loan are due quarterly. At December 31, 2015, SES was not in compliance with the capital expenditures limit under the senior secured credit facility but received a waiver from the financial institutions. The credit agreement was also amended in March 2016 to update certain definitions and financial covenants.

Aggregate annual maturities of long-term debt as of December 31, 2015 are as follows (in thousands):

<u>Years Ending December 31,</u>	<u>Amount</u>
2016	\$ 22,500
2017	248,000
Total	<u>\$ 270,500</u>

As discussed in Note 16—Subsequent Events, the Company entered into the negotiation with its lender to amend the credit facility.

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 7—COMMITMENTS AND CONTINGENCIES

Operating leases

SES is party to non-cancelable leases for operating locations, equipment and office space. Rent under the operating lease agreements is recognized equally over the lease term. Total expenses incurred under these operating lease agreements for the year ended December 31, 2015 was \$20.4 million.

In January 2016 the Company bought out vehicle operating leases at a total purchase price of \$16.2 million. Excluding those leases, the Company has the following operating lease commitments under non-cancelable lease terms as of December 31, 2015 (in thousands):

<u>Years Ending December 31,</u>	<u>Amount</u>
2016	\$ 16,097
2017	13,507
2018	11,226
2019	7,204
2020	7,275
Thereafter	40,512
Total	<u>\$ 95,821</u>

Litigation

The Company is named from time to time in various legal proceedings in the ordinary course of business. The legal proceedings are at different stages; however, the Company does not believe the resolution of any of these proceedings would be material to its financial position or results of operations.

General Business Risk

As discussed in Note 1, the substantial majority of Company's customers are in the oil and gas industry. The oil and gas industry is currently facing unique challenges due to the continued volatility and depressed state of oil prices.

NOTE 8—UNIT-BASED COMPENSATION

The 2011 Equity Incentive Plan, ("2011 Plan") was approved by its board of managers in April 2011. The maximum number of common units available under the 2011 Plan for the grant of options is equal to 2,589,572 common units, subject to adjustment in the event of unit splits and certain other corporate events. Unit options are granted with terms not to exceed ten years. Phantom Units granted under the Plan, which upon vesting, entitle the Participant to receive an amount of cash based on the value of a common unit.

Unit option awards

Unit options were granted with an exercise price equal to or greater than the fair market value of its common units as of the date of grant. The Company values its common units on a quarterly basis using a market approach that includes a comparison to publicly traded peer companies using earnings multiples based on their market values and a discount for lack of marketability. The fair value

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 8—UNIT-BASED COMPENSATION (Continued)

measurement relies on Level 3 inputs. The estimated fair value of its unit options is expensed over their vesting period, which is generally three years. The Company utilizes the Black-Scholes model to determine fair value, which incorporates assumptions to value stock-based awards. The risk-free interest rate is based on the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant. There is no market for its common units. Therefore, the Company considers the historic volatility of publicly traded peer companies when determining the volatility factor. The expected life of the options is based on a formula considering the vesting period and term of the options awarded.

No options were granted during the year ended December 31, 2015. A summary of its unit option activity and related information is as follows:

	December 31, 2015	
	Options	Weighted Average Exercise Price
Beginning balance	1,262,220	\$ 16.34
Cancelled	(288,810)	16.93
Ending balance	973,410	\$ 16.16

The Company recognized approximately \$0.7 million of compensation expense related to unit options during the year ended December 31, 2015. As of December 31, 2015, there was approximately \$0.1 million of total unrecognized compensation cost related to unit options, with the remaining amount to be recognized during the year ended December 31, 2016. The Company's fully vested unit option activity and related information is as follows:

	December 31, 2015	
	Vested Units	Weighted Average Exercise Price
Beginning balance	852,736	\$ 17.19
Vested	257,973	14.69
Cancelled	(205,011)	17.99
Ending balance	905,698	\$ 16.30

The weighted-average remaining contractual term of outstanding vested units at December 31, 2015 is 3.50 years. All vested outstanding unit options are currently exercisable; however, the exercise price of the unit options exceeded the underlying price of the Company's units as of December 31, 2015.

Restricted units

The fair value of SES restricted units is based on the market price of the SES common units on the date of grant. Compensation cost for restricted units is primarily recognized over the vesting or service period. SES restricted unit activity included a grant of 3,593 restricted units with a three year vesting period during 2011 and a grant of 843 fully vested restricted units during 2013. As of December 31, 2014, all compensation cost related to restricted units had been recognized and during 2015, these units were converted and are no longer restricted.

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 8—UNIT-BASED COMPENSATION (Continued)

Phantom awards

On April 15, 2011 the Company issued 1,447,509 Phantom Units. The Phantom Units are cash settled awards contingent upon meeting certain Members' Capital returns and a liquidation event. The distribution amount is based on the fair value of common units at the time of the liquidation event with a maximum value of \$7.53 per Phantom Unit. As a result of the cash-settlement feature of these awards, the Company considers these awards to be liability awards, which are measured at fair value at each reporting date and the pro rata vested portion of the award is recognized as a liability. No compensation expense has been recognized to date due to the non-occurrence of the performance condition, which is not yet considered probable. Activity related to the Company's Phantom Units is as follows:

	Phantom Units for the year ended December 31, 2015
Beginning balance	995,991
Granted	524,554
Forfeited	(231,073)
Ending balance	<u>1,289,472</u>

NOTE 9—DERIVATIVE FINANCIAL INSTRUMENTS

The Company has variable rate debt outstanding which is subject to interest rate risk based on volatility in underlying interest rates. In April 2013, the Company entered into a pay fixed, receive variable interest rate swap, with an aggregate notional amount of \$125.0 million, which the Company designated as a cash flow hedge. The derivative contract ends in April 2016. The change in value and amounts reclassified to interest expense during the year ended December 31, 2015, as well as the balance at December 31, 2015 are nominal. The fair value measurement of the interest rate swap agreement was based on Level 2 inputs. See Note 10—Fair Value Measurement for further discussion.

The table below summarizes the fair value and classification of the Company's derivative instruments:

<u>Classification</u>	<u>Balance Sheet Location</u>	<u>As of December 31, 2015 (in thousands)</u>
Liabilities		
Current liability	Accrued expenses and other current liabilities	\$ 7
Long term liability	Other long term liabilities	—
Total liabilities		<u>\$ 7</u>

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 9—DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Changes in the fair values of the Company's derivative instruments are presented on a net basis in the accompanying consolidated statements of operations. Changes in the fair value of the Company's interest rate swap derivative instruments are as follows:

	For the year ended December 31, 2015
	(in thousands)
Beginning fair value of interest rate swap derivative instruments	\$ (68)
Amount of unrealized losses recognized in OCI	(277)
Amount of gains reclassified from AOCI to earnings (effective portion)	338
Net change in fair value of interest rate swap derivative instruments	61
Ending fair value of interest rate swap derivative instruments	\$ (7)

NOTE 10—FAIR VALUE MEASUREMENT

The Company utilizes fair value measurements to measure assets and liabilities in a business combination or assess impairment of property and equipment, intangible assets and goodwill. Fair value is defined as the amount at which an asset (or liability) could be bought (or incurred) or sold (or settled) in an orderly transaction between market participants at the measurement date. Further, ASC 820 establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and includes certain disclosure requirements. Fair value estimates are based on either (i) actual market data or (ii) assumptions that other market participants would use in pricing an asset or liability, including estimates of risk.

ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

Level 1—Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2—Quoted prices for similar assets or liabilities in non-active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Inputs that are unobservable and significant to the fair value measurement (including the Company's own assumptions in determining fair value).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. There were no transfers into, or out of, the three levels of the fair value hierarchy for the year ended December 31, 2015.

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10—FAIR VALUE MEASUREMENT (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company estimated the fair value of derivative instruments using the market approach via a model that uses inputs that are observable in the market or can be derived from, or corroborated by, observable data. See Note 9—Derivatives Financial Instruments for further discussion.

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis:

	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
<i>As of December 31, 2015</i>				
Financial liabilities				
Interest rate swap derivative instrument	\$ —	\$ (7)	\$ —	\$ (7)

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

Nonfinancial assets and liabilities measured at fair value on a non-recurring basis include certain nonfinancial assets and liabilities as may be acquired in a business combination and measurements of goodwill and intangible impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these measurements as Level 3.

Long-lived assets, such as property and equipment and finite-lived intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate that its carrying value may not be recoverable. The development of future cash flows and the estimate of fair value represent the Company's best estimates based on industry trends and reference to market transactions and are subject to variability.

The Company conducts its annual goodwill impairment test in the fourth quarter each year, or more frequently if indicators of impairment exist. The Company's annual impairment test utilizes discounted cash flow projections using weighted average cost of capital calculations based on capital structures of publicly traded peer companies to determine the fair value of its reporting units. The Company's reporting units are based on its organizational and reporting structure. Application of the goodwill impairment test requires judgment, including the identification of reporting units, allocation of assets (including goodwill) and liabilities to reporting units and determining the fair value. The determination of reporting unit fair value relies upon certain estimates and assumptions. These estimates and assumptions are affected by numerous factors, including the general economic environment and levels of exploration and production activity of oil and natural gas companies.

The Company's estimates of fair value have been determined at discrete points in time based on relevant information. These estimates involve uncertainty and cannot be determined with precision. There were no significant changes in valuation techniques or related inputs for the year ended December 31, 2015.

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10—FAIR VALUE MEASUREMENT (Continued)

The following table presents information about the Company's assets measured at fair value on a non-recurring basis for the year ended December 31, 2015.

	Fair Value Measurements			Carrying Value(1)	Impairment
	Using				
	Level 1	Level 2	Level 3		
<i>Year Ended December 31, 2015</i>					
Goodwill	\$ —	\$ —	\$ —	\$ 20,136	\$ 20,136
Intangible Assets	—	—	—	1,230	1,230

(1) Amount represents carrying value at the date of assessment.

Other Fair Value Considerations

The carrying values of the Company's current financial instruments, which include cash and cash equivalents, accounts receivable trade and accounts payable, approximate their fair value at December 31, 2015 and 2014 due to the short-term maturity of these instruments. The carrying value of all debt as of December 31, 2015 and 2014 approximates fair value due to variable market rates of interest. These fair values, which are Level 3 measurements, were estimated based on the Company's incremental borrowing rates for similar types of borrowing arrangements, when quoted market prices were not available. The estimated fair values of the Company's financial instruments are not necessarily indicative of the amounts that would be realized in a current market exchange.

NOTE 11—RELATED PARTY TRANSACTIONS

The Company considers its related parties to be those members who are beneficial owners of more than 5.0% of its common units, executive officers, members of its board of managers or immediate family members of any of the foregoing persons. The Company has entered into a significant number of transactions with related parties. The Company's board of managers regularly reviews these transactions. Notwithstanding this, its results of operations may be different if these transactions were conducted with non-related parties. During the year ended December 31, 2015, sales to related parties were \$4.1 million. Purchases from related party vendors were \$8.0 million during the year ended December 31, 2015. These purchases comprised \$4.0 million relating to purchases of property and equipment, \$0.9 million relating to inventory and consumables, \$0.4 million relating to rent of certain equipment or other services used in operations, and \$2.7 million relating to management, consulting and other services.

NOTE 12—INCOME TAXES

As a limited liability company, the Company is not subject to U.S. federal income tax and most state income taxes. However, the Company conducts certain activities through corporate subsidiaries which are subject to federal and state income taxes as well as state taxes representing margin taxes

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 12—INCOME TAXES (Continued)

from the state of Texas. The components of the federal and state income tax expense (benefit) are summarized as follows (in thousands):

	For the year ended December 31, 2015
Current expense (benefit)	
Federal	\$ 341
State	836
Total	1,177
Deferred expense (benefit)	
Federal	(785)
State	(68)
Total	(853)
Total income tax expense (benefit) from continuing operations	\$ 324

Deferred taxes result from the temporary differences between financial reporting carrying amounts and the tax basis of existing assets and liabilities. As of December 31, 2015, the Company had net deferred tax liabilities of \$1.4 million, which are recorded in other long-term liabilities on the consolidated balance sheets. The principal components of the deferred tax liabilities are summarized as follows (in thousands):

	As of December 31, 2015
Deferred income tax liabilities	
Properties, plants and equipment	\$ (68)
Inventory	—
Intangibles	(1,343)
Other	
Total deferred income tax liabilities	(1,411)
Accumulated deferred income taxes	\$ (1,411)

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 13—ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) consists of the following (in thousands):

	Hedging	Foreign Currency Translation (in thousands)	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2014	\$ (68)	\$ —	\$ (68)
Other comprehensive income (loss)	(277)	—	(277)
Amounts reclassified from accumulated other comprehensive income (loss)	338	—	338
Balance as of December 31, 2015	<u>\$ (7)</u>	<u>\$ —</u>	<u>\$ (7)</u>

Other comprehensive income (loss) was \$0.1 million for the year ended December 31, 2015.

NOTE 14—EARNINGS PER UNIT

Earnings per unit is based on the amount of income allocated to the unitholders and the weighted-average number of units outstanding during the period. The Company's outstanding unit options are not included in the calculation of diluted weighted average units outstanding for the period presented as the effect is antidilutive.

The following table presents the Company's calculation of basic and diluted earnings per unit for the periods presented (dollars in thousands, except unit and per unit amounts):

	Year Ended December 31, 2015		
	Continuing Operations	Discontinued Operations	Net
Net income (loss)	\$ (81,893)	\$ 21	\$ (81,872)
Net loss attributable to noncontrolling interests	981	—	981
Net income (loss) attributable to common unitholders	<u>\$ (80,912)</u>	<u>\$ 21</u>	<u>\$ (80,891)</u>
Weighted average common units outstanding:			
Basic and Diluted	<u>38,398,649</u>	<u>38,398,649</u>	<u>38,398,649</u>
Net income (loss) attributable to common unitholders per unit:			
Basic and Diluted	<u>\$ (2.11)</u>	<u>\$ 0.00</u>	<u>\$ (2.11)</u>

NOTE 15—SEGMENT INFORMATION

SES is an oilfield services company that provides water solutions to the North American onshore oil and natural gas industry. The Company's services are offered through three operating segments. Corporate and other expenses that do not individually meet the criteria for segment reporting are reported separately as Corporate. Each operating segment reflects a reportable segment led by separate segment management that reports directly or indirectly to the Company's chief operating decision

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 15—SEGMENT INFORMATION (Continued)

maker ("CODM"). The Company's CODM assesses performance and allocates resources on the basis of the following three reportable segments:

Water Solutions—The Water Solutions segment provides water-related services to customers that include major integrated oil companies and independent oil and natural gas producers. These services include: the sourcing of water; the transfer of the water to the wellsite through permanent pipeline infrastructure and temporary pipe; the containment of fluids off- and on-location; measuring an monitoring of water; the filtering and treatment of fluids, well testing and handling of flowback and produced formation water; and the transportation and recycling or disposal of drilling, completion and production fluids.

Accommodations and Rentals—The Accommodations and Rentals segment provides workforce accommodations and surface rental equipment supporting drilling, completion and production operations to the U.S. onshore oil and gas industry.

Wellsite Completion and Construction Services—The Wellsite Completion and Construction Services segment provides oil and natural gas operators with a variety of services, including crane and logistics services, wellsite and pipeline construction and field services. These services are performed to establish, maintain and improve production throughout the productive life of an oil or gas well, or to otherwise facilitate other services performed on a well.

Financial information for the year ended December 31, 2015, by segment, is as follows:

	As of and for the year ended December 31, 2015				
	Revenues	Income (loss) before taxes	Total Assets (in thousands)	Depreciation and Amortization	Capital Expenditures
Water Solutions	\$ 427,592	\$ (52,757)	\$ 560,064	\$ 89,271	\$ 34,724
Accommodations and Rentals	53,677	(486)	52,890	11,475	10,555
Wellsite Completion and Construction Services	56,299	(3,003)	35,384	6,702	3,407
Elimination	(1,991)	—	—	—	—
Pretax operating income		(56,246)			
Corporate	—	(12,527)	1,910	264	—
Interest expense, net	—	(13,689)	—	—	—
Other income, net	—	893	—	—	—
	<u>\$ 535,577</u>	<u>\$ (81,569)</u>	<u>\$ 650,248</u>	<u>\$ 107,712</u>	<u>\$ 48,686</u>

NOTE 16—SUBSEQUENT EVENTS

As discussed in Note 7, the Company bought out vehicle operating leases in January 2016 for \$16.2 million.

During 2016, the Company determined that there were triggering events as a result of substantial and sustained declines in oil and natural gas commodity pricing and related industry activity that required impairment evaluations for goodwill, long-lived assets, and other intangible assets. As a result of the Company's impairment assessments, the Company recorded goodwill impairment charges of

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 16—SUBSEQUENT EVENTS (Continued)

\$137.5 million for its Water Solutions segment and \$1.0 million for its Accommodations and Rentals segment, long-lived asset impairment charges of \$60.0 million for its Water Solutions segment, and other intangible asset impairment charges of \$0.1 million for its Accommodations and Rentals segment.

During the third quarter of 2016, the Company recorded \$13.2 million of charges related to exit and disposal activities and reclassified \$1.1 million of deferred rent related to accrued lease obligations. The Company had a remaining balance of \$13.5 million accrued as of September 30, 2016 related to exit and disposal activities for its Water Solutions segment after usage of the provision during the quarter. The Company recorded \$1.2 million of additional charges related to exit and disposal activities during October 2016. Costs associated with exit and disposal activities in 2016 primarily related to facility consolidation initiatives.

On September 22, 2016, the Company raised \$23.5 million through the issuance of 3,866,864 common units. The proceeds from the equity issuance were used to pay down debt under the Company's senior secured credit facility.

Effective September 22, 2016, the Company amended its senior secured credit facility. As a result of this amendment, the lenders waived and agreed to amend certain provisions of the senior secured credit facility related to leverage ratio covenants and reduced the revolving line of credit to \$215.0 million. The credit facility, as amended, was scheduled to mature on February 28, 2018 and had a variable interest rate that ranges from either (i) the London interbank rate ("LIBOR") plus a margin for Eurodollar advances or (ii) the applicable base rate plus a margin for base rate advances based on the Company's leverage ratio as outlined below.

<u>Leverage Ratio</u>	<u>Eurodollar Advances</u>	<u>Base Rate Advances</u>	<u>Commitment Fees</u>
< 4.00 to 1.00	4.00%	3.00%	0.50%
³ 4.00 to 1.00	4.50%	3.50%	0.50%

On November 22, 2016, the Company executed a non-binding letter of intent for \$48.5 million, with 75% to be paid in cash and 25% to be paid in equity, to acquire a business in the Permian Basin with proprietary fresh water sources and water transport infrastructure. The Company's entry into a definitive agreement is subject to completion of satisfactory accounting, financial and other due diligence and cannot be assessed.

Effective December 20, 2016, the Company amended its senior secured credit facility. The Company and its lenders entered into a credit agreement amendment to extend the term of the Company's senior secured credit facility from February 28, 2018 to February 28, 2020. The amended agreement resulted in a reduction of the total senior secured credit facility from \$278.2 million to \$100.0 million, now consisting of a \$100.0 million revolving line of credit. The credit agreement amendment provided that a minimum of \$150.0 million of any net equity proceeds be first applied to reduce debt under the senior secured credit facility and provides certain restrictions for proceeds in excess of that amount. The agreement also amends certain financial covenants and restrictions and

SES HOLDINGS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 16—SUBSEQUENT EVENTS (Continued)

outlines a new pricing grid that is effective after receipt of the third quarter 2017 compliance certificate as outlined below.

<u>Leverage Ratio</u>	<u>Eurodollar Advances</u>	<u>Base Rate Advances</u>	<u>Commitment Fees</u>
< 2.00	3.00%	2.00%	0.50%
³ 2.00 < 2.50	3.25%	2.25%	0.50%
³ 2.50 < 3.00	3.50%	2.50%	0.50%
³ 3.00 < 3.50	3.75%	2.75%	0.50%
³ 3.50 < 4.00	4.00%	3.00%	0.50%
³ 4.00	4.50%	3.50%	0.50%

On December 20, 2016, Select Energy Services, Inc. completed a private placement of equity for 16,100,000 shares of Class A-1 common stock (the "144A Offering") at an offering price of \$20.00 per share. In conjunction with the 144A Offering, the Company's then existing Class A and Class B units were converted into a single class of common units and the Company effected a 10.3583 for 1 unit split. In exchange for the contribution of all net proceeds from the 144A offering, the Company issued 16,100,000 common units to Select Energy Services, Inc., and Select Energy Services, Inc. became the sole managing member of the Company. The accompanying consolidated financial statements and notes to consolidated financial statements give retroactive effect to the unit conversion and 10.3583 for 1 unit split for all periods presented.

The Company has evaluated subsequent events through January 20, 2017.



Part II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other expenses of issuance and distribution**

The following table sets forth an itemized statement of the amounts of all expenses (excluding underwriting discounts and commissions) payable by us in connection with the registration of the common stock offered hereby. With the exception of the SEC registration fee, FINRA filing fee and New York Stock Exchange listing fee, the amounts set forth below are estimates. The selling shareholders will not bear any portion of such expenses.

SEC registration fee	\$	*
FINRA filing fee		*
NYSE listing fee		*
Accountants' fees and expenses		*
Legal fees and expenses		*
Printing and engraving expenses		*
Miscellaneous		*
Total	\$	*

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers

Our amended and restated certificate of incorporation will provide that a director will not be liable to the corporation or its stockholders for monetary damages to the fullest extent permitted by the DGCL. In addition, if the DGCL is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided for in our certificate of incorporation, will be limited to the fullest extent permitted by the amended DGCL. Our amended and restated bylaws will provide that the corporation will indemnify, and advance expenses to, any officer or director to the fullest extent authorized by the DGCL.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement in connection with specified actions, suits and proceedings whether civil, criminal, administrative, or investigative, other than a derivative action by or in the right of the corporation, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification extends only to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such action and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's certificate of incorporation, bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our amended and restated certificate of incorporation will also contain indemnification rights for our directors and our officers. Specifically, our amended and restated certificate of incorporation will provide that we shall indemnify our officers and directors to the fullest extent authorized by the DGCL. Further, we may maintain insurance on behalf of our officers and directors against expense, liability or loss asserted incurred by them in their capacities as officers and directors.

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We have obtained directors' and officers' insurance to cover our directors, officers and some of our employees for certain liabilities.

We will enter into written indemnification agreements with our directors and executive officers. Under these proposed agreements, if an officer or director makes a claim of indemnification to us, either a majority of the independent directors or independent legal counsel selected by the independent directors must review the relevant facts and make a determination whether the officer or director has met the standards of conduct under Delaware law that would permit (under Delaware law) and require (under the indemnification agreement) us to indemnify the officer or director.

The underwriting agreement provides for indemnification by the underwriters of us and our officers and directors, and by us of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Item 15. Recent Sales of Unregistered Securities

On December 16, 2016, completed a private placement of 16,100,000 shares of Class A-1 common stock. FBR Capital Markets & Co. acted as initial purchaser and placement agent in the offering. We refer to this offering herein as the 144A Offering. Shares of our common stock were sold to qualified institution buyers, accredited investors and certain foreign investors at a price of \$20.00 per share. FBR's initial purchaser discount and placement fee was \$1.375, except a lower initial purchaser's discount and placement fee was paid with respect to \$60.0 million of shares of Class A-1 common stock purchased by certain investors identified by us, resulting in an aggregate discount of \$19,712,500. We believe the issuances in this offering were exempt from registration pursuant to Section 4(a)(2), Rule 144A, Regulation S or Regulation D of the Securities Act based on representation to us or FBR Capital Markets & Co. by each investor or investor transferee that such investor is an "accredited investor" as defined in Rule 501(a) under the Securities Act, such investor is a non-US person and otherwise complies with the requirements for relation of Regulation S, or such investor is a "qualified institutional buyer" as defined in Rule 144A(a)(i) under the Securities Act, as the case may be. The shares of Class A-1 common stock will be automatically converted to Class A common stock upon completion of this offering.

Item 16. Exhibits and financial statement schedules

See the Exhibit Index immediately following the signature page hereto, which is incorporated by reference as if fully set forth herein.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Gainesville, State of Texas, on _____, 2017.

Select Energy Services, Inc.

By: _____
John D. Schmitz
Chief Executive Officer

Each person whose signature appears below appoints _____ and _____, and each of them, any of whom may act without the joinder of the other, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any Registration Statement (including any amendment thereto) for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or would do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities indicated below as of _____.

<u>Name</u>	<u>Title</u>
_____ John D. Schmitz	Chairman and Chief Executive Officer (Principal Executive Officer)
_____ Gary Gillette	Chief Financial Officer and Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
_____ Robert Delaney	Director
_____ Adam Klein	Director

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<u>Name</u>	<u>Title</u>
<hr/> Douglas J. Wall	Director
<hr/> Richard A. Burnett	Director

INDEX TO EXHIBITS

Exhibit Number	Description
*1.1	Form of Underwriting Agreement
**3.1	Amended and Restated Certificate of Incorporation of Select Energy Services, Inc.
**3.2	Amended and Restated Bylaws of Select Energy Services, Inc.
**4.1	Form of Stock Certificate
**4.2	Registration Rights Agreement, dated December 20, 2016, by and among Select Energy Services, Inc., SES Legacy Holdings, LLC and Crestview Partners II Investment B, LLC
**4.3	Registration Rights Agreement, dated December 20, 2016, by and between Select Energy Services, Inc. and FBR Capital Markets & Co.
*5.1	Opinion of Vinson & Elkins L.L.P. as to the legality of the securities being registered
10.1	Amended and Restated Revolving Credit Agreement, dated May 3, 2011, among Select Energy Services, LLC, Wells Fargo Bank, N.A., as administrative agent, and the lenders named therein (incorporated by reference to Annex A of Amendment No. 15 to Amended and Restated Revolving Credit Agreement, dated December 20, 2016, filed herewith as Exhibit 10.2)
**10.2	Amendment No. 15 to Amended and Restated Revolving Credit Agreement, dated December 20, 2016
*10.3	Select Energy Services, Inc. Long-Term Incentive Plan
*10.4	Form of Indemnification Agreement
**10.5	Tax Receivable Agreement, dated December 20, 2016, by and among Select Energy Services, Inc., SES Legacy Holdings, LLC and Crestview Partners II GP, L.P.
**10.6	Tax Receivable Agreement, dated December 20, 2016, by and among Select Energy Services, Inc., Crestview Partners II SES Investment B, LLC and Crestview Partners II GP, L.P.
**10.7	Management Services Agreement, dated December 19, 2016, by and between Select Energy Services, Inc. and Crestview Advisors, L.L.C.
**10.8	Management Services Agreement, dated December 19, 2016, by and between Select Energy Services, Inc. and B-29 Investments, LP
**10.9	Eighth Amended and Restated Limited Liability Company Agreement of SES Holdings, LLC
*10.10	Form of 2016 Equity Incentive Plan Stock Option Agreement
*10.11	Form of Phantom Unit Award Adjustments Letter
*21.1	List of subsidiaries of Select Energy Services, Inc.
*23.1	Consent of Pannell Kerr Forster of Texas, P.C..
*23.2	Consent of Vinson & Elkins L.L.P. (included as part of Exhibit 5.1 hereto)
**24.1	Power of Attorney (included on the signature page of this Registration Statement)

* To be filed by amendment.

** Filed herewith.

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
SELECT ENERGY SERVICES, INC.**

Select Energy Services, Inc. (the "**Corporation**"), a corporation organized and existing under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "**DGCL**"), hereby certifies as follows:

1. The original Certificate of Incorporation of the Corporation (the "**Original Certificate of Incorporation**") was filed with the Secretary of State of the State of Delaware on November 21, 2016.

2. This Amended and Restated Certificate of Incorporation, which restates and amends the Original Certificate of Incorporation, has been declared advisable by the board of directors of the Corporation (the "**Board**"), duly adopted by the stockholders of the Corporation and duly executed and acknowledged by the officers of the Corporation in accordance with Sections 103, 228, 242 and 245 of the DGCL. References to this "**Amended and Restated Certificate of Incorporation**" herein refer to the Amended and Restated Certificate of Incorporation, as amended, restated, supplemented and otherwise modified from time to time.

3. The Original Certificate of Incorporation is hereby amended and restated in its entirety to read as follows:

**ARTICLE I
NAME**

SECTION 1.1. Name. The name of the Corporation is Select Energy Services, Inc.

**ARTICLE II
REGISTERED AGENT**

SECTION 2.1. Registered Agent. The address of its registered office in the State of Delaware is 1675 South State, Suite B, City of Dover, County of Kent, Delaware 19901. The name of the Corporation's registered agent at such address is CAPITOL SERVICES, INC.

**ARTICLE III
PURPOSE**

SECTION 3.1. Purpose. The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL as it currently exists or may hereafter be amended.

**ARTICLE IV
CAPITALIZATION**

SECTION 4.1. Number of Shares. The total number of shares of stock that the Corporation shall have the authority to issue is 490,000,000 shares of stock, consisting of (A) 50,000,000 shares of preferred stock, par value \$0.01 per share ("**Preferred Stock**"), (B) 250,000,000 shares of Class A common stock, par value \$0.01 per share ("**Class A Common Stock**"), (C) 40,000,000 shares of Class A-1 common stock, par value \$0.01 per share ("**Class A-1 Common Stock**") and (D) 150,000,000 shares of Class B common stock, par value \$0.01 per share ("**Class B Common Stock**" and, together with the Class A Common Stock and the Class A-1 Common Stock, the "**Common Stock**").

SECTION 4.2. Provisions Relating to Preferred Stock.

(A) Preferred Stock may be issued from time to time in one or more series, the shares of each series to have such designations and powers, preferences, privileges and rights, and qualifications, limitations and restrictions thereof, as are stated and expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board as hereafter prescribed (a "**Preferred Stock Designation**").

(B) Subject to any limitations prescribed by law and the rights of any series of the Preferred Stock then outstanding, if any, authority is hereby expressly granted to and vested in the Board to authorize the issuance of Preferred Stock from time to time in one or more series, and with respect to each series of Preferred Stock, to fix and state by the resolution or resolutions from time to time adopted by the Board providing for the issuance thereof the designations and the powers, preferences, privileges and rights, and qualifications, limitations and restrictions relating to each series of Preferred Stock, including, but not limited to, the following:

(1) whether or not the series is to have voting rights, full, special or limited, or is to be without voting rights, and whether or not such series is to be entitled to vote as a separate series either alone or together with the holders of one or more other classes or series of stock;

(2) the number of shares to constitute the series and the designations thereof;

(3) the powers, preferences, privileges and relative, participating, optional or other special rights, if any, and the qualifications, limitations and restrictions thereof, if any, with respect to any series;

(4) whether or not the shares of any series shall be redeemable at the option of the Corporation or the holders thereof or upon the happening of any specified event, and, if redeemable, the redemption price or prices (which may be payable or issuable in the form of cash, notes, securities or other property), and the time or times at which, and the terms and conditions upon which, such shares shall be redeemable and the manner of redemption;

(5) whether or not the shares of a series shall be subject to the operation of retirement or sinking funds to be applied to the purchase or redemption of such shares for retirement, and, if such retirement or sinking fund or funds are to be established, the annual amount thereof, and the terms and provisions relative to the operation thereof;

(6) the dividend rate, whether dividends are payable or issuable in cash, stock of the Corporation or other property, the conditions upon which and the times when such dividends are payable or issuable, the preference to or the relation to the payment or issuance of dividends payable or issuable on any other

class or classes or series of stock, whether or not such dividends shall be cumulative or noncumulative, and if cumulative, the date or dates from which such dividends shall cumulate, and whether such dividends shall be compounded and if so the rate of such compounding;

(7) the preferences, if any, and the amounts thereof which the holders of any series thereof shall be entitled to receive upon the voluntary or involuntary liquidation, dissolution or winding up of, or upon any distribution of the assets of, the Corporation;

(8) whether or not the shares of any series, at the option of the Corporation or the holder thereof or upon the happening of any specified event, shall be convertible into or exchangeable for, the shares of any other class or classes or of any other series of the same or any other class or classes or series of stock, securities or other property of the Corporation and the conversion price or prices or ratio or ratios or the rate or rates at which such exchange may be made, with such adjustments, if any, as shall be stated and expressed or provided for in such resolution or resolutions; and

(9) such other powers, preferences, privileges and rights, and qualifications, limitations and restrictions with respect to any series as may to the Board seem advisable.

(C) The shares of each series of Preferred Stock may vary from the shares of any other series thereof in any or all of the foregoing respects.

SECTION 4.3. Provisions Relating to Common Stock.

(A) Except as may otherwise be provided in this Amended and Restated Certificate of Incorporation (including for the avoidance of doubt the terms of Section 4.3(D)), each share of Common Stock shall have identical rights and privileges in every respect. Common Stock shall be subject to the express terms of Preferred Stock and any series thereof. Except as otherwise required by this Amended and Restated Certificate of Incorporation (including Section 4.4(D) with respect to Class A-1 Common Stock and any Preferred Stock Designation) or by applicable law, the holders of shares of Common Stock shall be entitled to one vote for each such share on all matters which the stockholders are entitled to vote, the holders of shares of Common Stock shall have the exclusive right to vote for the election of directors and on all other matters upon which the stockholders are entitled to vote, and the holders of Preferred Stock shall not be entitled to vote at or receive notice of any meeting of stockholders, other than as provided in the applicable Preferred Stock Designation. Except as otherwise required in this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation) or by applicable

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law, the holders of Common Stock shall vote together as a single class on all matters (or, if any holders of Preferred Stock are entitled to vote together with the holders of Common Stock, the holders of Common Stock and the Preferred Stock shall vote together as a single class).

(B) Notwithstanding the foregoing, except as otherwise required in this Amended and Restated Certificate of Incorporation or by applicable law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation) or pursuant to the DGCL.

(C) Subject to the prior rights and preferences, if any, applicable to shares of Preferred Stock or any series thereof, the holders of shares of Class A Common Stock and Class A-1 Common Stock shall be entitled to receive, ratably in proportion to the number of shares of Class A Common Stock and the number of shares of Class A-1 Common Stock held by them, such dividends and distributions (payable or issuable in cash, stock or otherwise), if any, as may be declared thereon by the Board at any time and from time to time out of any funds of the Corporation legally available therefor; *provided*, that Special Dividends, when and if accruing or paid, shall accrue and be paid only upon shares of Class A-1 Common Stock in accordance with terms of Section 4.4. Dividends and other distributions shall not be declared or paid on the Class B Common Stock unless (1) the dividend consists of shares of Class B Common Stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class B Common Stock paid proportionally with respect to each outstanding share of Class B Common Stock and (2) a dividend consisting of shares of Class A Common Stock, shares of Class A-1 Common Stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class A Common Stock or Class A-1 Common Stock on equivalent terms is simultaneously paid to the holders of Class A Common Stock and Class A-1 Common Stock. If dividends are declared on the Class A Common Stock, the Class A-1 Common Stock or the Class B Common Stock that are payable or issuable in shares of Class A Common Stock, Class A-1 Common Stock, or securities convertible into, or exercisable or exchangeable for Class A Common Stock or Class A-1 Common Stock, the dividends payable or issuable to the holders of Class A Common Stock and Class A-1 Common Stock, as applicable, shall be paid only in shares of Class A Common Stock or Class A-1 Common Stock, respectively (or securities convertible into, or exercisable or exchangeable for Class A Common Stock or Class A-1 Common Stock, respectively), the dividends payable or issuable to the holders of Class B Common Stock shall be paid only in shares of Class B Common Stock (or securities convertible into, or exercisable or exchangeable for Class B Common Stock), and such dividends shall be paid in the same number of shares (or fraction thereof) on a per share basis of the Class A Common Stock, Class A-1 Common Stock and Class B Common Stock, respectively (or securities convertible into, or exercisable or exchangeable for the same number of shares (or fraction thereof) on a per share basis of the Class A Common Stock, the Class A-1 Common Stock and Class B Common Stock, respectively); *provided*, that Special Dividends, when and if accruing or paid, shall accrue and be paid only upon shares of Class A-1 Common Stock in accordance with terms of Section 4.4. In no event shall the shares of any of Class A Common Stock, Class A-1 Common

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Stock or Class B Common Stock be split, divided, or combined unless the outstanding shares of the Class A Common Stock, the Class A-1 Common Stock, or Class B Common Stock, as applicable, be proportionately split, divided or combined.

(D) In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after distribution in full of the preferential amounts, if any, to be distributed to the holders of shares of Preferred Stock or any series thereof as provided in the applicable Preferred Stock Designation, the holders of shares of Class A Common Stock and shares of Class A-1 Common Stock (on an as-if-converted to Class A Common Stock basis) shall be entitled to receive all of the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Class A Common Stock and Class A-1 Common Stock (on an as-if-converted to Class A Common Stock basis) held by them. The holders of shares of Class B Common Stock, as such, shall not be entitled to receive any assets of the Corporation in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation. A dissolution, liquidation or winding-up of the Corporation, as such terms are used in this paragraph (D), shall not be deemed to be occasioned by or to include any consolidation or merger of the Corporation with or into any other corporation or corporations or other entity or a sale, lease, exchange or conveyance of all or a part of the assets of the Corporation.

(E) Units of SES Holdings and shares of Class B Common Stock shall be exchangeable for shares of Class A Common Stock on the terms and subject to the conditions set forth in the Eighth Amended and Restated Limited Liability Agreement of SES Holdings, LLC dated and made effective as of December 19, 2016, as the same may be amended from time to time in accordance with its terms (the "**LLC Agreement**"). The Corporation will at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of issuance upon exchange of the outstanding units of SES Holdings and shares of Class B Common Stock for Class A Common Stock pursuant to the LLC Agreement, such number of shares of Class A Common Stock that shall be issuable upon any such exchange pursuant to the LLC Agreement; *provided* that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of any such exchange of units of SES Holdings and shares of Class B Common Stock pursuant to the LLC Agreement by delivering to the holder of such units of SES Holdings and such shares of Class B Common Stock upon such exchange, cash in lieu of shares of Class A Common Stock in the amount permitted by and provided in the LLC Agreement or

shares of Class A Common Stock which are held in the treasury of the Corporation. All shares of Class A Common Stock that shall be issued upon any such exchange will, upon issuance in accordance with the LLC Agreement, be validly issued, fully paid and non-assessable.

(F) The number of authorized shares of Class A Common Stock, Class A-1 Common Stock, Class B Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares of stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of Class A Common Stock, Class A-1 Common

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Stock, Class B Common Stock or Preferred Stock voting separately as a class shall be required therefor.

(G) No stockholder shall, by reason of the holding of shares of any class or series of capital stock of the Corporation, have any preemptive or preferential right to acquire or subscribe for any shares or securities of any class or series, whether now or hereafter authorized, which may at any time be issued, sold or offered for sale by the Corporation, unless specifically provided for in the terms of a series of Preferred Stock

SECTION 4.4. Provisions Relating to Class A-1 Common Stock.

Definitions. As used in this Section 4.4, the following terms shall have the following meanings:

“**Commission**” means the United States Securities and Exchange Commission.

“**Compounding Date**” means the date on which the cumulative number of days (which need not be consecutive) on which Special Dividends have accrued equals 365 days or 730 days.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder.

“**Form 10 Deferral**” means a permitted deferral, under the Registration Rights Agreement, of the Corporation’s obligation, under the same agreement, to cause a Resale Shelf to become effective, which deferral arises under the Registration Rights Agreement where the Corporation has not completed the IPO (as defined in Section 5.1(B)) before October 31, 2017 and is using its commercially reasonable efforts to cause a Form 10 Registration Statement to become effective under the Exchange Act, and to obtain a listing on a National Securities Exchange or to become eligible to trade on an Interim OTC Market no later than December 31, 2017. In such case, under the Registration Rights Agreement, the Corporation’s obligation to cause a Resale Shelf to become effective is deferred until 60 days after the Corporation satisfies the applicable “round lot” holder requirements to be listed on a National Securities Exchange.

“**Form 10 Registration Statement**” means a registration statement of the Corporation on Form 10 under the Exchange Act.

“**Interim OTC Market**” means the OTC QB market or the OTC QX market, or another similar successor or replacement market for over-the-counter listings.

“**holder**” (synonymously for like terms “hold,” “holding,” and “held”) means a person who has beneficial ownership of a share or shares, as determined in accordance with Rule 13d-3 promulgated under the Exchange Act.

“**National Securities Exchange**” means the New York Stock Exchange, the Nasdaq Global Select Market or another similar national securities exchange.

“**Registration Rights Agreement**” means the Registration Rights Agreement, dated December 19, 2016, entered into by and between the Corporation and FBR Capital Markets & Co.,

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for itself as the initial purchaser of, and placement agent for, the shares of Class A-1 Common Stock and for the benefit of the purchasers of the shares of Class A-1 Common Stock, and their direct and indirect transferees.

“**Resale Shelf**” means a shelf registration statement on Form S-1 or such other form under the Securities Act of 1933, as amended (the “**Securities Act**”) then available to the Corporation for the registration of the shares of Class A Common Stock that are registrable under the Registration Rights Agreement for the purpose of registering such registrable shares of Class A Common Stock.

(A) **Special Dividends.** Subject to the prior rights and preferences, if any, applicable to shares of Preferred Stock or any series thereof, Special Dividends (as defined in the last sentence of this Section 4.4(A) below) shall cumulate and accrue on each issued and outstanding share of Class A-1 Common Stock on a daily basis, at a rate of seven percent (7%) per annum, based on a 365-day year, compounded on the Compounding Date, commencing on (1) May 1, 2017, if the Resale Shelf has not been filed with, or a confidential draft Resale Shelf has not been submitted under the Jumpstart Our Business Startups Act of 2012 to, the Commission by April 30, 2017; (2) November 1, 2017, if the Resale Shelf has not been declared effective by the Commission and the Class A Common Stock has not been listed for trading on a National Securities Exchange by October 31, 2017; (3) in circumstances where the Corporation pursues an IPO and the IPO is completed by no later than October 31, 2017, the 61st day following the completion of the IPO if the Resale Shelf has not been declared effective by the Commission and the Class A Common Stock has not been listed for trading on a National Securities Exchange within 60 days following the completion of the IPO; (4) in circumstances where the Corporation either has not pursued an IPO or has abandoned an IPO, January 1, 2018, if a Form 10 Registration Statement has not been declared effective by the Commission and a listing on an Interim OTC Market is not effective by December 31, 2017; and (5) the 61st day after the Corporation has satisfied the applicable “round lot” holder requirements of a National Securities Exchange, if a Form 10 Deferral is applicable and within 60 days of satisfying the applicable “round lot” holder requirements to be listed on a National Securities Exchange the Resale Shelf has not been declared effective by the Commission and the Class A Common Stock has not been listed for trading on a National Securities Exchange (each of the foregoing events, beginning on the first date of such event and including each day of such event until (and not inclusive of) the date of a Special Dividend Satisfaction Event (as defined below), a “**Special Dividend Accrual Event**”). Any dividend that accrues on a share of Class A-1 Common Stock on a daily basis during a Special Dividend Accrual Event pursuant to this Section 4.4 is referred to as a “**Special Dividend**.” For any other dividends or distributions, Class A-1 Common Stock will participate with Class A Common Stock on an as-converted basis. A share of Class A-1 Common Stock shall not, solely by means of sale, transfer or other disposition, become separated from the right to receive payment of Special Dividends that have accrued on such share or that may accrue and be paid upon such share under this Section 4.4(A).

(B) **Accrual.** Special Dividends shall, commencing upon the occurrence of any Special Dividend Accrual Event be cumulative and accrue on a daily basis, and shall cease cumulating and accruing upon (1) the date of the satisfaction of the conditions set forth in clause (1), (2), (3), (4), or (5) of Section 4.4(A) that gave rise to such Special Dividend (any such

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date, a “*Special Dividend Satisfaction Date*”), (2) any Conversion End Date (as defined below, and which includes the final date of the Maximum Accrual Period), and (3) the date on which the cumulative number of days (which need not be consecutive) on which Special Dividends have accrued in respect of Special Dividend Accrual Events (without duplication) equals 1,095 days (the “*Maximum Accrual Period*”). Special Dividends shall cumulate and accrue and when issued shall be issued in additional shares of Class A-1 Common Stock. Upon a simultaneous occurrence of two or more Special Dividend Accrual Events on one or more days, Special Dividends shall accrue on each issued and outstanding share of Class A-1 Common Stock as if only one Special Dividend Accrual Event were occurring on each such day or days, such that the accrual of Special Dividends in accordance with terms of Sections 4.4(A) and 4.4(B) shall not be doubled, tripled or otherwise multiplied due to the existence of simultaneously occurring Special Dividend Accrual Events.

(C) *Payment.* Shares of Class A-1 Common Stock that accrue as a result of Special Dividends and are issuable as payment of Special Dividends are referred to in unissued form as “*PIK Class A-1 Common Shares.*” Special Dividends shall not accrue on or be issuable in respect of PIK Class A-1 Common Shares. Accrued but unpaid Special Dividends shall be paid through the issuance of the number of PIK Class A-1 Common Shares due on the applicable issued and outstanding shares of Class A-1 Common Stock under Section 4.4(A) and 4.4(B) upon (1) any voluntary or involuntary liquidation, dissolution or winding up of the Corporation (but prior to any such voluntary or involuntary liquidation, dissolution or winding up), (2) a Compounding Date and (3) a Conversion End Date (but prior to the Conversion, in accordance with Section 4.4(F)) (each event in clause (1), (2) and (3), a “*Payment Date*”). The number of accrued PIK Class A-1 Common Shares to be issued to a holder of shares of Class A-1 Common Stock on a Payment Date in additional shares of Class A-1 Common Stock shall be equal to (1) the number of issued and outstanding shares of Class A-1 Common Stock held by such holder and upon which payment of Special Dividends is due, multiplied by (2)(a) Accrual Days multiplied by (b)(i) .07 divided by (ii) 365. The “*Accrual Days*” means the whole number that is equal to the cumulative number of days (which need not be consecutive) on which Special Dividends have accrued as a result of Special Dividend Accrual Events and are unpaid. The PIK Class A-1 Common Shares issuable in payment of Special Dividends shall be issued in the form of shares of Class A-1 Common Stock and, when issued, shall be deemed to be validly issued, fully paid, outstanding, and non-assessable.

(D) *Other Rights.* A share of Class A-1 Common Stock confers upon the holder of such share the benefit of any PIK Class A-1 Common Shares that are accrued but unpaid upon such share of Class A-1 Common Stock, as if such PIK Class A-1 Common Shares had been issued on (1) the business day immediately prior to a record date declared by the Corporation with respect to any matter submitted to stockholders for a vote at a meeting of stockholders of the Corporation (for so long as shares of Class A-1 Common Stock remain issued and outstanding), such that the holder of such shares of Class A-1 Common Stock (in such capacity) shall be entitled to a number of votes at such meeting equal to the number of all shares of Class A-1 Common Stock plus all accrued and unpaid PIK Class A-1 Common Shares to which such holder is entitled as of such record date in respect of such shares of Class A-1 Common Stock, provided that any fractional PIK Class A-1 Common Share to which such holder would be entitled (after the aggregation of all PIK Class A-1 Common Shares to which such holder is entitled) will be rounded down to the nearest whole number for purposes of voting at any such meeting; (2) the business day immediately prior

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to a record date declared by the Corporation with respect to any dividend benefitting the shares of Class A-1 Common Stock (except a Special Dividend), such that the holder of such shares of Class A-1 Common Stock (in such capacity) shall be entitled to receive dividends in respect of the Class A-1 Common Stock held in an amount equal to the aggregate amount payable on all shares of Class A-1 Common Stock and all accrued and unpaid PIK Class A-1 Common Shares to which such holder is entitled as of such record date; (3) the date of any sale, transfer or other disposition of such share of Class A-1 Common Stock, subject to Section 4.4(E), below.

(E) *Transfer.* Any holder of a share of Class A-1 Common Stock electing to sell or transfer such share, prior to any Payment Date, to a buyer or transferee, shall be obligated to transfer with such share, to the same buyer or transferee, any PIK Class A-1 Common Share (or Shares) that is or are issuable but unpaid in respect of such share of Class A-1 Common Stock. An issuable PIK Class A-1 Common Share shall not be issued and paid to any holder who is not also the holder of the underlying share of Class A-1 Common Stock in respect of which such PIK Class A-1 Common Share became accrued and issuable. The holder of a share of Class A-1 Common Stock that is to be permissibly transferred must notify the Secretary of the Corporation and any transfer agent for the Class A-1 Common Stock, according to instructions provided by the Corporation or any such transfer agent, of such proposed sale, transfer or other disposition at least three (3) business days in advance of the effective date of such permitted sale, transfer or other disposition.

(F) *Conversion.* Upon the Conversion End Date, any PIK Class A-1 Common Shares that remain issuable but unpaid as of such date shall be issued and paid, prior to the Conversion. Immediately thereafter, each share of Class A-1 Common Stock shall automatically be converted into the right to receive one (1) fully paid and non-assessable share of Class A Common Stock (including fractional shares) (the “*Conversion*”). The “*Conversion End Date*” shall mean the earlier to occur of (1) the end of the Maximum Accrual Period and (2) the date on which either (a) a Resale Shelf is declared effective by the Commission and the Class A Common Stock is listed on a National Securities Exchange or (b) the date on which a Form 10 Registration Statement is declared effective by the Commission and the Class A Common Stock is listed on a National Securities Exchange.

(G) *Mechanics of Conversion.* The issuance of shares of Class A Common Stock to holders of shares of Class A-1 Common Stock pursuant to Section 4.4(F) shall be conditioned on delivery by such holders to the Corporation or any transfer agent or exchange agent designated by the Corporation of any transmittal form or transfer instruction and supplemental material as may be required by the Corporation or such designated transfer agent or exchange agent. Such transmittal form or transfer instruction shall state the number of shares of Class A-1 Common Stock held by such holder; provided, that the Company shall certify the number of shares of Class A-1 Common Stock held by such holder to facilitate such Conversion. Thereupon, the Corporation shall (1) promptly issue and deliver, or cause its designated transfer agent or exchange agent to issue and deliver, to such holder the number of shares of Class A Common Stock to which such holder is entitled, in book-entry form (or, at the election of the holder, in certificated form) and (2) pay to such holder in cash (based on the Class A Common Stock’s fair market value determined by the Board as of the date of Conversion) the value of any fractional share of Class A Common Stock that would be otherwise issuable to such holder. Such Conversion shall be deemed

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to have been made at the close of business on the Conversion End Date, and the person entitled to receive the shares of Class A Common Stock issuable upon such Conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

(H) *Notice.* Subject to Section 4.4(J), the Corporation shall make available to each holder of Class A-1 Common Stock information regarding the occurrence of any (1) Special Dividend Accrual Event (for the first day on which the Special Dividends accrue and for the day on which such Special Dividends cease), (2) Special Dividend Satisfaction Date, and (3) Conversion End Date, in each case within three (3) business days following such occurrences.

(I) *Protective Provisions.* So long as any share of Class A-1 Common Stock is issued, the Corporation shall not, without first obtaining the approval (by vote or written consent) of the holders of at least a majority of the issued and outstanding shares of Class A-1 Common Stock, in addition to any other vote or consent required herein or by law, to effect or validate any amendment, alteration or repeal of any provision of this Amended and Restated Certificate of Incorporation that materially adversely alters or changes the voting, dividend or rights to Conversion of the Class A-1 Common Stock or materially adversely alters or changes any other rights, powers, preferences, privileges or restrictions of the Class A-1 Common Stock.

(J) *Information.* Subject to the final sentence of this Section 4.4(J), the Corporation shall take commercially reasonable efforts to ensure that a holder of any shares of Class A-1 Common Stock may access information, that shall be as current as reasonably practicable for the Corporation, regarding the number of such shares

held by, issuable to, and issued to such holders (the “**Information**”); *provided*, that the Corporation shall retain full discretion regarding timing and any delay for releasing such the Information to such holders of such shares. The Corporation shall ensure that any such holder of such shares shall be capable of obtaining certification of Information pertaining to such holder’s beneficial ownership of shares upon written request by such holder to the Secretary of the Corporation or by other means as shall be specified by the Corporation in its sole discretion. The Corporation may contract with one or more third-party service providers to provide Information and services referenced in this Section 4.4(J), and shall retain full discretion in determining the nature of and technical details with respect to the Corporation’s provision of Information and services referenced in this Section 4.4(J).

ARTICLE V DIRECTORS

SECTION 5.1. Term and Classes.

(A) The business and affairs of the Corporation shall be managed by or under the direction of the Board. In addition to the powers and authority expressly conferred upon them by statute or by this Amended and Restated Certificate of Incorporation or the bylaws of the Corporation (as they may be amended and restated from time to time, the “**Bylaws**”), the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

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(B) Until the first date on which members of the Legacy Group (as defined below) no longer individually or collectively beneficially own (or otherwise have the right to vote or direct the vote of) more than 50% of the outstanding shares of Common Stock (the “**Trigger Date**”), the directors, other than those who may be elected by the holders of any series of Preferred Stock specified in the related Preferred Stock Designation, shall consist of a single class, with the initial term of office to expire at the 2017 annual meeting of stockholders, and each director shall hold office until his successor shall have been duly elected and qualified, subject, however, to such director’s earlier death, resignation, disqualification or removal. For purposes of this Amended and Restated Certificate of Incorporation, beneficial ownership of shares shall be determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). At each annual meeting of stockholders, directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the next succeeding annual meeting of stockholders after their election, with each director to hold office until his successor shall have been duly elected and qualified, subject, however, to such director’s earlier death, resignation, disqualification or removal. The “**Legacy Group**” means any or all of: (i) SES Legacy Holdings, LLC (“**Legacy Owner Holdco**”); (ii) Crestview Partners II SES Investment, LLC (“**Crestview Holdco**”); (iii) any funds, limited partnerships or other investment entities or vehicles managed by Crestview Advisors, L.L.C. or controlled by Crestview Partners II GP, L.P., (the “**Crestview Entities**”); (iv) B-29 Investments LP; (v) Sunray Capital, LP; (vi) Proactive Investments, LP; (vii) any or all of Robert Delaney, Gary Gillette, Adam Klein, Eric Mattson, Cody Ortowski, John Schmitz, and any officers or directors of the Corporation; (viii) successors in interest to, assigns of, third-party transferees of, and Affiliates (as defined in Section 10.2, and other than the Corporation) of the persons referenced in the immediately preceding clauses (i) through (vii); and (ix) any person (1) who holds equity interests in Legacy Owner Holdco or Crestview Holdco and (2) executes an agreement for purposes of maintaining shared control over the governance, business and affairs of the Corporation, prior to or after the completion of the IPO, with any of Crestview Holdco, B-29 Investments LP or Sunray Capital, LP in a form mutually acceptable to the parties thereto. “**IPO**” means the Corporation’s or its successor’s initial public offering of shares of the Class A Common Stock.

(C) On and after the Trigger Date, the directors, other than those who may be elected by the holders of any series of Preferred Stock specified in the related Preferred Stock Designation, shall be divided, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is reasonably possible, with the initial term of office of the first class to expire at the first annual meeting of stockholders following the Trigger Date, the initial term of office of the second class to expire at the second annual meeting of stockholders following the Trigger Date, and the initial term of office of the third class to expire at the third annual meeting of stockholders following the Trigger Date, with each director to hold office until his successor shall have been duly elected and qualified, subject, however, to such director’s earlier death, resignation, disqualification or removal, and the Board shall be authorized to assign members of the Board, other than those directors who may be elected by the holders of any series of Preferred Stock, to such classes. At each annual meeting of stockholders following the Trigger Date, directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his successor shall have been duly elected and qualified, subject, however, to such director’s earlier death, resignation, disqualification or removal.

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SECTION 5.2. Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock then outstanding, any newly created directorship that results from an increase in the number of directors or any vacancy on the Board that results from the death, resignation, disqualification or removal of any director or from any other cause shall, unless otherwise required by law or by resolution of the Board, be filled (A) prior to the Trigger Date, by the affirmative vote of a majority of the Whole Board (as defined below), or the affirmative vote of the holders of a majority of the voting power of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors, voting together as a single class and acting at a meeting of the stockholders or by written consent (if permitted) in accordance with the DGCL, this Amended and Restated Certificate of Incorporation and the Bylaws, and (B) on or after the Trigger Date, solely by the affirmative vote of a majority of the Whole Board, even if less than a quorum, or by a sole remaining director, and shall not be filled by the stockholders. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall hold office for the remaining term of his predecessor. No decrease in the number of authorized directors constituting the Board shall shorten the term of any incumbent director.

SECTION 5.3. Removal.

(A) Until the Trigger Date, subject to the rights of the holders of shares of any series of Preferred Stock, if any, to elect additional directors pursuant to this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation), any director may be removed at any time, either for or without cause, upon the affirmative vote of the holders of a majority of the voting power of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors, voting together as a single class and acting at a meeting of the stockholders or by written consent (if permitted) in accordance with the DGCL, this Amended and Restated Certificate of Incorporation and the Bylaws.

(B) On and after the Trigger Date, subject to the rights of the holders of shares of any series of Preferred Stock, if any, to elect additional directors pursuant to this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation thereunder), any director may be removed only for cause, upon the affirmative vote of the holders of at least 75% of the voting power of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors, voting together as a single class and acting at a meeting of the stockholders in accordance with the DGCL, this Amended and Restated Certificate of Incorporation and the Bylaws.

(C) Except as applicable law otherwise provides, cause for the removal of a director shall be deemed to exist only if the director whose removal is proposed: (1) has been convicted of a felony by a court of competent jurisdiction and that conviction is no longer subject to direct appeal; (2) has been found to have been grossly negligent in the performance of his duties to the Corporation in any matter of substantial importance to the Corporation by a court of competent jurisdiction; or (3) has been adjudicated by a court of competent jurisdiction to be mentally incompetent, which mental incompetency directly affects his ability to serve as a director of the Corporation.

SECTION 5.4. Number. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, if any, the

shall be fixed from time to time exclusively pursuant to a resolution adopted by the affirmative vote of a majority of the Whole Board. Unless and except to the extent that the Bylaws so provide, the election of directors need not be by written ballot. For purposes of this Amended and Restated Certificate of Incorporation, the term “*Whole Board*” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

ARTICLE VI STOCKHOLDER ACTION

SECTION 6.1. Written Consents.

(A) Prior to the Trigger Date, any action required or permitted to be taken at any annual meeting or special meeting of the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, is or are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

(B) On and after the Trigger Date, subject to the rights of holders of any series of Preferred Stock with respect to such series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be taken at a duly held annual or special meeting of stockholders and may not be taken by any consent in writing of such stockholders.

ARTICLE VII SPECIAL MEETINGS

SECTION 7.1. Special Meetings. Special meetings of stockholders of the Corporation may be called only by the Board pursuant to a resolution adopted by the affirmative vote of a majority of the Whole Board; *provided, however*, that prior to the Trigger Date, special meetings of the stockholders of the Corporation shall also be called by the Secretary of the Corporation at the request of the holders of a majority in voting power of the outstanding shares of Common Stock. The Board shall fix the date, time and place, if any, of such special meeting. On and after the Trigger Date, subject to the rights of holders of any series of Preferred Stock, the stockholders of the Corporation shall not have the power to call or request a special meeting of stockholders of the Corporation. The Board may postpone, reschedule or cancel any special meeting of the stockholders previously scheduled by the Board.

ARTICLE VIII BYLAWS

SECTION 8.1. Bylaws. In furtherance of, and not in limitation of, the powers conferred by the laws of the State of Delaware, the Board is expressly authorized to adopt, amend or repeal the Bylaws. Any adoption, amendment or repeal of the Bylaws by the Board shall require the approval of a majority of the Whole Board. Stockholders shall also have the power to adopt, amend or repeal the Bylaws; *provided, however*, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, the Bylaws may be adopted, altered, amended or repealed by the

stockholders of the Corporation only (A) prior to the Trigger Date, with the affirmative vote of holders of not less than 50% in voting power of the then-outstanding shares of stock entitled to vote thereon, voting together as a single class, and (B) on and after the Trigger Date, with the affirmative vote of holders of not less than 66²/₃% in voting power of the then-outstanding shares of stock entitled to vote thereon, voting together as a single class. No bylaws hereafter made or adopted, nor any repeal of or amendment thereto, shall invalidate any prior act of the Board that was valid at the time it was taken.

ARTICLE IX LIMITATION OF DIRECTOR LIABILITY

SECTION 9.1. Limitation of Director Liability. No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as it now exists. In addition to the circumstances in which a director of the Corporation is not personally liable as set forth in the preceding sentence, a director of the Corporation shall not be liable to the fullest extent permitted by any amendment to the DGCL hereafter enacted that further limits the liability of a director. Any amendment, repeal or modification of this Article IX shall be prospective only and shall not affect any limitation on liability of a director for acts or omissions occurring prior to the date of such amendment, repeal or modification.

ARTICLE X CORPORATE OPPORTUNITY

SECTION 10.1. Corporate Opportunities. Members of the SES Group (defined below) own and will own substantial equity interests in other entities (existing and future) that participate in the energy industry (“*Portfolio Companies*”) and may make investments and enter into advisory service agreements and other agreements from time to time with those Portfolio Companies. Certain members of the Board may also serve as employees, partners, officers or directors of members of the SES Group or Portfolio Companies and, at any given time, members of the SES Group or Portfolio Companies may be in direct or indirect competition with the Corporation and/or its subsidiaries. The Corporation waives, to the maximum extent permitted by law, the application of the doctrine of corporate opportunity (or any analogous doctrine) with respect to the Corporation, to the SES Group or Portfolio Companies or any directors or officers of the Corporation who are also employees, partners, members, managers, officers or directors of any of the SES Group or Portfolio Companies. As a result of such waiver, no member of the SES Group, nor any director or officer of the Corporation who is also an employee, partner, member, manager, officer or director of any member of the SES Group or Portfolio Companies, shall have any obligation to refrain from: (A) engaging in or managing the same or similar activities or lines of business as the Corporation or any of its subsidiaries or developing or marketing any products or services that compete (directly or indirectly) with those of the Corporation or any of its subsidiaries; (B) investing in or owning any (public or private) interest in any Person engaged in the same or similar activities or lines of business as, or otherwise in competition with, the Corporation or any of its subsidiaries (including any member of the SES Group, a “*Competing Person*”); (C) developing a business relationship with any Competing Person; or (D) entering into any agreement to provide any service(s) to any Competing Person or acting as an officer, director,

member, manager or advisor to, or other principal of, any Competing Person, regardless (in the case of each of (A) through (D)) of whether such activities are in direct or indirect competition with the business or activities of the Corporation or any of its subsidiaries (the activities described in (A) through (D) are referred to herein as “*Specified*”

Activities”). To the fullest extent permitted by law, the Corporation hereby renounces (for itself and on behalf of its subsidiaries) any interest or expectancy in, or in being offered an opportunity to participate in, any Specified Activity that may be presented to or become known to any member of the SES Group or Portfolio Companies or any director or officer of the Corporation who is also an employee, partner, member, manager, officer or director of any member of the SES Group or Portfolio Companies.

SECTION 10.2. Definitions. For purposes of this Article X, the following terms have the following definitions:

(A) **“Affiliate”** means, with respect to a specified Person, a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such specified Person; with respect to any SES Group member, an “Affiliate” shall include (1) any Person who is the direct or indirect ultimate holder of “equity securities” (as such term is described in Rule 405 under the Securities Act of 1933, as amended) of such SES Group member, and (2) any investment fund, alternative investment vehicle, special purpose vehicle or holding company that is directly or indirectly managed, advised or controlled by such SES Group member, including any Portfolio Company.

(B) **“SES Group”** means Legacy Owner Holdco, Crestview Holdco, Crestview Entities, B-29 Investments LP, Sunray Capital, LP, and Proactive Investments, LP and their respective Affiliates (other than the Corporation).

(C) **“Person”** means any individual, corporation, partnership, limited liability company, joint venture, firm, association, or other entity.

To the fullest extent permitted by applicable law, any Person purchasing or otherwise acquiring any interest in any shares of capital stock of the Corporation shall be deemed to have notice of, and to have consented to, the provisions of this Article X. This Article X shall not limit any protections or defenses available to, or indemnification or advancement rights of, any director or officer of the Corporation under this Amended and Restated Certificate of Incorporation, the Bylaws or any applicable law.

ARTICLE XI BUSINESS COMBINATIONS WITH INTERESTED STOCKHOLDERS

SECTION 11.1. Section 203 of the DGCL. The Corporation shall not be governed by or subject to the provisions of Section 203 of the DGCL as now in effect or hereafter amended, or any successor statute thereto.

SECTION 11.2. Interested Stockholder Transactions. Notwithstanding anything to the contrary set forth in this Amended and Restated Certificate of Incorporation, the Corporation shall not engage in any Business Combination (as defined below) at any point in time at which the Corporation’s Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act with

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any Interested Stockholder (as defined below) for a period of three years following the time that such stockholder became an Interested Stockholder, unless:

(A) prior to such time, the Board approved either the Business Combination or the transaction which resulted in such stockholder becoming an Interested Stockholder; or

(B) at or subsequent to such time the Business Combination is approved by the Board and authorized at an annual or special meeting of stockholders by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding shares of each class of capital stock of the Corporation that are not owned by such Interested Stockholder.

SECTION 11.3. Definitions. For purposes of this Article XI, the following terms have the following definitions:

(A) **“Affiliate”** means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another Person;

(B) **“Associate,”** when used to indicate a relationship with any Person, means: (i) any corporation, partnership, unincorporated association or other entity of which such Person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of shares of voting stock of the Corporation; (ii) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such Person, or any relative of such spouse, who has the same residence as such Person.

(C) **“Business Combination”** means (i) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation with the Interested Stockholder or (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the Interested Stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to ten percent (10%) or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding shares of capital stock of the Corporation.

(D) **“Control,”** including the terms “controlling,” “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of stock or other equity interests, by contract or otherwise.

(E) **“Interested Stockholder”** means any Person (other than the Corporation and any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of fifteen percent (15%) or more of the outstanding shares of capital stock of the Corporation that are entitled to vote, or (ii) is an Affiliate of the Corporation and was the owner of fifteen percent (15%) or more of the outstanding shares of capital stock of the Corporation that are entitled to vote at any time within the three-year period immediately prior to the date on which it is sought to be

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determined whether such Person is an Interested Stockholder, and the Affiliates and Associates of such Person. Notwithstanding anything in this Article XI to the contrary, the term **“Interested Stockholder”** shall not include: (x) any member of the Legacy Group or (y) any Person who acquires voting stock of the Corporation directly from any member of the Legacy Group or any of its respective Affiliates, and excluding, for the avoidance of doubt, any Person who acquires voting stock of the Corporation through a broker’s transaction executed on any securities exchange or other over-the-counter market or pursuant to an underwritten public offering.

(F) **“Person”** means any individual, corporation, partnership, unincorporated association or other entity.

ARTICLE XII AMENDMENT OF CERTIFICATE OF INCORPORATION

SECTION 12.1. Amendments.

(A) The Corporation shall have the right, subject to any express provisions or restrictions contained in this Amended and Restated Certificate of Incorporation, from time to time, to amend this Amended and Restated Certificate of Incorporation or any provision hereof in any manner now or hereafter provided by applicable law, and all rights and powers of any kind conferred upon a director or stockholder of the Corporation by this Amended and Restated Certificate of Incorporation or any amendment hereof are subject to such right of the Corporation.

(B) Notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or the Bylaws (and in addition to any other vote that may be required by applicable law or this Amended and Restated Certificate of Incorporation), the affirmative vote of the holders of a majority in voting power of the outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to amend, alter or repeal any provision of this Amended and Restated Certificate of Incorporation.

**ARTICLE XIII
FORUM SELECTION**

SECTION 13.1. Exclusive Forum. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (A) any derivative action or proceeding brought on behalf of the Corporation, (B) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (C) any action asserting a claim against the Corporation, its directors, officers or employees or agents arising pursuant to any provision of the DGCL, this Amended and Restated Certificate of Incorporation or the Bylaws, or (D) any action asserting a claim against the Corporation or any directors, officers or employees or agents of the Corporation governed by the internal affairs doctrine, except as to each of (A) through (D) above, for any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the

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exclusive jurisdiction of a court or forum other than the Court of Chancery, or over which the Court of Chancery does not have subject matter jurisdiction. To the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XIII.

If any provision or provisions of this Article XIII shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article XIII (including, without limitation, each portion of any sentence of this Article XIII containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

SECTION 13.2. Stockholder Consent to Personal Jurisdiction. To the fullest extent permitted by law, if any action the subject matter of which is within the scope of Section 13.1 above is filed in a court other than a court located within the State of Delaware (a "**Foreign Action**") in the name of any stockholder, such stockholder shall be deemed to have consented to (A) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce Section 13.1 above (an "**FSC Enforcement Action**") and (B) having service of process made upon such stockholder in any such FSC Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder.

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IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation as of this 19th day of December 2016.

SELECT ENERGY SERVICES, INC.

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: Chief Executive Officer

Signature Page to Amended and Restated Certificate of Incorporation

AMENDED AND RESTATED
BYLAWS
OF
SELECT ENERGY SERVICES, INC.

Incorporated under the Laws of the State of Delaware

Date of Adoption: December 19, 2016

ARTICLE I
OFFICES AND RECORDS

SECTION 1.1. Registered Office. The registered office of Select Energy Services, Inc. (the “*Corporation*”) in the State of Delaware shall be as set forth in the Amended and Restated Certificate of Incorporation of the Corporation, as it may be amended, restated, supplemented and otherwise modified from time to time (the “*Amended and Restated Certificate of Incorporation*”), and the name of the Corporation’s registered agent at such address is as set forth in the Amended and Restated Certificate of Incorporation. The registered office and registered agent of the Corporation may be changed from time to time by the board of directors of the Corporation (the “*Board*”) in the manner provided by applicable law.

SECTION 1.2. Other Offices. The Corporation may have such other offices, either within or without the State of Delaware, as the Board may designate or as the business of the Corporation may from time to time require.

SECTION 1.3. Books and Records. The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board.

ARTICLE II
STOCKHOLDERS

SECTION 2.1. Annual Meeting. If required by applicable law, an annual meeting of the stockholders of the Corporation shall be held at such date, time and place, if any, either within or outside of the State of Delaware, as may be fixed by resolution of the Board. The Board may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board. Notwithstanding the foregoing, an annual meeting of the stockholders of the Corporation shall be held during calendar year 2018, if necessary, as provided in Section 3.2 below.

SECTION 2.2. Special Meeting. Special meetings of stockholders of the Corporation may be called only by the Board pursuant to a resolution adopted by the affirmative vote of a majority of the Whole Board; *provided, however*, that prior to the first date on which the Legacy Group (as such term is defined in the Amended and Restated Certificate of Incorporation) (the “*Legacy Group*”) no longer collectively beneficially owns (or otherwise has the right to vote or direct the vote of) more than 50% of the outstanding shares of the

Corporation’s Common Stock (the “*Trigger Date*”), special meetings of the stockholders of the Corporation shall also be called by the Secretary of the Corporation at the request of the holders of a majority in voting power of the outstanding shares of the Corporation’s Common Stock. “*Common Stock*” shall have the meaning provided such term in the Amended and Restated Certificate of Incorporation. For purposes of these Bylaws, beneficial ownership of shares shall be determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) and the rules and regulations thereunder. The person or persons authorized by this Section 2.2 to call a special meeting may fix the date, time and place, if any, of such meeting. On and after the Trigger Date, subject to the rights of holders of any series of preferred stock of the Corporation (the “*Preferred Stock*”), the stockholders of the Corporation shall not have the power to call or request a special meeting of stockholders of the Corporation. The Board may postpone, reschedule or cancel any special meeting of the stockholders previously scheduled by the Board. For purposes of these Bylaws, the term “*Whole Board*” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

SECTION 2.3. Record Date.

(A) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by applicable law, not be more than 60 nor less than 10 days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(B) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall not be more than 60 days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

(C) Unless otherwise restricted by the Amended and Restated Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to express consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date for determining stockholders entitled to express consent to corporate action in writing without a meeting is fixed by the Board, (1) when no prior action of the Board is required by applicable law, the record date for such purpose shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (2) if prior action by the Board is required by applicable law, the record date for such purpose shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

SECTION 2.4. Stockholder List. The officer who has charge of the stock ledger shall prepare, at least ten days before every meeting of stockholders, a complete list of stockholders entitled to vote at any meeting of stockholders (*provided, however*, if the record date for determining the stockholders entitled to vote is less than ten days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the 10th day before the meeting date), arranged in alphabetical order and showing the address of each such stockholder and the number of shares registered in the name of such stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten days prior to the meeting, either on a reasonably accessible electronic network (*provided* that the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the principal place of business of the Corporation. The stock list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise required by applicable law, the stock ledger of the Corporation shall be the only evidence as to the stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of the stockholders.

SECTION 2.5. Place of Meeting. If no designation is made for the place of meeting for any annual meeting or for any special meeting of the stockholders pursuant to the terms of Section 2.1 or Section 2.2, as applicable, the place of meeting shall be the principal executive offices of the Corporation. The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the Delaware General Corporation Law (the “*DGCL*”) and any other applicable law for the participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and entitled to vote at a meeting of stockholders,

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whether such meeting is to be held at a designated place or solely by means of remote communication.

SECTION 2.6. Notice of Meeting. Unless otherwise required by law, the Amended and Restated Certificate of Incorporation or these Bylaws, written notice, stating the place, if any, date and time of the meeting, shall be given not less than ten days nor more than 60 days before the date of the meeting to each stockholder of record entitled to vote at such meeting. The notice shall specify (A) the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting), (B) the place, if any, date and time of such meeting, (C) the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting and (D) in the case of a special meeting, the purpose or purposes for which such meeting is called. If the stockholder list referred to in Section 2.4 of these Bylaws is made accessible on an electronic network, the notice of meeting must indicate how the stockholder list can be accessed. If the meeting of stockholders is to be held solely by means of electronic communications, the notice of meeting must provide the information required to access such stockholder list during the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. The Corporation may provide stockholders with notice of a meeting by electronic transmission provided such stockholders have consented to receiving electronic notice in accordance with the DGCL. Such further notice shall be given as may be required by applicable law. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the notice of meeting.

SECTION 2.7. Quorum and Adjournment of Meetings

(A) Except as otherwise required by applicable law, by the Amended and Restated Certificate of Incorporation or by these Bylaws, the holders of a majority of the voting power of all of the outstanding shares of stock of the Corporation entitled to vote at the meeting, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the voting power of all of the outstanding shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The Chairman of the Meeting may adjourn or recess the meeting from time to time for any reason, whether or not there is such a quorum. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment or recess, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

(B) Any meeting of stockholders, annual or special, may adjourn or recess from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned or recessed meeting if the date, time and place thereof are announced at the meeting at which the adjournment or recess is taken; *provided, however*, that if the adjournment or recess is for more than 30 days, a notice of the adjourned or recessed meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned or recessed meeting, the Corporation may transact any business that might have been transacted at the original meeting; *provided, further* that if after an adjournment a new record date for determination of

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stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting.

SECTION 2.8. Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such other manner prescribed by the DGCL) by the stockholder or by his duly authorized attorney-in-fact. Any copy, facsimile transmission or other reliable reproduction of the writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, *provided* that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire original writing or transmission. No proxy may be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the pleasure of the stockholder executing it unless the proxy states that it is irrevocable and applicable law makes it irrevocable. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary of the Corporation.

SECTION 2.9. Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders

(1) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders at an annual meeting of stockholders may be made only (a) pursuant to the Corporation’s notice of meeting (or any supplement thereto), (b) by or at the direction of the Board or any committee thereof or (c) by any stockholder of the Corporation who (i) was a stockholder of record at the time of giving of notice provided for in these Bylaws and at the time of the annual meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures and other requirements set forth in these Bylaws and applicable law. Section 2.9(A)(1)(c) of these Bylaws shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation’s notice of meeting) before an annual meeting of the stockholders.

(2) For any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.9(A)(1)(c) of these Bylaws, (a) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (b) such other business must otherwise be a proper matter for stockholder action under the DGCL and (c) the record stockholder and the beneficial owner, if any, on whose behalf any such proposal or

nomination is made, must have acted in accordance with the representations set forth in the Solicitation Statement required by these Bylaws. To be timely, a stockholder's notice must be received by the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the

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close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; *provided, however*, that subject to the following sentence, in the event that the date of the annual meeting is scheduled for a date that is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so received not later than the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment, recess or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

To be in proper form, a stockholder's notice (whether given pursuant to this Section 2.9(A)(2) or Section 2.9(B)) to the Secretary of the Corporation must:

(a) set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such stockholder's Stockholder Associated Person (as defined in Section 2.9(C)(2)), if any, (ii) (A) the class or series and number of shares of the Corporation that are, directly or indirectly, owned beneficially and of record by such stockholder and such beneficial owner, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of stock of the Corporation or otherwise (a "**Derivative Instrument**"), directly or indirectly owned beneficially by such stockholder or by any Stockholder Associated Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation held by such stockholder or by any Stockholder Associated Person, (C) a complete and accurate description of any agreement, arrangement or understanding between or among such stockholder and such stockholder's Stockholder Associated Person and any other person or persons in connection with such stockholder's director nomination and the name and address of any other person(s) or entity or entities known to the stockholder to support such nomination, (D) a description of any proxy, contract, arrangement, understanding or relationship pursuant to which such stockholder or any Stockholder Associated Person has a right to vote, directly or indirectly, any shares of any security of the Corporation, (E) any short interest in any security of the Corporation held by such stockholder or any Stockholder Associated Person (for purposes of these Bylaws, a person shall be deemed to have a "short interest" in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (F) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder or by any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation, (G) any

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proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (H) any performance-related fees (other than an asset-based fee) that such stockholder or any Stockholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including, without limitation, any such interests held by members of such stockholder's or any Stockholder Associated Person's immediate family sharing the same household (which information shall be supplemented by such stockholder and any Stockholder Associated Person, if any, not later than ten days after the record date for determining the stockholders entitled to vote at the meeting to disclose such ownership as of the record date; *provided, that* if such date is after the date of the meeting, not later than the day prior to the meeting), (iii) any other information relating to such stockholder and any Stockholder Associated Person, if any, that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies for, as applicable, the proposal or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (iv) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to bring such nomination or other business before the meeting, and (v) a representation as to whether or not such stockholder or any Stockholder Associated Person will deliver a proxy statement or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding stock required to approve or adopt the proposal or, in the case of a nomination or nominations, at least the percentage of the voting power of the Corporation's outstanding stock reasonably believed by the stockholder or Stockholder Associated Person, as the case may be, to be sufficient to elect such nominee or nominees (such representation, a "**Solicitation Statement**");

(b) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such stockholder and Stockholder Associated Person, if any, in such business, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration) and (iii) a complete and accurate description of all agreements, arrangements and understandings between or among such stockholder and such stockholder's Stockholder Associated Person, if any, and the name and address of any other person(s) or entity or entities in connection with the proposal of such business by such stockholder;

(c) set forth, as to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board (i) all information relating to such person that would be required to be disclosed in a proxy statement

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or other filing required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and Stockholder Associated Person, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant, and (iii) a representation that such person intends to serve a full term, if elected as director; and

(d) with respect to each nominee for election or reelection to the Board, include (i) a completed and signed questionnaire, representation and agreement in a form provided by the Corporation, which form the stockholder must request from the Secretary of the Corporation in writing with no less than 7 days advance notice, and (ii) a written representation and agreement (in the form provided by the Secretary of the Corporation

upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a “**Voting Commitment**”) that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person’s ability to comply, if elected as a director of the Corporation, with such person’s fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (C) in such person’s individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder’s understanding of the independence, or lack thereof, of such nominee.

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(3) A stockholder providing notice of a nomination or proposal of other business to be brought before a meeting shall further update and supplement such notice, so that the information provided or required to be provided in such notice shall be true and correct (a) as of the record date for the meeting and (b) as of the date that is ten business days prior to the meeting or any adjournment, recess, cancellation, rescheduling or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation not later than five business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date) and not later than seven business days prior to the date for the meeting or any postponement or adjournment thereof, if practicable (or, if not practicable, on the first practicable date prior to any adjournment, recess or postponement thereof (in the case of the update and supplement required to be made as of ten business days prior to the meeting or any adjournment, recess or postponement thereof)).

(B) Special Meetings of Stockholders.

On and after the Trigger Date, only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Board. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to a notice of meeting (1) by or at the direction of the Board or any committee thereof (or stockholders pursuant to Article VII of the Amended and Restated Certificate of Incorporation and Section 2.2 of these Bylaws prior to the Trigger Date) or (2) if the Board (or stockholders pursuant to Article VII of the Amended and Restated Certificate of Incorporation and Section 2.2 of these Bylaws prior to the Trigger Date) has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (a) is a stockholder of record at the time of giving of notice provided for in these Bylaws and at the time of the special meeting, (b) is entitled to vote at the meeting, and (c) complies with the notice procedures set forth in these Bylaws and applicable law. In the event a special meeting of stockholders is called by the Secretary of the Corporation at the request of stockholders, pursuant to Article VII of the Amended and Restated Certificate of Incorporation or Section 2.2 of these Bylaws for the purpose of electing one or more directors to the Board, any stockholder of record among such requesting stockholders may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation’s notice of meeting, if such stockholder delivers notice with the information required by Section 2.9(A)(1)(c) of these Bylaws with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 2.9(A)(1)(c) of these Bylaws). Such notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall any adjournment, recess or postponement or the announcement thereof of a special meeting commence a new time period for the giving of a stockholder’s notice as described above.

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(C) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in these Bylaws and applicable law shall be eligible to serve as directors, and only such business shall be conducted at a meeting of stockholders as has been brought before the meeting in accordance with the procedures set forth in these Bylaws and applicable law. Except as otherwise provided by applicable law, the Amended and Restated Certificate of Incorporation or these Bylaws, the Chairman of the Meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and applicable law and, if any proposed nomination or business is not in compliance with these Bylaws and applicable law, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of these Bylaws, “**public announcement**” shall mean disclosure in a press release reported by Dow Jones News Service, the Associated Press, or any other national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder, and “**Stockholder Associated Person**” shall mean, for any stockholder, (a) any person or entity controlling, directly or indirectly, or acting in concert with, such stockholder, (b) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder or (c) any person or entity controlling, controlled by or under common control with any person or entity referred to in the preceding clauses (a) or (b).

(3) Notwithstanding the foregoing provisions of these Bylaws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these Bylaws; *provided, however*, that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 2.9(A) or Section 2.9(B) of these Bylaws. Nothing in these Bylaws shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of the holders of any series of Preferred Stock to elect directors if and to the extent provided for under applicable law, the Amended and Restated Certificate of Incorporation or these Bylaws.

(4) Unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 2.9 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and the proposed business shall not be transacted, as the case may be, notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 2.9, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an

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SECTION 2.10. Conduct of Business. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the Chairman of the Meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate in its sole discretion. The Chairman of the Board, if one shall have been elected, or in the Chairman of the Board's absence or if one shall not have been elected, the director or officer designated by the majority of the Whole Board, shall preside at all meetings of the stockholders as "Chairman of the Meeting." Except to the extent inconsistent with such rules and regulations as adopted by the Board, the Chairman of the Meeting shall have the right and authority to convene and for any or no reason to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of the Chairman of the Meeting, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the Chairman of the Meeting, may include, without limitation, the following: (A) the establishment of an agenda or order of business for the meeting; (B) rules and procedures for maintaining order at the meeting and the safety of those present; (C) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the Chairman of the Meeting shall determine; (D) restrictions on entry to the meeting after the time fixed for the commencement thereof; (E) limitations on the time allotted to questions or comments by participants; and (F) restrictions of the use of audio and video recording devices. The Chairman of the Meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting, and if such Chairman of the Meeting should so determine, such Chairman of the Meeting shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the Chairman of the Meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 2.11. Required Vote. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, at any meeting at which directors are to be elected, so long as a quorum is present, directors shall be elected by a plurality of the votes validly cast in such election. Unless otherwise provided in the Amended and Restated Certificate of Incorporation, cumulative voting for the election of directors shall be prohibited. All matters (other than the election of directors and certain non-binding advisory votes described below) presented to the stockholders at a meeting at which a quorum is present shall, unless a different or minimum vote is required by applicable law, the rules and regulations of any stock exchange applicable to the Corporation, any law or regulation application to the Corporation or its securities, the Amended and Restated Certificate of Incorporation or these Bylaws, in which case such different or minimum vote shall be the applicable vote on the matter, be decided by the affirmative vote of the holders of a majority of the voting power of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote

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on the matter shall be the act of the stockholders. In non-binding advisory matters with more than two possible vote choices, the affirmative vote of a plurality of the voting power of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the recommendation of the stockholders.

SECTION 2.12. Treasury Stock. The Corporation shall not vote, directly or indirectly, shares of its own stock belonging to it or any other corporation, if a majority of shares entitled to vote in the election of directors of such corporation is held, directly or indirectly by the Corporation, and such shares will not be counted for quorum purposes; *provided, however*, that the foregoing shall not limit the right of the Corporation or such other corporation, to vote stock of the Corporation held in a fiduciary capacity.

SECTION 2.13. Inspectors of Elections; Opening and Closing the Polls The Corporation may, and when required by applicable law, shall, appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders and the appointment of an inspector is required by applicable law, the Chairman of the Meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his ability. The inspectors shall have the duties prescribed by applicable law.

SECTION 2.14. Stockholder Action by Written Consent.

(A) Prior to the Trigger Date, any action required or permitted to be taken at any annual meeting or special meeting of the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, is or are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

(B) On and after the Trigger Date, subject to the rights of holders of any series of Preferred Stock with respect to such series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be taken at a duly held annual or special meeting of stockholders and may not be taken by any consent in writing of such stockholders.

ARTICLE III BOARD OF DIRECTORS

SECTION 3.1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board elected in accordance with these Bylaws. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board

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may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Amended and Restated Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders. The directors shall act only as a Board, and the individual directors shall have no power as such.

SECTION 3.2. Number, Tenure and Qualifications. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, if any, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by the affirmative vote of a majority of the Whole Board. The election and term of directors shall be as set forth in the Amended and Restated Certificate of Incorporation. Notwithstanding the foregoing, if the Shelf Registration Statement (as such term is defined in that certain Registration Rights Agreement, dated December 20, 2016 (the "Registration Rights Agreement"), by and between the Corporation and FBR Capital Markets & Co. has not become effective and if the Registrable Shares (as such term is defined in the Registration Rights Agreement) have not been listed on the New York Stock Exchange, the Nasdaq Global Market or any similar national securities exchange prior to the Company's 2018 annual shareholder meeting (which shareholder meeting shall be held no later than May 31, 2018), then the Board shall take all necessary action to fix the number of directors at seven (7) and to appoint two (2) independent directors, selected by the Holders (as such term is defined in the Registration Rights Agreement) holding a majority of the Registrable Shares, to fill the vacancies created by such action of the Board.

SECTION 3.3. Regular Meetings. Subject to Section 3.5, regular meetings of the Board shall be held on such dates, and at such times and places, as are determined from time to time by resolution of the Board.

SECTION 3.4. Special Meetings. Special meetings of the Board shall be called at the request of the Chairman of the Board, the Chief Executive Officer or a majority of the members of the Board then in office. The person or persons authorized to call special meetings of the Board may fix the place, if any, date and time of the

meetings. Any business may be conducted at a special meeting of the Board.

SECTION 3.5. Notice. Notice of any special meeting of directors shall be given to each director at his business or residence in writing by hand delivery, first-class or overnight mail, courier service or facsimile or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered if deposited in the United States mails so addressed, with postage thereon prepaid, at least five days before such meeting. If by overnight mail or courier service, such notice shall be deemed adequately delivered if the notice is delivered to the overnight mail or courier service company at least 24 hours before such meeting. If by facsimile or electronic transmission, such notice shall be deemed adequately delivered if the notice is transmitted at least 24 hours before such meeting. If by telephone or by hand delivery, the notice shall be given at least 24 hours prior to the time set for the meeting and shall be confirmed by facsimile or electronic transmission that is sent promptly thereafter. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, except for amendments to these Bylaws, as provided under Section 8.1.

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SECTION 3.6. Action by Consent of Board. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, including by electronic transmission, and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State of the State of Delaware.

SECTION 3.7. Conference Telephone Meetings. Members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.8. Quorum. A whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board there shall be less than a quorum present, a majority of the directors present may, to the fullest extent permitted by law, adjourn the meeting from time to time without further notice unless (A) the date, time and place, if any, of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 3.5 of these Bylaws shall be given to each director, or (B) the meeting is adjourned for more than 24 hours, in which case the notice referred to in clause (A) shall be given to those directors not present at the announcement of the date, time and place of the adjourned meeting. Except as otherwise expressly required by law, the Amended and Restated Certificate of Incorporation or these Bylaws, all matters shall be determined by the affirmative vote of a majority of the directors present at a meeting at which a quorum is present. To the fullest extent permitted by law, the directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

SECTION 3.9. Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock then outstanding, any newly created directorship that results from an increase in the number of directors or any vacancy on the Board that results from the death, resignation, disqualification or removal of any director or from any other cause shall, unless otherwise required by law or by resolution of the Board, be filled (A) prior to the Trigger Date, by the affirmative vote of a majority of the Whole Board, or the affirmative vote of the holders of a majority of the voting power of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors, voting together as a single class and acting at a meeting of the stockholders or by written consent (if permitted) in accordance with the DGCL, the Amended and Restated Certificate of Incorporation and these Bylaws, and (B) on or after the Trigger Date, solely by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or the sole remaining director, and shall not be filled by the stockholders. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall hold office for the remaining term of his predecessor. No decrease in the number of authorized directors constituting the Board shall shorten the term of any incumbent director.

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SECTION 3.10. Removal.

(A) Until the Trigger Date, subject to the rights of the holders of shares of any series of Preferred Stock, if any, to elect additional directors pursuant to the Amended and Restated Certificate of Incorporation (including any certificate of designation thereunder), any director may be removed either for or without cause, upon the affirmative vote of the holders of a majority of the voting power of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors, voting together as a single class and acting at a meeting of the stockholders or by written consent (if permitted) in accordance with the DGCL, the Amended and Restated Certificate of Incorporation and these Bylaws.

(B) On and after the Trigger Date, subject to the rights of the holders of shares of any series of Preferred Stock, if any, to elect additional directors pursuant to the Amended and Restated Certificate of Incorporation (including any certificate of designation thereunder), any director may be removed only for cause, upon the affirmative vote of the holders of at least 75% of the voting power of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors, voting together as a single class and acting at a meeting of the stockholders in accordance with the DGCL, the Amended and Restated Certificate of Incorporation and these Bylaws.

(C) Except as applicable law otherwise provides, cause for the removal of a director shall be deemed to exist only if the director whose removal is proposed: (1) has been convicted of a felony by a court of competent jurisdiction and that conviction is no longer subject to direct appeal; (2) has been found to have been grossly negligent in the performance of his duties to the Corporation in any matter of substantial importance to the Corporation by a court of competent jurisdiction; or (3) has been adjudicated by a court of competent jurisdiction to be mentally incompetent, which mental incompetency directly affects his ability to serve as a director of the Corporation.

SECTION 3.11. Records. The Board shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

SECTION 3.12. Compensation. Unless otherwise restricted by the Amended and Restated Certificate of Incorporation or these Bylaws, the Board shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

SECTION 3.13. Regulations. To the extent consistent with applicable law, the Amended and Restated Certificate of Incorporation and these Bylaws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the affairs and business of the Corporation as the Board may deem appropriate.

**ARTICLE IV
COMMITTEES**

SECTION 4.1. Designation: Powers. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Any

such committee, to the extent permitted by applicable law and to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

SECTION 4.2. Procedure; Meetings; Quorum. Any committee designated pursuant to Section 4.1 shall choose its own chairman by a majority vote of the members then in attendance in the event the chairman has not been selected by the Board, shall keep regular minutes of its proceedings, and shall meet at such times and at such place or places as may be provided by the charter of such committee or by resolution of such committee or resolution of the Board. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum and the affirmative vote of a majority of the members present at a meeting where a quorum is present shall be necessary for the adoption by it of any resolution. The Board shall adopt a charter for each committee for which a charter is required by applicable laws, regulations or stock exchange rules, may adopt a charter for any other committee, and may adopt other rules and regulations for the governance of any committee not inconsistent with the provisions of these Bylaws or any such charter, and each committee may adopt its own rules and regulations of governance, to the extent not inconsistent with these Bylaws or any charter or other rules and regulations adopted by the Board.

SECTION 4.3. Substitution of Members. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of the absent or disqualified member.

ARTICLE V OFFICERS

SECTION 5.1. Officers. The officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, a President, Executive Vice Presidents, Senior Vice Presidents, a Secretary, a Treasurer and such other officers as the Board from time to time may deem proper. The Chairman of the Board shall be chosen from among the directors. All officers elected by the Board shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article V. Such officers shall also have such powers and duties as from time to time may be conferred by the Board or by any committee thereof or, with respect to any Executive Vice President, Senior Vice President, Treasurer or Secretary, by the Chairman of the Board, Chief Executive Officer or President, if any. The Board or any committee thereof may from time to time elect, or the Chairman of the Board, Chief Executive Officer or President, if any, may appoint, such other officers (including a Chief Financial Officer, Chief Operating Officer and one or more Senior Vice Presidents, Assistant Secretaries and Assistant Treasurers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these Bylaws or as may be prescribed by the Board or such committee thereof or by the Chairman of the Board, Chief

Executive Officer or President, as the case may be. Any number of offices may be held by the same person.

SECTION 5.2. Election and Term of Office. Each officer shall hold office until his successor shall have been duly elected or appointed and shall have qualified or until his death or until he shall resign, but any officer may be removed from office at any time by the affirmative vote of a majority of the Board or, except in the case of an officer or agent elected by the Board, by the Chairman of the Board, Chief Executive Officer or President, if any. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

SECTION 5.3. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board. The Chairman of the Board shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incidental to his office that may be required by law and all such other duties as are properly required of him by the Board. He shall make reports to the Board and shall see that all orders and resolutions of the Board and of any committee thereof are carried into effect. The Chairman of the Board may also serve as Chief Executive Officer, if so elected by the Board.

SECTION 5.4. Chief Executive Officer. The Chief Executive Officer shall act in a general executive capacity and shall assist the Chairman of the Board in the administration and operation of the Corporation's business and general supervision of its policies and affairs. The Chief Executive Officer shall, in the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board. The Chief Executive Officer shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and all other documents and instruments in connection with the business of the Corporation.

SECTION 5.5. President. The President, if any, shall have such powers and shall perform such duties as shall be assigned to him by the Board. In the absence (or inability or refusal to act) of the Chairman of the Board and Chief Executive Officer, the President (if any and if he or she shall be a director) shall preside when present at all meetings of the Board.

SECTION 5.6. Executive Vice Presidents and Senior Vice Presidents. Each Executive Vice President and Senior Vice President, if any, shall have such powers and shall perform such duties as shall be assigned to him by the Board or the Chairman of the Board, the Chief Executive Officer or the President, if any.

SECTION 5.7. Treasurer. The Treasurer, if any, shall exercise general supervision over the receipt, custody and disbursement of corporate funds. He shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him from time to time by the Board, the Chairman of the Board, the Chief Executive Officer or the President, if any.

SECTION 5.8. Secretary. The Secretary, if any, shall keep or cause to be kept in one or more books provided for that purpose, the minutes of all meetings of the Board, the committees of the Board and the stockholders; he shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by applicable law; he shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; and he shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, he shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board, the Chairman of the Board, the Chief Executive Officer or the President, if any.

SECTION 5.9. Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation or removal may be filled by the Board for the unexpired portion of the term at any meeting of the Board. Any vacancy in an office appointed by the Chairman of the Board, the Chief Executive Officer or

the President, if any, because of death, resignation or removal may be filled by the Chairman of the Board, the Chief Executive Officer or the President, if any.

SECTION 5.10. Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board, the Chief Executive Officer or any officer authorized by the Chairman of the Board, the Chief Executive Officer or the President, shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of security holders of or with respect to any action of security holders of any other corporation or entity in which the Corporation may hold securities and otherwise to exercise any and all rights and powers that the Corporation may possess by reason of its ownership of securities in such other corporation or entity.

SECTION 5.11. Delegation. The Board may from time to time delegate the powers and duties of any officer to any other officer or agent, notwithstanding any provision hereof.

ARTICLE VI STOCK CERTIFICATES AND TRANSFERS

SECTION 6.1. Stock Certificates and Transfers. The interest of each stockholder of the Corporation evidenced by certificates for shares of stock shall be in such form as the appropriate officers of the Corporation may from time to time prescribe, *provided* that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be uncertificated shares. The shares of the stock of the Corporation shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and number of shares. Subject to the provisions of the Amended and Restated Certificate of Incorporation, the shares of the stock of the Corporation shall be transferred on the books of the Corporation, which may be maintained by a third-party registrar or transfer agent, by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its

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agents may reasonably require or upon receipt of proper transfer instructions from the registered holder of uncertificated shares and upon compliance with appropriate procedures for transferring shares in uncertificated form, at which time the Corporation shall issue a new certificate to the person entitled thereto (if the stock is then represented by certificates), cancel the old certificate and record the transaction upon its books.

Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by any two authorized officers of the Corporation, including, without limitation, the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer, an Assistant Treasurer, the Secretary and an Assistant Secretary, certifying the number of shares owned by such holder in the Corporation. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 6.2. Lost, Stolen or Destroyed Certificates. No certificate for shares or uncertificated shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board or any financial officer may in its or his discretion require.

SECTION 6.3. Ownership of Shares. The Corporation shall be entitled to treat the holder of record of any share or shares of stock of the Corporation as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by the laws of the State of Delaware.

SECTION 6.4. Regulations Regarding Certificates. Subject to applicable law, the Board shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration or the replacement of certificates for shares of stock of the Corporation. The Corporation may enter into additional agreements with stockholders to restrict the transfer of stock of the Corporation in any manner not prohibited by the DGCL.

ARTICLE VII MISCELLANEOUS PROVISIONS

SECTION 7.1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the 31st day of December of each year.

SECTION 7.2. Dividends. Except as otherwise provided by law or the Amended and Restated Certificate of Incorporation, the Board may from time to time declare, and the Corporation may pay, dividends on its outstanding shares of stock, which dividends may be paid in either cash, property or shares of stock of the Corporation. A member of the Board, or a

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member of any committee designated by the Board, shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

SECTION 7.3. Seal. If the Board determines that the Corporation shall have a corporate seal, the corporate seal shall have inscribed thereon the words "Corporate Seal," the year of incorporation and the words "Select Energy Services, Inc. — Delaware."

SECTION 7.4. Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL, the Amended and Restated Certificate of Incorporation or these Bylaws, a waiver thereof in writing, including by electronic transmission, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board or committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 7.5. Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice, including by electronic transmission, of such resignation to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary, and such resignation shall be deemed to be effective upon receipt by the Chairman of the Board, the Chief Executive Officer, the President or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board or the stockholders to make any such resignation effective.

SECTION 7.6. Indemnification and Advancement of Expenses.

(A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a “*proceeding*”) by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (a “*Covered Person*”), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, trustee, employee or agent, or in any other capacity while serving as a director, officer, trustee, employee or agent, against all expenses, liability and loss

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(including, without limitation, attorneys’ fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection with such proceeding.

(B) The Corporation shall, to the fullest extent not prohibited by applicable law as it presently exists or may hereafter be amended, pay the expenses (including attorneys’ fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition; *provided, however*, that to the extent required by applicable law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined by final judicial decision from which there is no further right to appeal (hereinafter, a “*final adjudication*”) that the Covered Person is not entitled to be indemnified under this Section 7.6 or otherwise.

(C) The rights to indemnification and advancement of expenses under this Section 7.6 shall be contract rights and such rights shall continue as to a Covered Person who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of his heirs, executors and administrators. Notwithstanding the foregoing provisions of this Section 7.6, except for proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify and advance expenses to a Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(D) If a claim for indemnification under this Section 7.6 (following the final disposition of such proceeding) is not paid in full within 60 days after the Corporation has received a claim therefor by the Covered Person, or if a claim for any advancement of expenses under this Section 7.6 is not paid in full within 30 days after the Corporation has received a statement or statements requesting such amounts to be advanced, the Covered Person shall thereupon (but not before) be entitled to file suit to recover the unpaid amount of such claim. If successful in whole or in part, the Covered Person shall be entitled to be paid the expense of prosecuting such claim, or a claim brought by the Corporation to recover an advancement of expenses prior to the terms of an undertaking, to the fullest extent permitted by applicable law. In any such action, the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law. In (1) any suit brought by a Covered Person to enforce a right to indemnification hereunder (but not in a suit brought by a Covered Person to enforce a right to an advancement of expenses) it shall be a defense that, and (2) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Covered Person has not met any applicable standard of conduct for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Covered Person is proper in the circumstances because the Covered Person has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the Covered Person has not met such applicable standard of conduct, shall

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create a presumption that the Covered Person has not met the applicable standard of conduct or, in the case of such a suit brought by the Covered Person, be a defense to such suit. In any suit brought by the Covered Person to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Covered Person is not entitled to be indemnified, or to such advancement of expenses, under this Section 7.6 or otherwise shall be on the Corporation.

(E) The rights conferred on any Covered Person by this Section 7.6 shall not be exclusive of any other rights that such Covered Person may have or hereafter acquire under any statute, any provision of the Amended and Restated Certificate of Incorporation, these Bylaws, any agreement or vote of stockholders or disinterested directors or otherwise.

(F) This Section 7.6 shall not limit the right of the Corporation, to the extent and in the manner permitted by applicable law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

(G) Any Covered Person entitled to indemnification and/or advancement of expenses, in each case pursuant to this Section 7.6, may have certain rights to indemnification, advancement and/or insurance provided by one or more persons with whom or which such Covered Person may be associated (including, without limitation, any member of the Legacy Group). The Corporation hereby acknowledges and agrees that (1) the Corporation shall be the indemnitor of first resort with respect to any proceeding, expense, liability or matter that is the subject of this Section 7.6, (2) the Corporation shall be primarily liable for all such obligations and any indemnification afforded to a Covered Person in respect of a proceeding, expense, liability or matter that is the subject of this Section 7.6, whether created by law, organizational or constituent documents, contract or otherwise, (3) any obligation of any persons with whom or which a Covered Person may be associated (including, without limitation, any member of the Legacy Group) to indemnify such Covered Person and/or advance expenses or liabilities to such Covered Person in respect of any proceeding shall be secondary to the obligations of the Corporation hereunder, (4) the Corporation shall be required to indemnify each Covered Person and advance expenses to each Covered Person hereunder to the fullest extent provided herein without regard to any rights such Covered Person may have against any other person with whom or which such Covered Person may be associated (including, without limitation, any member of the Legacy Group) or insurer of any such person, and (5) the Corporation irrevocably waives, relinquishes and releases any other person with whom or which a Covered Person may be associated (including, without limitation, any member of the Legacy Group) from any claim of contribution, subrogation or any other recovery of any kind in respect of amounts paid by the Corporation hereunder.

(H) The Corporation may maintain insurance, at its expense, to protect itself and any person who is or was serving as a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

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SECTION 7.7. Facsimile and Electronic Signatures. In addition to the provisions for use of facsimile or electronic signatures elsewhere specifically authorized in these Bylaws, facsimile or electronic signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board or a committee thereof, the Chairman of the Board, the Chief Executive Officer or President (if any).

SECTION 7.8. Time Periods. In applying any provision of these Bylaws that require that an act be done or not done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

SECTION 7.9. Reliance Upon Books, Reports and Records. Each director and each member of any committee of the Board shall, in the performance of his duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE VIII AMENDMENTS

SECTION 8.1. Amendments. In furtherance of, and not in limitation of, the powers conferred by the laws of the State of Delaware, the Board is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board shall require the approval of a majority of the Whole Board. Stockholders shall also have the power to adopt, amend or repeal the Bylaws of the Corporation; *provided, however,* that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Amended and Restated Certificate of Incorporation, the Bylaws of the Corporation may be adopted, altered, amended or repealed by the stockholders of the Corporation only (A) prior to the Trigger Date, by the affirmative vote of holders of not less than 50% in voting power of the then-outstanding shares of stock entitled to vote thereon, voting together as a single class, or (B) on and after the Trigger Date by the affirmative vote of holders of not less than 66²/₃% in voting power of the then-outstanding shares of stock entitled to vote thereon, voting together as a single class. No Bylaws hereafter made or adopted, nor any repeal of or amendment thereto, shall invalidate any prior act of the Board that was valid at the time it was taken.



REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this “Agreement”) is made as of December 20, 2016, by and among Select Energy Services, Inc., a Delaware corporation (the “Company”), and the parties identified as “Investors” on the signature page hereto and any parties identified on the signature page of any joinder agreements executed and delivered pursuant to Section 11 hereof (each, including the Investors, a “Holder” and, collectively, the “Holders”). Capitalized terms used but not otherwise defined herein are defined in Section 1 hereof.

WHEREAS, the Investors are party to that certain 7th Amended and Restated Limited Liability Company Agreement of SES Holdings, LLC (the “LLC Agreement”) dated as of September 22, 2016, by and among SES Holdings, LLC and each of the parties listed as Owners on the execution page thereof; and

WHEREAS, in connection with, and in consideration of, the transactions contemplated by the Company’s offering memorandum dated November 28, 2016 (the “Preliminary Offering Memorandum”), the Investors have requested, and the Company has agreed to provide, registration rights with respect to the Registrable Securities (as hereinafter defined) as set forth in this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each of the Holders hereby agree as follows:

1. Definitions.

“144A Registration Rights Agreement” means that certain Registration Rights Agreement by and between the Company and FBR Capital Markets & Co., to be entered into in connection with the closing of the transactions contemplated by the Preliminary Offering Memorandum.

“144A Shelf Registration Statement” means that registration statement filed by the Company as required by the 144A Registration Rights Agreement.

“Affiliate” of any particular Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person.

“Agreement” has the meaning specified in the first paragraph hereof.

“Automatic Shelf Registration Statement” means an “automatic shelf registration statement” as defined in Rule 405 promulgated under the Securities Act.

“Block Trade” has the meaning specified in Section 2(j).

“Board” means the board of directors of the Company.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by applicable law or

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executive order to close.

“Certification” has the meaning specified in Section 13(p).

“Class A-1 Common Stock” means the Class A-1 common stock of the Company, par value \$0.01 per share.

“Class A Common Stock” means the Class A common stock of the Company, par value \$0.01 per share.

“Class B Common Stock” means the Class B common stock of the Company, par value \$0.01 per share.

“Commission” means the United States Securities and Exchange Commission or any successor governmental agency.

“Company” has the meaning specified in the first paragraph hereof.

“Company Notice” has the meaning specified in Section 2(c).

“control” (including the terms “controlling,” “controlled by” and “under common control with”) means, unless otherwise noted, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting shares, by contract, or otherwise.

“Counsel to the Holders” means, with respect to any Shelf Takedown, the counsel selected by the Holders of a majority of the Registrable Securities requested to be included in such Shelf Takedown.

“Demand Notice” has the meaning specified in Section 2(c).

“Determination Date” has the meaning specified in Section 2(g).

“Disclosure Package” means, with respect to any offering of securities, (i) the preliminary prospectus, (ii) each Free Writing Prospectus and (iii) all other information, in each case, that is deemed, under Rule 159 promulgated under the Securities Act, to have been conveyed to purchasers of securities at the time of sale of such securities (including a contract of sale).

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

“Follow-On Registration Notice” has the meaning specified in Section 2(h)(i).

“Follow-On Shelf” has the meaning specified in Section 2(h)(i).

“Form S-1 Shelf” has the meaning specified in Section 2(a).

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“Form S-3 Shelf” has the meaning specified in Section 2(a).

“Free Writing Prospectus” means any “free writing prospectus” as defined in Rule 405 promulgated under the Securities Act.

“Hedging Counterparty” means a broker-dealer registered under Section 15(b) of the Exchange Act or an Affiliate thereof.

“Hedging Transaction” means any transaction involving a security linked to the Registrable Securities or any security that would be deemed to be a “derivative security” (as defined in Rule 16a-1(c) promulgated under the Exchange Act) with respect to the Registrable Securities or any transaction (even if not a security) which would (were it a security) be considered such a derivative security, or which transfers some or all of the economic risk of ownership of the Registrable Securities, including any forward contract, equity swap, put or call, put or call equivalent position, collar, non-recourse loan, sale of an exchangeable security or similar transaction. For the avoidance of doubt, the following transactions shall be deemed to be Hedging Transactions:

(i) transactions by a Holder in which a Hedging Counterparty engages in short sales of Registrable Securities pursuant to a prospectus and may use Registrable Securities to close out its short position;

(ii) transactions pursuant to which a Holder sells short Registrable Securities pursuant to a prospectus and delivers Registrable Securities to close out its short position;

(iii) transactions by a Holder in which the Holder delivers, in a transaction exempt from registration under the Securities Act, Registrable Securities to the Hedging Counterparty who will then publicly resell or otherwise transfer such Registrable Securities pursuant to a prospectus or an exemption from registration under the Securities Act; and

(iv) a loan or pledge of Registrable Securities to a Hedging Counterparty who may then become a selling stockholder and sell the loaned shares or, in an event of default in the case of a pledge, sell the pledged shares, in each case, in a public transaction pursuant to a prospectus.

“Holder” and “Holders” have the meanings give to those terms in the first paragraph hereof.

“Holder Free Writing Prospectus” means each Free Writing Prospectus prepared by or on behalf of the relevant Holder or used or referred to by such Holder in connection with the offering of Registrable Securities.

“Investors” has the meaning specified in the first paragraph hereof.

“Lock-Up Period” means 180 days after (i) the effective date of the registration statement relating to the shares of Class A common stock into which the Class A-1 Common Stock is convertible to be sold under the transactions contemplated by the Preliminary Offering Memorandum or issued as Special Stock Dividends (as defined in the Preliminary Offering

Memorandum) or (ii) the effective date of the Form 10 and the eligibility to sell shares of the Class A Common Stock on a national stock exchange.

“Losses” has the meaning specified in Section 8(d).

“FINRA” means the Financial Industry Regulatory Authority.

“Other Holders” has the meaning specified in Section 3(c).

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, a governmental entity or any department, agency or political subdivision thereof or any other entity.

“Piggyback Takedown” has the meaning specified in Section 3(a).

“Prospectus” means the prospectus used in connection with a Registration Statement.

“Registrable Securities” means the Shares; provided, however, that Registrable Securities shall not include: (i) any Shares that have been registered under the Securities Act and disposed of pursuant to an effective Registration Statement or otherwise transferred to a Person who is not entitled to the registration and other rights hereunder; (ii) any Shares that have been sold or transferred by the Holder thereof pursuant to Rule 144 (or any similar provision then in force under the Securities Act) and the transferee thereof does not receive “restricted securities” as defined in Rule 144, (iii) any Shares that cease to be outstanding (whether as a result of repurchase and cancellation, conversion or otherwise); and (iv) any Shares that become eligible for resale without restriction and without the need for current public information pursuant to any section of Rule 144 (or any similar provision then in effect), assuming the Holder of such Shares is not an affiliate (as defined in Rule 144(a)(1)) of the Company.

“Registration Expenses” means all expenses (other than underwriting discounts and commissions) arising from or incident to the registration of Registrable Securities in compliance with this Agreement, including, without limitation, (i) Commission, stock exchange, FINRA and other registration and filing fees, (ii) all fees and expenses incurred in connection with complying with any securities or blue sky laws (including, without limitation, fees, charges and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), (iii) all printing, messenger and delivery expenses, (iv) the fees, charges and disbursements of counsel to the Company and of its independent public accountants and any other accounting and legal fees, charges and expenses incurred by the Company (including, without limitation, any expenses arising from any special audits or “comfort letters” required in connection with or incident to any registration), (v) the fees and expenses incurred in connection with the listing of the Registrable Securities on a national securities exchange, (vi) the fees and expenses incurred in connection with any road show for underwritten offerings reasonably expected to be in excess of \$25 million in proceeds and (vii) fees, charges and disbursements of Counsel to the Holders, including, for the avoidance of doubt, any expenses of Counsel to the Holders in connection with the filing or amendment of any Registration Statement, Prospectus or Free Writing Prospectus hereunder.

“Registration Notice” has the meaning specified in Section 2(a).

“Registration Statement” means any registration statement filed hereunder or in connection with a Piggyback Takedown.

“Securities Act” means the Securities Act of 1933, as amended from time to time.

“Selling Expenses” means the underwriting fees, discounts, selling commissions and stock transfer taxes applicable to all Registrable Securities registered by the Holders and legal expenses not included within the definition of Registration Expenses.

“Shares” means the shares of Class A Common Stock that may be delivered in exchange for Units and other shares of Class A Common Stock otherwise held by the Holders from time to time or that may be received in exchange for an equal number of shares of Class B common stock. For purposes of this Agreement, a Person shall be deemed to be a holder of Shares and such Shares shall be deemed to be in existence whenever such Person has the right to acquire such Shares (upon conversion, exchange for shares of Class B common stock or otherwise or exercise in connection with a transfer of securities or otherwise, but disregarding any restrictions or limitations upon the exercise of such right other than vesting), whether or not such acquisition has actually been effected, and such Person shall be entitled to exercise the rights of a holder of Shares.

“Shelf” has the meaning specified in Section 2(a).

“Shelf Registration” means a registration of securities pursuant to a registration statement filed with the Commission in accordance with and pursuant to Rule 415 promulgated under the Securities Act (or any successor rule then in effect).

“Shelf Takedown” means either an Underwritten Shelf Takedown or a Piggyback Takedown.

“Suspension Period” has the meaning specified in Section 2(e)(ii).

“Takedown Lock-Up Period” has the meaning specified in Section 4(a).

“Underwritten Shelf Takedown” has the meaning specified in Section 2(b).

“Units” has the meaning given to such term in the LLC Agreement.

“Well-Known Seasoned Issuer” means a “well-known seasoned issuer” as defined in Rule 405 promulgated under the Securities Act and which (i) is a “well-known seasoned issuer” under paragraph (1)(i)(A) of such definition or (ii) is a “well-known seasoned issuer” under paragraph (1)(i)(B) of such definition and is also eligible to register a primary offering of its securities relying on General Instruction I.B.1 of Form S-3 or Form F-3 under the Securities Act.

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2. Shelf Registrations.

(a) Filing. After the Lock-Up Period, the Company shall use its commercially reasonable efforts to file a Registration Statement for a Shelf Registration on Form S-1 (or Form S-3) covering the resale of the Registrable Securities on a delayed or continuous basis (the “Form S-1 Shelf”). The Company shall use commercially reasonable efforts to cause the registration statement to become effective as soon as reasonably practical following the Lock-Up Period. The Company shall give written notice of the filing of the Registration Statement at least twenty-five (25) days prior to filing the Registration Statement to all Holders of Registrable Securities (the “Registration Notice”) and shall include in such Registration Statement all Registrable Securities with respect to which the Company has received written requests for inclusion therein within twenty (20) days after sending the Registration Notice. The Company shall maintain the Shelf in accordance with the terms hereof. The Company shall use its commercially reasonable efforts to convert the Form S-1 Shelf (and any Follow-On Shelf) to a Registration Statement for a Shelf Registration on Form S-3, if applicable, (the “Form S-3 Shelf”), and together with the Form S-1 Shelf (and any Follow-On Shelf), the “Shelf”) as soon as practicable after the Company is eligible to use Form S-3.

(b) Requests for Underwritten Shelf Takedowns. At any time and from time to time after the Shelf has been declared effective by the Commission, any one or more Holders of Registrable Securities may request to sell all or any portion of their Registrable Securities in an underwritten offering that is registered pursuant to the Shelf (each, an “Underwritten Shelf Takedown”); provided that in the case of each such Underwritten Shelf Takedown such Holder or Holders will be entitled to make such demand only if the total offering price of the shares to be sold in such offering (including piggyback shares and before deduction of underwriting discounts) is reasonably expected to exceed, in the aggregate, \$25 million.

(c) Demand Notices. All requests for Underwritten Shelf Takedowns shall be made by giving written notice to the Company (the “Demand Notice”). Each Demand Notice shall specify the approximate number of Registrable Securities to be sold in the Underwritten Shelf Takedown and the expected price range (net of underwriting discounts and commissions) of such Underwritten Shelf Takedown. Within five (5) days after receipt of any Demand Notice, the Company shall give written notice of such requested Underwritten Shelf Takedown to all other Holders of Registrable Securities (the “Company Notice”) and, subject to the provisions of Section 2(d) below, shall include in such Underwritten Shelf Takedown all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 20 days after sending the Company Notice.

(d) Priority on Underwritten Shelf Takedowns. The Company shall not include in any Underwritten Shelf Takedown any securities which are not Registrable Securities without the prior written consent of the Holders of a majority of the Registrable Securities requested to be included in the Underwritten Shelf Takedown. If the managing underwriters for such Underwritten Shelf Takedown advise the Company in writing that in their opinion the number of Registrable Securities and, if permitted hereunder, other securities requested to be included in such Underwritten Shelf Takedown exceeds the number of Registrable Securities and

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other securities, if any, which can be sold in an orderly manner in such offering within a price range acceptable to the Holders of a majority of the Registrable Securities requested to be included in the Underwritten Shelf Takedown, the Company shall include in such Underwritten Shelf Takedown the number of Registrable Securities which can be so sold in the following order of priority: (i) first, the Registrable Securities requested to be included in such Underwritten Shelf Takedown, which in the opinion of such underwriter can be sold in an orderly manner within the price range of such offering, pro rata among the respective Holders of such Registrable Securities on the basis of the number of Registrable Securities requested to be included therein by each such Holder, and (ii) second, other securities requested to be included in such Underwritten Shelf Takedown to the extent permitted hereunder.

(e) Restrictions on Underwritten Shelf Takedowns and Use of Registration Statement

(i) The Company shall not be obligated to effect more than three Underwritten Shelf Takedowns during any period of 12 consecutive months and shall not be obligated to effect an Underwritten Shelf Takedown within 100 days after the pricing of a previous Underwritten Shelf Takedown.

(ii) Upon written notice to the Holders of Registrable Securities, the Company shall be entitled to suspend, for a period of time (each, a “Suspension Period”), the use of any Registration Statement or Prospectus and shall not be required to amend or supplement the Registration Statement, any related Prospectus or any document incorporated therein by reference if the Company determines in its reasonable good faith judgment, after consultation with counsel, that the Registration Statement or any Prospectus may contain an untrue statement of a material fact or omits any fact necessary to make the statements in the Registration Statement

or Prospectus not misleading; provided that (A) there are no more than five (5) Suspension Periods in any 12-month period, (B) the duration of all Suspension Periods may not exceed 120 days in the aggregate in any 12-month period, and (C) the Company shall use its good faith efforts to amend the Registration Statement and/or Prospectus to correct such untrue statement or omission as soon as reasonably practicable unless such amendment would reasonably be expected to have a material adverse effect on any proposal or plan of the Company to effect a merger, acquisition, disposition, financing, reorganization, recapitalization or similar transaction, in each case that is material to the Company.

(f) Selection of Underwriters. The Holders of a majority of the Registrable Securities requested to be included in an Underwritten Shelf Takedown shall have the right to select the investment banker(s) and manager(s) to administer the offering (which shall consist of one (1) or more reputable nationally recognized investment banks), subject to the Company's approval which shall not be unreasonably withheld, conditioned or delayed.

(g) Automatic Shelf Registration. Upon the Company becoming a Well-Known Seasoned Issuer, (i) the Company shall give written notice to all of the Holders as promptly as practicable but in no event later than twenty (20) Business Days thereafter, and such

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notice shall describe, in reasonable detail, the basis on which the Company has become a Well-Known Seasoned Issuer, and (ii) the Company shall, as promptly as practicable, register, under an Automatic Shelf Registration Statement, the sale of all of the Registrable Securities in accordance with the terms of this Agreement. The Company shall use its commercially reasonable efforts to file such Automatic Shelf Registration Statement as promptly as practicable, but in no event later than thirty (30) Business Days after it becomes a Well-Known Seasoned Issuer, and to cause such Automatic Shelf Registration Statement to remain effective thereafter until there are no longer any Registrable Securities. The Company shall give written notice of filing such Registration Statement to all of the Holders as promptly as practicable thereafter. At any time after the filing of an Automatic Shelf Registration Statement by the Company, if the Company is no longer a Well-Known Seasoned Issuer (the "Determination Date"), within twenty (20) days after such Determination Date, the Company shall (A) give written notice thereof to all of the Holders and (B) file a Registration Statement on an appropriate form (or a post effective amendment converting the Automatic Shelf Registration Statement to an appropriate form) covering all of the Registrable Securities, and use commercially reasonable efforts to have such Registration Statement declared effective as promptly as practicable (but in no event more than 30 days) after the date the Automatic Shelf Registration Statement is no longer useable by the Holders to sell their Registrable Securities.

(h) Additional Selling Stockholders and Additional Registrable Securities.

(i) If the Company is not a Well-Known Seasoned Issuer, within 30 days after a written request by one or more Holders of Registrable Securities to register for resale any additional Registrable Securities owned by such Holders, the Company shall file a Registration Statement substantially similar to the Shelf then effective, if any (each, a "Follow-On Shelf"), to register for resale such Registrable Securities. The Company shall give written notice of the filing of the Follow-On Shelf at least 25 days prior to filing the Follow-On Shelf to all Holders of Registrable Securities (the "Follow-On Registration Notice") and shall include in such Follow-On Shelf all Registrable Securities with respect to which the Company has received written requests for inclusion therein within twenty (20) days after sending the Follow-On Registration Notice. Notwithstanding the foregoing, the Company shall not be required to file a Follow-On Shelf (x) if the aggregate amount of Registrable Securities requested to be registered on such Follow-On Shelf by all Holders that have not yet been registered represent less than 1% of the then outstanding Class A Common Stock or (y) if the Company is not then eligible for use of Form S-3 for secondary offerings and the Company has filed a Follow-On Shelf in the prior 180 days. The Company shall use commercially reasonable efforts to cause such Follow-On Shelf to be declared effective as promptly as practicable and in any event within ninety (90) days of filing such Follow-On Shelf. Any Registrable Securities requested to be registered pursuant to this Section 2(h)(i) that have not been registered on a Shelf or pursuant to Section 3 below at the time the Follow-On Shelf is filed shall be registered pursuant to such Follow-On Shelf.

(ii) If the Company is a Well-Known Seasoned Issuer, within twenty (20) Business Days after a written request by one or more Holders of Registrable Securities to register for resale any additional Registrable Securities owned by such Holders, the Company

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shall make all necessary filings to include such Registrable Securities in the Automatic Shelf Registration Statement filed pursuant to Section 2(g).

(iii) If a Form S-3 Shelf or Automatic Shelf Registration Statement is effective, within five (5) Business Days after written request therefor by a Holder of Registrable Securities, the Company shall file a prospectus supplement or current report on Form 8-K to add such Holder as a selling stockholder in such Form S-3 Shelf or Automatic Shelf Registration Statement to the extent permitted under the rules and regulations promulgated by the Commission.

(i) Other Registration Rights. Except as expressly contemplated by the Preliminary Offering Memorandum or 144A Registration Rights Agreement, the Company represents and warrants that it is not a party to, or otherwise subject to, any other agreement granting registration rights to any other Person with respect to any securities of the Company.

(j) Notwithstanding anything contained herein, in the event a Shelf Takedown is an underwritten transaction not involving (i) any "road show" or a (ii) lock-up agreement of more than 45 days to which the Company is a party, and which is commonly known as a "block trade" (a "Block Trade"), (1) the requesting Holder shall (i) give at least four business days prior notice in writing of such transaction to (A) the Company; and (B) any holder of Registrable Securities that is a party to this Agreement and (x) holds more than 5% of the Class A Common Stock if able to be identified through public filings or (y) is identified by the Company as an Affiliate of the Company; and (ii) with respect to any Block Trade, identify the potential underwriter(s) in such notice with contact information for such underwriter(s) and (2) the Company shall cooperate with such requesting Holder or Holders to the extent it is reasonably able and shall not be required to give notice thereof to other Holders of Registrable Securities or permit their participation therein unless reasonably practicable. Any Block Trade shall be for at least \$10 million in expected gross proceeds. The Company shall not be required to effectuate more than three Block Trades in any 90-day period.

3. Piggyback Takedowns

(a) Right to Piggyback. Whenever the Company proposes to register any of its securities, or proposes to offer any of its Class A Common Stock pursuant to a registration statement in an underwritten offering of Class A Common Stock under the Securities Act (a "Piggyback Takedown"), the Company shall give prompt written notice to all Holders of Registrable Securities of its intention to effect such Piggyback Takedown. In the case of a Piggyback Takedown that is an underwritten offering under a shelf registration statement, such notice shall be given not less than five (5) Business Days prior to the expected date of commencement of marketing efforts for such Piggyback Takedown. In the case of a Piggyback Takedown that is an underwritten offering under a registration statement that is not a shelf registration statement, such notice shall be given not less than five (5) Business Days prior to the expected date of filing of such registration statement. The Company shall, subject to the provisions of Sections 3(b) and (c) below, include in such Piggyback Takedown, as applicable, all Registrable Securities with respect to which the Company has received written requests for inclusion therein within five (5) days after sending the Company's notice. Notwithstanding

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anything to the contrary contained herein, the Company may determine not to proceed with any Piggyback Takedown upon written notice to the Holders of Registrable Securities requesting to include their Registrable Securities in such Piggyback Takedown.

(b) Priority on Primary Piggyback Takedowns. If a Piggyback Takedown is an underwritten primary registration on behalf of the Company, and the managing underwriters for a Piggyback Takedown advise the Company in writing that in their reasonable opinion the number of securities requested to be included in such Piggyback Takedown exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the Company, the Company shall include in such Piggyback Takedown the number which can be so sold in the following order of priority: (i) first, the securities the Company proposes to sell, (ii) second, the Registrable Securities requested to be included in such Piggyback Takedown (pro rata among the Holders of such Registrable Securities on the basis of the number of Registrable Securities requested to be included therein by each such Holder), and (iii) third, other securities requested to be included in such Piggyback Takedown.

(c) Priority on Secondary Piggyback Takedowns. If a Piggyback Takedown is an underwritten secondary registration on behalf of holders of the Company's securities ("Other Holders"), and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such Piggyback Takedown exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the Other Holders, the Company shall include in such registration the number which can be so sold in the following order of priority: (i) first, the securities requested to be included therein by the Other Holders requesting such registration and the Registrable Securities requested to be included in such registration, pro rata among the holders of any such securities and Registrable Securities on the basis of the number of securities and Registrable Securities so requested to be included therein by each such holder, and (ii) second, other securities requested to be included in such registration.

(d) Selection of Underwriters. If any Piggyback Takedown is an underwritten offering, the Company will have the sole right to select the investment banker(s) and manager(s) for the offering.

(e) Compliance with 144A Registration Rights Agreement.

(i) Subject to compliance with the 144A Registration Rights Agreement and in accordance with this Section 3, the registration rights provided to the Holders in this Agreement shall also be available in connection with the Company's initial public offering, subject to an 80% priority right with respect to permitted secondary shares in favor of the holders of Class A-1 Common Stock.

(ii) The Holders shall not be entitled to a Piggyback Takedown or similar piggyback rights in connection with the 144A Shelf Registration Statement.

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4. Holdback Agreements.

(a) Holders of Registrable Securities. In connection with any Shelf Takedown or other underwritten public offering of equity securities by the Company, no Holder who "beneficially owns" (as such term is defined under and determined pursuant to Rule 13d-3 promulgated under the Exchange Act) five percent (5%) or more of the outstanding shares of Class A-1 Common Stock, Class A Common Stock and Class B Common Stock (taken together as a single class as-if converted to Class A common stock) shall effect any public sale or distribution (including sales pursuant to Rule 144) of equity securities of the Company, or any securities convertible into or exchangeable or exercisable for such securities, without prior written consent from the Company, during the seven (7) days prior to and the 90-day period beginning on the date of pricing of such Shelf Takedown (the "Takedown Lock-Up Period"), except as part of the Shelf Takedown, and (i) unless the underwriters managing the Shelf Takedown or other underwritten public equity offering by the Company otherwise agree by written consent and (ii) only if such Takedown Lock-Up Period is applicable on substantially similar terms to the Company and the executive officers and directors of the Company; provided that nothing herein will prevent any Holder that is a partnership or corporation from making a distribution of Registrable Securities to the partners or stockholders thereof or a transfer to an Affiliate that is otherwise in compliance with the applicable securities laws, so long as such distributees or transferees agree to be bound by the restrictions set forth in this Section 4(a). Each Holder agrees to execute a lock-up agreement in favor of the Company's underwriters to such effect and, in any event, that the Company's underwriters in any relevant Shelf Takedown shall be third party beneficiaries of this Section 4(a). The provisions of this Section 4(a) will no longer apply to a Holder once such Holder ceases to hold Registrable Securities.

(b) The Company. In connection with any Shelf Takedown that is underwritten, the Company shall not effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities (except pursuant to registrations on Form S-8 or Form S-4 under the Securities Act), during (i) the seven (7) days prior to (except in the case of a Block Trade) and (ii) the 90-day period (45-day period in the case of a Block Trade) beginning on the date of pricing of such Shelf Takedown; provided that the Company shall not be restricted from effecting any sale or distribution for more than 90 days in any 180 day period beginning on the date of pricing of such Shelf Takedown unless a shorter time is agreed to by the managing underwriter or underwriters of such Shelf Takedown or unless otherwise agreed to by the Company. Section 2(d) and Section 2(e)(i) shall not apply with respect to Block Trades.

5. Company Undertakings. Whenever Registrable Securities are registered pursuant to this Agreement, the Company shall use its commercially reasonable efforts to effect the registration and the sale of such Registrable Securities as soon as reasonably practicable in accordance with the intended method of disposition thereof, and pursuant thereto the Company shall as expeditiously as possible:

(a) before filing a Registration Statement or Prospectus or any amendments or supplements thereto, at the Company's expense, furnish to the Holders whose securities are covered by the Registration Statement copies of all such documents, other than documents that

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are incorporated by reference, proposed to be filed and such other documents reasonably requested by such Holders, which documents shall be subject to the review and comment of the counsel to such Holders;

(b) notify each Holder of Registrable Securities of the effectiveness of each Registration Statement and prepare and file with the Commission such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for a period ending on the date on which all Registrable Securities have been sold under the Registration Statement applicable to such Shelf Registration or have otherwise ceased to be Registrable Securities, and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement;

(c) furnish to each seller of Registrable Securities, and the managing underwriters, without charge, such number of copies of the applicable Registration Statement, each amendment and supplement thereto, the Prospectus included in such Registration Statement (including each preliminary Prospectus, final Prospectus, and any other Prospectus (including any Prospectus filed under Rule 424, Rule 430A or Rule 430B promulgated under the Securities Act and any "issuer free writing prospectus" as such term is defined under Rule 433 promulgated under the Securities Act)), all exhibits and other documents filed therewith and such other documents as such seller or such managing underwriters may reasonably request including in order to facilitate the disposition of the Registrable Securities owned by such seller, and upon request, a copy of any and all transmittal letters or other correspondence to or received from, the Commission or any other governmental authority relating to such offer;

(d) use its commercially reasonable efforts (i) to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any seller reasonably requests, (ii) to keep such registration or qualification in effect for so long as such Registration Statement remains in effect, and (iii) to do

any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller (provided that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subsection, (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction);

(e) notify each seller of such Registrable Securities, Counsel to the Holders and the managing underwriters (i) at any time when a Prospectus relating to the applicable Registration Statement is required to be delivered under the Securities Act, (A) upon discovery that, or upon the happening of any event as a result of which, such Registration Statement, or the Prospectus or Free Writing Prospectus relating to such Registration Statement, or any document incorporated or deemed to be incorporated therein by reference contains an untrue statement of a material fact or omits any fact necessary to make the statements in the Registration Statement or the Prospectus or Free Writing Prospectus relating thereto not misleading or otherwise requires

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the making of any changes in such Registration Statement, Prospectus, Free Writing Prospectus or document, and, at the request of any such seller and subject to Section 2(e)(ii) hereof, the Company shall promptly prepare a supplement or amendment to such Prospectus or Free Writing Prospectus, furnish a reasonable number of copies of such supplement or amendment to each seller of such Registrable Securities, Counsel to the Holders and the managing underwriters and file such supplement or amendment with the Commission so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus or Free Writing Prospectus as so amended or supplemented shall not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading, (B) as soon as the Company becomes aware of any request by the Commission or any Federal or state governmental authority for amendments or supplements to a Registration Statement or related Prospectus or Free Writing Prospectus covering Registrable Securities or for additional information relating thereto, (C) as soon as the Company becomes aware of the issuance or threatened issuance by the Commission of any stop order suspending or threatening to suspend the effectiveness of a Registration Statement covering the Registrable Securities or (D) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any Registrable Security for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose; and (ii) when each Registration Statement or any amendment thereto has been filed with the Commission and when each Registration Statement or the related Prospectus or Free Writing Prospectus or any Prospectus supplement or any post effective amendment thereto has become effective.

(f) use its commercially reasonable efforts to cause all such Registrable Securities (i) if the Class A Common Stock is then listed on a securities exchange or included for quotation in a recognized trading market, to continue to be so listed or included, (ii) if the Class A Common Stock is not then listed on a securities exchange or included for quotation in a recognized trading market, to, as promptly as practicable be listed on a national securities exchange, and (iii) to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of the Registrable Securities;

(g) provide and cause to be maintained a transfer agent and registrar for all such Registrable Securities from and after the effective date of the applicable Registration Statement;

(h) enter into and perform under such customary agreements (including underwriting agreements in customary form, including customary representations and warranties and provisions with respect to indemnification and contribution) and take all such other actions as the Holders of a majority of the Registrable Securities included in such Shelf Takedown or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including effecting a stock split, a combination of shares, or other recapitalization) and provide reasonable cooperation, including causing appropriate officers to attend and participate in "road shows" and other information meetings organized by the underwriters, if any; provided, that the Company shall have no obligation to participate in "road shows" in connection with any Underwritten Shelf Takedown in which the total offering price of

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the Registrable Securities to be sold therein is less than \$25,000,000; provided, further, that the Company shall have no obligation to participate in more than two "road shows" in any twelve-month period;

(i) for a reasonable period prior to the filing of any Registration Statement or the commencement of marketing efforts for a Shelf Takedown, as applicable, pursuant to this Agreement, make available for inspection and copying by any Holder of Registrable Securities, Counsel to the Holders, any underwriter participating in any disposition pursuant to such Registration Statement or Shelf Takedown, as applicable, and any other attorney, accountant or other agent retained by any such Holder or underwriter, all financial and other records and pertinent corporate documents of the Company as are reasonably requested for such purposes, and cause the Company's officers, directors, employees and independent accountants to supply all information and participate in any due diligence sessions reasonably requested by any such Holder, underwriter, attorney, accountant or agent in connection with such Registration Statement or Shelf Takedown, as applicable, provided that recipients of such financial and other records and pertinent corporate documents agree in writing to keep the confidentiality thereof pursuant to a written agreement reasonably acceptable to the Company and the applicable underwriter (which shall contain customary exceptions thereto);

(j) permit any Holder of Registrable Securities, Counsel to the Holders, any underwriter participating in any disposition pursuant to a Registration Statement, and any other attorney, accountant or other agent retained by such Holder of Registrable Securities or underwriter, to reasonable and customary participation (including, but not limited to, reviewing, commenting on and attending all meetings) in the preparation of such Registration Statement and any Prospectus supplements relating to a Shelf Takedown, if applicable;

(k) in the event of the issuance or threatened issuance of any stop order suspending the effectiveness of a Registration Statement, or of any order suspending or preventing the use of any related Prospectus or suspending the qualification of any Class A Common Stock included in such Registration Statement for sale in any jurisdiction, the Company shall use its commercially reasonable efforts promptly to (i) prevent the issuance of any such stop order, and in the event of such issuance, to obtain the withdrawal of such order and (ii) obtain the withdrawal of any order suspending or preventing the use of any related Prospectus or Free Writing Prospectus or suspending qualification of any Registrable Securities included in such Registration Statement for sale in any jurisdiction at the earliest practicable date;

(l) in connection with any Shelf Takedown, obtain and furnish to each such Holder of Registrable Securities including Registrable Securities in such Shelf Takedown a signed counterpart of (i) a cold comfort letter from the Company's independent public accountants and (ii) a legal opinion of counsel to the Company addressed to the relevant underwriters and/or such Holders of Registrable Securities, in each case in customary form and covering such matters of the type customarily covered by such letters as the managing underwriters and/or Holders of a majority of the Registrable Securities included in such Shelf Takedown reasonably request;

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(m) with respect to each Free Writing Prospectus or other materials to be included in the Disclosure Package, ensure that no Registrable Securities be sold "by means of" (as defined in Rule 159A(b) promulgated under the Securities Act) such Free Writing Prospectus or other materials without the prior written consent of a majority of the Holders of the Registrable Securities that are being sold pursuant to such Free Writing Prospectus, which Free Writing Prospectuses or other materials shall be subject to the review of Counsel to the Holders; provided, however, the Company shall not be responsible or liable for any breach by a Holder that has not obtained the prior written consent of the Company pursuant to Section 13(q);

- Securities;
- (n) provide a CUSIP number for the Registrable Securities prior to the effective date of the first Registration Statement including Registrable Securities;
 - (o) promptly notify in writing the Holders, the sales or placement agent, if any, therefor and the managing underwriters of the securities being sold, (i) when such Registration Statement or related Prospectus or Free Writing Prospectus or any Prospectus amendment or supplement or post effective amendment has been filed, and, with respect to any such Registration Statement or any post effective amendment, when the same has become effective and (ii) of any written comments by the Commission and by the blue sky or securities commissioner or regulator of any state with respect thereto;
 - (p) (i) prepare and file with the Commission such amendments and supplements to each Registration Statement as may be necessary to comply with the provisions of the Securities Act, including post effective amendments to each Registration Statement as may be necessary to keep such Registration Statement continuously effective for the applicable time period required hereunder and if applicable, file any Registration Statements pursuant to Rule 462(b) promulgated under the Securities Act; (ii) cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) promulgated under the Securities Act; (iii) comply with the provisions of the Securities Act and the Exchange Act and any applicable securities exchange or other recognized trading market with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented; and (iv) provide additional information related to each Registration Statement as requested by, and obtain any required approval necessary from, the Commission or any Federal or state governmental authority.
 - (q) cooperate with each Holder of Registrable Securities and each underwriter participating in the disposition of such Registrable Securities and underwriters' counsel in connection with any filings required to be made with FINRA;
 - (r) within the deadlines specified by the Securities Act, make all required filing fee payments in respect of any Registration Statement or Prospectus used under this Agreement (and any offering covered thereby);

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- (s) if requested by any participating Holder of Registrable Securities or the managing underwriters, promptly include in a Prospectus supplement or amendment such information as the Holder or managing underwriters may reasonably request, including in order to permit the intended method of distribution of such securities, and make all required filings of such Prospectus supplement or such amendment as soon as reasonably practicable after the Company has received such request;
- (t) in the case of certificated Registrable Securities, cooperate with the participating Holders of Registrable Securities and the managing underwriters to facilitate the timely preparation and delivery of certificates (not bearing any legends) representing Registrable Securities to be sold after receiving written representations from each participating Holder that the Registrable Securities represented by the certificates so delivered by such Holder will be transferred in accordance with the Registration Statement, and enable such Registrable Securities to be in such denominations and registered in such names as the Holders or managing underwriters may reasonably request at least two (2) Business Days prior to any sale of Registrable Securities; and use its commercially reasonable efforts to take all other actions necessary to effect the registration and sale of the Registrable Securities contemplated hereby.
- (u) use its commercially reasonable efforts to take all other actions necessary to effect the registration and sale of the Registrable Securities contemplated hereby.

6. Registration Expenses. All Registration Expenses shall be borne by the Company. All Selling Expenses relating to Registrable Securities registered shall be borne by the Holders of such Registrable Securities pro rata on the basis of the number of Registrable Securities sold.

7. Hedging Transactions.

(a) The Company agrees that, in connection with any proposed Hedging Transaction, if, in the reasonable judgment of Counsel to the Holders, it is necessary or desirable to have a Registration Statement under the Securities Act cover such Hedging Transaction or sales or transfers (whether short or long) of Registrable Securities in connection therewith, then the Company shall use its commercially reasonable efforts to take such actions (which may include the filing of a prospectus supplement to include additional or changed information that is material or is otherwise required to be disclosed, including a description of such Hedging Transaction, the name of the Hedging Counterparty, identification of the Hedging Counterparty or its Affiliates as underwriters or potential underwriters, if applicable, or any change to the plan of distribution, but shall not include the filing of a post-effective amendment to a Registration Statement) as may reasonably be required to have such Hedging Transaction or sales or transfers of Registrable Securities in connection therewith covered by a Registration Statement under the Securities Act in a manner consistent with the rights and obligations of the Company hereunder.

(b) All Registration Statements in which Holders may include Registrable Securities under this Agreement shall be subject to the provisions of this Section 7. The selection of any Hedging Counterparty shall not be subject to Section 2(f), but the Hedging Counterparty

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shall be selected by the Holders of a majority of the Registrable Securities subject to the Hedging Transaction that is proposed to be effected.

(c) If in connection with a Hedging Transaction, a Hedging Counterparty or any Affiliate thereof is (or may be considered) an underwriter or selling stockholder, then it shall be required to provide customary indemnities to the Company regarding the plan of distribution and like matters.

(d) The Company further agrees to include, under the caption "Plan of Distribution" (or the equivalent caption), in each Registration Statement, and any related Prospectus (to the extent such inclusion is permitted under applicable Commission regulations and is consistent with comments received from the Commission during any Commission review of the Registration Statement), language substantially in the form of Schedule I hereto and to include in each prospectus supplement filed in connection with any proposed Hedging Transaction language mutually agreed upon by the Company, the relevant Holders and the Hedging Counterparty describing such Hedging Transaction.

(e) In connection with a Hedging Transaction, each Hedging Counterparty shall be treated in the same manner as a managing underwriter for purposes of Section 5 of this Agreement.

8. Indemnification; Contribution.

(a) The Company agrees to indemnify and hold harmless each Holder of Registrable Securities, the Affiliates, directors, officers, employees, members, managers and agents of each such Holder and each Person who controls any such Holder within the meaning of either the Securities Act or the Exchange Act, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities and expenses to which they or any of them may become subject insofar as such losses, claims, damages, liabilities and expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a

material fact contained in a Registration Statement as originally filed or in any amendment thereof, or the Disclosure Package, or any preliminary, final or summary Prospectus or Free Writing Prospectus included in any such Registration Statement, or in any amendment thereof or supplement thereto, or arise out of or are based upon 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, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action (whether or not the indemnified party is a party to any proceeding); provided, however, that the Company will not be liable in any case to the extent that any such loss, claim, damage, liability or expense arises (i) out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any such Holder specifically for inclusion therein including, without limitation, any notice and questionnaire, or (ii) out of sales of Registrable Securities made during a Suspension Period after notice is given pursuant to [Section 2\(c\)\(ii\)](#)

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hereof. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Holder severally (and not jointly) agrees to indemnify and hold harmless the Company and each of its Affiliates, directors, employees, members, managers and agents and each Person who controls the Company within the meaning of either the Securities Act or the Exchange Act, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages or liabilities to which they or any of them may become subject insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in a Registration Statement as originally filed or in any amendment thereof, or in the Disclosure Package or any Holder Free Writing Prospectus, preliminary, final or summary Prospectus included in any such Registration Statement, or in any amendment thereof or supplement thereto, or arise out of or are based upon 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, to the extent, but only to the extent, that any such untrue statement or alleged untrue statement or omission or alleged omission is contained in any written information relating to such Holder furnished to the Company by or on behalf of such Holder specifically for inclusion therein; provided, however, that the total amount to be indemnified by such Holder pursuant to this [Section 8\(b\)](#) shall be limited to the net proceeds (after deducting underwriters' discounts and commissions) received by such Holder in the offering to which such Registration Statement or Prospectus relates. This indemnity agreement will be in addition to any liability which any such Holder may otherwise have.

(c) Promptly after receipt by an indemnified party under this [Section 8](#) of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this [Section 8](#), notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent such action and such failure results in material prejudice to the indemnifying party and forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, except as provided in the next sentence, after notice from the indemnifying party to such indemnified party of its election to so assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal expenses of other counsel or any other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the indemnifying party's rights in the prior sentence, the indemnified party shall have the right to employ its own counsel (and one local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified

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party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. No indemnifying party shall, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general circumstances or allegations, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all indemnified parties. An indemnifying party shall not be liable under this [Section 8](#) to any indemnified party regarding any settlement or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent is consented to by such indemnifying party, which consent shall not be unreasonably withheld. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement or compromise that does not include as an unconditional term thereof the giving by the claimant or plaintiff therein, to such indemnified party, of a full and final release from all liability in respect to such claim or litigation.

(d) In the event that the indemnity provided in [Section 8\(a\)](#) or [Section 8\(b\)](#) above is unavailable to or insufficient to hold harmless an indemnified party for any reason, then each applicable indemnifying party agrees to contribute to the aggregate losses, claims, damages and liabilities (including, without limitation, legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively, "[Losses](#)") to which such indemnifying party may be subject in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party on the one hand and by the indemnified party on the other from the offering of the Class A Common Stock. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the indemnifying party on the one hand and the indemnified party on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. 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 on the one hand or the indemnified party on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties agree that it would not be just and equitable if contribution pursuant to this [Section 8\(d\)](#) were determined by pro rata allocation (even if the Holders of Registrable Securities or any agents or underwriters or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this [Section 8\(d\)](#). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this [Section 8\(d\)](#) shall be deemed to

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include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this [Section 8\(d\)](#), 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. For purposes of this [Section 8](#), each Person who controls any Holder of Registrable Securities, agent or underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of any such Holder, agent or underwriter shall have the same rights to contribution as such Holder, agent or underwriter, and each Person who controls the Company within the meaning of either the Securities Act or the Exchange Act and each officer and director of the Company shall have the same rights to contribution as the Company, subject in each case to the

applicable terms and conditions of this Section 8(d).

(e) The provisions of this Section 8 will remain in full force and effect, regardless of any investigation made by or on behalf of any Holder of Registrable Securities or the Company or any of the officers, directors or controlling Persons referred to in this Section 8 hereof, and will survive the transfer of Registrable Securities.

(f) To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 8 to the fullest extent permitted by law; provided, however, that: (i) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities pursuant to such Shelf Registration.

9. Participation in Underwritten Offering/Sale of Registrable Securities

(a) No Person may participate in any underwritten offering hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements in customary form entered into pursuant to this Agreement and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements; provided that no Holder of Registrable Securities included in any underwritten registration shall be required to make any representations or warranties to the Company or the underwriters (other than representations and warranties regarding (1) such Holder's ownership of its Registrable Securities to be sold or transferred, (2) such Holder's power and authority to effect such transfer and (3) such matters pertaining to compliance with securities laws as may be reasonably requested) or to undertake any indemnification obligations to the Company with respect thereto, except as otherwise provided in Section 8(b) hereof, or to the underwriters with respect thereto, except to the extent of the indemnification being given to the Company and its controlling persons in Section 8(b) hereof.

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(b) Each Person that has securities registered on a Registration Statement filed hereunder agrees that, upon receipt of any notice contemplated in Section 2(e)(ii), such Person will forthwith discontinue the disposition of its Registrable Securities pursuant to the applicable Registration Statement.

10. Rule 144 and Rule 144A: Other Exemptions. With a view to making available to the Holders of Registrable Securities the benefits of Rule 144 and Rule 144A promulgated under the Securities Act and other rules and regulations of the Commission that may at any time permit a Holder of Registrable Securities to sell securities of the Company to the public without registration, the Company covenants that it will (i) file in a timely manner all reports and other documents required, if any, to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted thereunder and (ii) make available information necessary to comply with Rule 144 and Rule 144A, if available with respect to resales of the Registrable Securities under the Securities Act, at all times, 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 (x) Rule 144 and Rule 144A promulgated under the Securities Act (if available with respect to resales of the Registrable Securities), as such rules may be amended from time to time or (y) any other rules or regulations now existing or hereafter adopted by the Commission. Upon the reasonable 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 information requirements, and, if not, the specific reasons for non-compliance.

11. Transfer of Registration Rights. The rights of a Holder hereunder may be transferred, assigned, or otherwise conveyed on a pro rata basis in connection with any transfer, assignment, or other conveyance of Registrable Securities to any transferee or assignee; provided that all of the following additional conditions are satisfied: (a) such transfer or assignment is effected in accordance with applicable securities laws; (b) such transferee or assignee agrees in writing to become subject to the terms of this Agreement; and (c) the Company is given written notice by such Holder of such transfer or assignment, stating the name and address of the transferee or assignee and identifying the Registrable Securities with respect to which such rights are being transferred or assigned.

12. Amendment, Modification and Waivers: Further Assurances

(a) Amendment. This Agreement may be amended with the consent of the Company and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent of the Holders of at least a majority of the Registrable Securities then outstanding to such amendment, action or omission to act; provided that no such amendment, action or omission that adversely affects, alters or changes the interests of any Holder shall be effective against such Holder without the prior written consent of such Holder.

(b) Effect of Waiver. No waiver of any terms or conditions of this Agreement shall operate as a waiver of any other breach of such terms and conditions or any other term or condition, nor shall any failure to enforce any provision hereof operate as a waiver of such

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provision or of any other provision hereof. No written waiver hereunder, unless it by its own terms explicitly provides to the contrary, shall be construed to effect a continuing waiver of the provisions being waived and no such waiver in any instance shall constitute a waiver in any other instance or for any other purpose or impair the right of the party against whom such waiver is claimed in all other instances or for all other purposes to require full compliance with such provision. The failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of such provision and shall not affect the right of such party thereafter to enforce each provision of this Agreement in accordance with its terms.

(c) Further Assurances. Each of the parties hereto shall execute all such further instruments and documents and take all such further action as any other party hereto may reasonably require in order to effectuate the terms and purposes of this Agreement.

13. Miscellaneous

(a) No Inconsistent Agreements. Other than the 144A Registration Rights Agreement, the Company shall not hereafter enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to the Holders of Registrable Securities in this Agreement.

(b) Remedies: Specific Performance. Any Person having rights under any provision of this Agreement shall be entitled to enforce such rights specifically, to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that money damages would not be an adequate remedy for any breach of the provisions of this Agreement and that any party may in its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting any bond or other security) in order to enforce or prevent violation of the provisions of this Agreement and shall not be required to prove irreparable injury to such party or that such party does not have an adequate remedy at law with respect to any breach of this Agreement (each of which elements the parties admit). The parties hereto further agree and acknowledge that each and every obligation applicable to it contained in this Agreement shall be specifically enforceable against it and hereby waives and agrees not to assert any defenses against an action for specific performance of their respective obligations hereunder. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies available under this Agreement or otherwise.

(c) Successors and Assigns. All covenants and agreements in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including any trustee in bankruptcy) whether so expressed or not. In addition, whether or not any express assignment has been made, the provisions of this Agreement which are for the benefit of purchasers or Holders of Registrable Securities are also for the benefit of, and enforceable by, any subsequent Holder of Registrable Securities. No assignment or delegation of this Agreement by the Company, or any of the

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Company's rights, interests or obligations hereunder, shall be effective against any Holder without the prior written consent of such Holder.

(d) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

(e) Counterparts. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same Agreement.

(f) Descriptive Headings; Interpretation; No Strict Construction. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and, if applicable, hereof. The words "include", "includes" or "including" in this Agreement shall be deemed to be followed by "without limitation". The use of the words "or," "either" or "any" shall not be exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. All references to laws, rules, regulations and forms in this Agreement shall be deemed to be references to such laws, rules, regulations and forms, as amended from time to time or, to the extent replaced, the comparable successor thereto in effect at the time. All references to agencies, self-regulatory organizations or governmental entities in this Agreement shall be deemed to be references to the comparable successors thereto from time to time.

(g) Governing Law. This Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) to the extent such rules or provisions would cause the application of the laws of any jurisdiction other than the State of New York.

(h) Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when (a) delivered personally to the recipient, (b) telecopied or sent by facsimile to the recipient, or (c) one (1) Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid). Such notices, demands and other communications shall be sent to the Company at the address set forth below and to any Holder of

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Registrable Securities at the address set forth on the signature page hereto, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. The Company's address is:

If to the Company:

Select Energy Services, Inc.
Attention: Gary Gillette
1820 North I-35, P.O. Box 1715
Gainesville, Texas 76241
E-mail: ggillette@selectenergyservices.com

With copy to:

Vinson & Elkins L.L.P.
Attention: David P. Oelman
1001 Fannin Street, Suite 2500
Houston, Texas 77002
E-mail: doelman@velaw.com

If to any Person who is then the registered Holder:

To the address of such Holder as it appears in the applicable register for the Registrable Securities or such other address as may be designated in writing by such Holder.

If any time period for giving notice or taking action hereunder expires on a day which is a Saturday, Sunday or legal holiday in the State of New York or the jurisdiction in which the Company's principal office is located, the time period shall automatically be extended to the Business Day immediately following such Saturday, Sunday or legal holiday.

(i) Delivery by Facsimile. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or other electronic means, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or other electronic means as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

(j) Waiver of Jury Trial. Each of the parties to this Agreement hereby agrees to waive its respective rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement. The scope of this waiver is intended to be all-encompassing of any and all

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disputes that may be filed in any court and that relate to the subject matter of this Agreement, including contract claims, tort claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into this Agreement, that each has already relied on this waiver in entering into this

Agreement, and that each will continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 13(k) AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

(k) Arm's Length Agreement. Each of the parties to this Agreement agrees and acknowledges that this Agreement has been negotiated in good faith, at arm's length, and not by any means prohibited by law.

(l) Sophisticated Parties; Advice of Counsel. Each of the parties to this Agreement specifically acknowledges that (a) it is a knowledgeable, informed, sophisticated Person capable of understanding and evaluating the provisions set forth in this Agreement and (ii) it has been fully advised and represented by legal counsel of its own independent selection and has relied wholly upon its independent judgment and the advice of such counsel in negotiating and entering into this Agreement.

(m) Entire Agreement. This Agreement, together with Schedule I attached hereto, and any certificates, documents, instruments and writings that are delivered pursuant hereto, constitutes the entire agreement and understanding of the parties in respect of the subject matter hereof and supersedes all prior understandings, agreements or representations by or among the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

(n) Attorneys' Fees. In the event of litigation or other proceedings in connection with or related to this Agreement, the prevailing party in such litigation or proceeding shall be entitled to reimbursement from the opposing party of all reasonable expenses, including, without limitation, reasonable attorneys' fees and expenses of investigation in connection with such litigation or proceeding.

(o) Certification. Within fifteen (15) Business Days following receipt of written request from the Company by any Holder (which request shall not be made more than twice in any calendar year), such Holder shall certify to the Company that such Holder continues to hold Registrable Securities (the "Certification"). If a Holder fails to provide the Certification within the fifteen (15) Business Day period referred to in the immediately preceding sentence, the Company reserves the right, in its sole discretion, to remove such Holder's Registrable

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Securities from a Registration Statement within fifteen (15) Business Days after receipt by such Holder of a second written notice specifying that the Holder may be removed from such Registration Statement unless such Holder provides the Certification within such subsequent fifteen (15) Business Day period.

(p) FWP Consent. No Holder shall use a Holder Free Writing Prospectus without the prior written consent of the Company, which consent shall not be unreasonably withheld.

(q) Notification of Status. Each Holder shall provide written notice to the Company within ten (10) Business Days from the first day on which the Holder no longer holds Registrable Securities.

(r) Termination. The obligations of the Company and of any Holder, other than those obligations contained in Section 8, shall terminate with respect to the Company and such Holder as soon as both (A) such Holder no longer holds any Registrable Securities and (B) such Holder is no longer an Affiliate of the Company or otherwise subject to the volume limitations set forth in Rule 144(e) promulgated under the Securities Act or any successor provision.

[THIS SPACE LEFT BLANK INTENTIONALLY]

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

COMPANY:

SELECT ENERGY SERVICES, INC.

By: /s/ Gary Gillette
Name: Gary Gillette
Title: Chief Financial Officer and Senior Vice President

HOLDERS:

SES Legacy Holdings, LLC

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: President and Chief Executive Officer

Address for notice:
1820 North I-35, P.O. Box 1715
Gainesville, TX 76241

Crestview Partners II SES Investment B, LLC

By: /s/ Ross A. Oliver
Name: Ross A. Oliver
Title: General Counsel

Address for notice:

SCHEDULE I

Plan of Distribution

A selling stockholder may also enter into hedging and/or monetization transactions. For example, a selling stockholder may:

- (a) enter into transactions with a broker-dealer or affiliate of a broker-dealer or other third party in connection with which that other party will become a selling stockholder and engage in short sales of the common stock under this prospectus, in which case the other party may use shares of common stock received from the selling stockholder to close out any short positions;
- (b) itself sell short common stock under this prospectus and use shares of common stock held by it to close out any short position;
- (c) enter into options, forwards or other transactions that require the selling stockholder to deliver, in a transaction exempt from registration under the Securities Act, common stock to a broker-dealer or an affiliate of a broker-dealer or other third party who may then become a selling stockholder and publicly resell or otherwise transfer that common stock under this prospectus; or
- (d) loan or pledge common stock to a broker-dealer or affiliate of a broker-dealer or other third party who may then become a selling stockholder and sell the loaned shares or, in an event of default in the case of a pledge, become a selling stockholder and sell the pledged shares, under this prospectus.

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this “*Agreement*”) is made and entered into as of December 20, 2016, between Select Energy Services, Inc., a Delaware corporation (together with any successor entity thereto, the “*Company*”) and FBR Capital Markets & Co., a Delaware corporation, as the initial purchaser/placement agent (“*FBR*”), for the benefit of FBR, the purchasers (“*Participants*”) of the Company’s Class A-1 common stock, \$0.01 par value per share (“*Class A-1 Shares*”), in the private offering by the Company of shares of the Class A-1 Shares, and the direct and indirect transferees of FBR and each of the Participants.

This Agreement is made pursuant to the Purchase/Placement Agreement (the “*Purchase/Placement Agreement*”), dated as of December 13, 2016, between the Company and FBR in connection with the purchase and sale or placement of an aggregate of 14,000,000 Class A-1 Shares (plus up to an additional 2,100,000 Class A-1 Shares that FBR has the option to purchase or place to cover additional allotments, if any). In order to induce FBR to enter into the Purchase/Placement Agreement, the Company has agreed to provide the registration rights provided for in this Agreement to FBR, the Participants, and their respective direct and indirect transferees. The execution of this Agreement is a condition to the closing of the transactions contemplated by the Purchase/Placement Agreement. Pursuant to the Company’s amended and restated certificate of incorporation (the “*Company Charter*”), the Class A-1 Shares are convertible into an equivalent number of shares of Class A common stock, \$0.01 par value per share (the “*Class A Shares*”), of the Company upon certain events.

The parties hereto hereby agree as follows:

1. **Definitions**

As used in this Agreement, the following terms shall have the following meanings:

Accredited Investor Shares: The Shares initially sold by the Company to “accredited investors” (within the meaning of Rule 501(a) promulgated under the Securities Act) as Participants.

Affiliate: As to any specified Person, as defined in Rule 12b-2 under the Exchange Act.

Agreement: As defined in the preamble.

Board of Directors: As defined in Section 2(b) hereof.

Business Day: With respect to any act to be performed hereunder, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York, New York or other applicable places where such act is to occur are authorized or obligated by applicable law, regulation or executive order to close.

Bylaws: The Bylaws of the Company, adopted as of the date hereof, as amended from time to time.

Class A Shares: As defined in the preamble.

Class A-1 Shares: As defined in the preamble.

Class B Shares: The shares of Class B common stock, \$0.01 par value per share, of the Company.

Closing Date: December 20, 2016 or such other time or such other date as FBR and the Company may agree.

Commission: The Securities and Exchange Commission.

Common Stock: The Class A-1 Shares, Class A Shares and Class B Shares.

Company: As defined in the preamble.

Company Charter: As defined in the preamble.

Controlling Person: As defined in Section 7(a) hereof.

End of Suspension Notice: As defined in Section 6(b) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission pursuant thereto.

Exchange Act Registration Statement: As defined in Section 2(c) hereof.

FBR: As defined in the preamble.

FINRA: The Financial Industry Regulatory Authority.

Holder: Each record owner of any Registrable Shares from time to time, including FBR and its Affiliates to the extent FBR or any such Affiliate holds any Registrable Shares.

Indemnified Party: As defined in Section 7(c) hereof.

Indemnifying Party: As defined in Section 7(c) hereof.

IPO Registration Statement: As defined in Section 2(b) hereof.

Issuer Free Writing Prospectus: As defined in Section 2(c) hereof.

JOBS Act: The Jumpstart Our Business Startups Act of 2012, as amended, and the rules and regulations promulgated by the Commission thereunder.

Lead Underwriter: As defined in Section 2(b)(ii) hereof.

Legacy Holder: Certain holders (including holders indirectly through SES Legacy Holdings, LLC) of the Company's capital stock other than the Registrable Shares on or prior to the Closing Date that owned equity interests in the Company or its predecessor prior to the date hereof.

Legacy Holder Registration Rights Agreement: That certain registration rights agreement between the Company and the Legacy Holders, dated as of December 20, 2016.

Liabilities: As defined in Section 7(a) hereof.

No Objections Letter: As defined in Section 5(t) hereof.

Nominee: As defined in Section 3(c) hereof.

Participants: As defined in the preamble.

Person: An individual, partnership, corporation, limited liability company, trust, unincorporated organization, government or agency or political subdivision thereof, or any other legal entity.

Post Offering Period: As defined in Section 2(b)(ii) hereof.

Proceeding: An action (including a class action), claim, suit or proceeding (including without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or, to the knowledge of the Person subject thereto, threatened.

Prospectus: The prospectus included in any Registration Statement, including any preliminary prospectus at the "time of sale" within the meaning of Rule 159 under the Securities Act and all other amendments and supplements to any such prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference, if any, in such prospectus.

Purchase/Placement Agreement: As defined in the preamble.

Purchaser Indemnitee: As defined in Section 7(a) hereof.

Registrable Shares: The Rule 144A Shares, the Accredited Investor Shares and the Regulation S Shares, upon original issuance thereof, and at all times subsequent thereto, including upon the transfer thereof by the original holder or any subsequent holder and any shares or other securities issued in respect of such Registrable Shares by reason of or in connection with any stock dividend, stock distribution, stock split, purchase in any rights offering or in connection with any exchange, conversion or replacement of such Registrable Shares (including any conversions of the Rule 144A Shares, the Accredited Investor Shares and Regulation S Shares into Class A Shares) or any combination of shares, recapitalization, merger or consolidation, or any other equity securities issued pursuant to any other pro rata distribution with respect to the Common Stock, until, in the

case of any such securities, the earliest to occur of (i) the date on which the resale of such security has been registered pursuant to the Securities Act and it has been disposed of in accordance with the Registration Statement relating to it, (ii) the date on which such securities either have been transferred pursuant to Rule 144 (or any similar provision then in effect) or are freely saleable, without condition pursuant to Rule 144, including any current public information requirements, and are listed for trading on the New York Stock Exchange, the Nasdaq Global Market or a similar national securities exchange or (iii) the date on which such securities are sold to the Company.

Registration Expenses: Any and all fees and expenses incident to the performance of or compliance with this Agreement, including, without limitation: (i) all Commission, securities exchange, FINRA or other registration, listing, inclusion and filing fees; (ii) all fees and expenses incurred in connection with compliance with international, federal or state securities or blue sky laws (including, without limitation, any registration, listing and filing fees and fees and disbursements of counsel in connection with blue sky qualification of any of the Registrable Shares and the preparation of a blue sky memorandum and compliance with the rules of FINRA); (iii) all expenses in preparing or assisting in preparing, word processing, duplicating, printing, delivering and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements, certificates and any other documents relating to the performance under and compliance with this Agreement; (iv) all fees and expenses incurred in connection with the listing or inclusion of any of the Registrable Shares on any securities exchange pursuant to Section 5(n) of this Agreement; (v) the fees and disbursements of counsel for the Company and of the independent registered public accounting firm of the Company (including, without limitation, the expenses of any special audit and "cold comfort" letters required by or incident to the performance of this Agreement); (vi) reasonable fees and disbursements of Baker Botts L.L.P. or Sidley Austin LLP, or, if such firms are unable or unwilling to serve in such capacity, one such other nationally-recognized securities law counsel reasonably acceptable to the Company and FBR, with respect to a review of the Registration Statement and other offering arrangements with respect to the Holders (such counsel, "Review Counsel," it being understood that such Review Counsel shall not be deemed to representing one or more Holders unless such firm and such Holder or Holders so agree in writing); provided, however, that Holders holding a majority of the Registrable Shares (or, in the case of an Underwritten Offering in which Holders elect to sell Registrable Shares, Holders holding a majority of the Registrable Shares held by the Holders who have elected to sell Registrable Shares in such Underwritten Offering) may object to the appointment of Baker Botts L.L.P. or Sidley Austin LLP or such other nationally-recognized securities law counsel as Review Counsel and appoint a new Review Counsel; provided, however, that if Holders electing to sell Registrable Shares in an Underwritten Offering object to the appointment of Baker Botts L.L.P. or Sidley Austin LLP or such other nationally-recognized securities law counsel as Review Counsel and appoint a new Review Counsel, such objection and appointment shall only be applicable to such Underwritten Offering; provided, further, that such legal fees shall not exceed \$100,000 with respect to any Registration Statement or firm commitment underwriting; and (vii) any fees and disbursements customarily paid in issues and sales of securities (including the fees and expenses of any experts retained by the Company in connection with any Registration Statement); provided, however, that Registration Expenses shall exclude brokers' or underwriters' discounts and commissions, if any, and all transfer taxes and transfer fees relating to the sale or disposition of Registrable Shares by a Holder.

Registration Statement: Any registration statement of the Company that covers the resale of Registrable Shares pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

Regulation S: Regulation S (Rules 901-905) promulgated by the Commission under the Securities Act, as such rules may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such regulation.

Regulation S Shares: The Shares initially resold by FBR pursuant to the Purchase/Placement Agreement to “non-U.S. persons” (in accordance with Regulation S) in an “offshore transaction” (in accordance with Regulation S).

Review Counsel: As defined in paragraph (vi) of the definition for Registration Expenses.

Rule 144 Termination Date: The earliest date by which the Registrable Shares can be sold publicly pursuant to Rule 144 without condition, including, but not limited to, volume limitations, manner of sale restrictions or current public information requirements.

Rule 144A Shares: The Shares initially resold by FBR pursuant to the Purchase/Placement Agreement to “qualified institutional buyers” (as such term is defined in Rule 144A).

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder. Any reference to a “Rule” number herein, unless otherwise specified, shall be a reference to such Rule number promulgated by the Commission pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission as a replacement thereto having substantially the same effect as such rule.

Shares: The Class A-1 Shares being offered and sold pursuant to the terms and conditions of the Purchase/Placement Agreement.

Shelf Registration Statement: As defined in Section 2(a) hereof.

Special Election Meeting: As defined in Section 3(b) hereof.

Special Stock Dividends: As defined in Section 2(h) hereof.

Suspension Event: As defined in Section 6(b) hereof.

Suspension Notice: As defined in Section 6(b) hereof.

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Underwritten Offering: A sale of securities of the Company to an underwriter or underwriters for re-offering to the public.

2. Registration Rights

(a) *Mandatory Shelf Registration.* As set forth in Section 5 hereof and for so long as there are any Registrable Shares, subject to Section 2(c) hereof, the Company agrees to file with the Commission as soon as reasonably practicable following the date of this Agreement (but in no event later than April 30, 2017) a shelf Registration Statement on Form S-1 or such other form under the Securities Act then available to the Company providing for the resale of any Registrable Shares pursuant to Rule 415 from time to time by the Holders (a “*Shelf Registration Statement*”). Subject to Section 2(c) hereof, the Company shall use its commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the Commission as soon as practicable after the initial filing thereof and to cause the Registrable Shares to be listed on the New York Stock Exchange, the Nasdaq Global Market, or similar national securities exchange concurrently with the effectiveness of the Shelf Registration Statement (but in no event later than October 31, 2017). Any Shelf Registration Statement shall provide for the resale from time to time, and pursuant to any method or combination of methods legally available (including, without limitation, an Underwritten Offering, a direct sale to purchasers or a sale through brokers or agents) by the Holders of any and all Registrable Shares.

(b) *IPO Registration.* If the Company proposes to file a registration statement on Form S-1 or such other form under the Securities Act providing for the initial public offering of the Registrable Shares (the “*IPO Registration Statement*”), it being understood that a public offering conducted after the Shelf Registration Statement has become effective and the Shares have been listed for trading on the New York Stock Exchange, the Nasdaq Global Market, or similar national securities exchange, shall not be deemed to be an initial public offering, the Company will notify in writing each Holder of the filing before (but no earlier than ten (10) Business Days before) or within five (5) Business Days after the initial filing and afford each Holder an opportunity to include in the IPO Registration Statement all or any part of the Registrable Shares then held by such Holder. Each Holder desiring to include in the IPO Registration Statement all or part of the Registrable Shares held by such Holder shall, within twenty (20) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Shares such Holder wishes to include in the IPO Registration Statement. Any election by any Holder to include any Registrable Shares in the IPO Registration Statement will not affect the inclusion of such Registrable Shares in the Shelf Registration Statement until such Registrable Shares have been sold under the IPO Registration Statement.

(i) *Right to Terminate IPO Registration.* The Company shall have the right to terminate or withdraw the IPO Registration Statement initiated by it and referred to in this Section 2(b) prior to the effectiveness of such registration whether or not any Holder has elected to include Registrable Shares in such registration; *provided, however,* the Company must provide each Holder that elected to include any Registrable Shares in such IPO Registration Statement prompt written notice of such termination or withdrawal. Furthermore, in the event the IPO Registration Statement is not declared effective within

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one hundred twenty (120) days following the initial filing of the IPO Registration Statement, unless a road show for the Underwritten Offering pursuant to the IPO Registration Statement is actually in progress at such time or such IPO Registration Statement has been terminated or withdrawn pursuant to this Section 2(b)(i), the Company shall promptly provide a new written notice to all Holders giving them another opportunity to elect to include Registrable Shares in the pending IPO Registration Statement. Each Holder receiving such notice shall have the same election rights afforded such Holder as described above in this clause (b).

(ii) *Selection of Underwriter.* During the Offering Engagement Period (as that term is defined in the engagement letter, dated October 26, 2016, by and between the Company and FBR) and for the period that is one year from the date hereof (which period shall be extended if the resale shelf registration statement has not been declared effective pursuant to Section 2(a) above by the deadline set forth therein until such resale shelf registration statement is filed, if after such one year period) (the “*Post Offering Period*”), if the Company conducts an initial public offering of its equity, equity-linked or debt securities or any other public capital markets financing (an “*IPO*”), the Company shall appoint FBR as the lead underwriter and lead bookrunner (the “*Lead Underwriter*”) in connection with the IPO, unless (A) the appointment of a different Lead Underwriter is approved by the affirmative vote of the holders of at least two thirds of the Shares or (B) the Company receives a signed writing by the chief executive officer of FBR stating that FBR does not wish to serve as the Lead Underwriter in the IPO. In the event FBR is the Lead Underwriter in an IPO as contemplated by this Section 2(b)(ii), FBR shall be named on the cover of any IPO prospectus in the upper left relative to the names of the other underwriters participating in the IPO, shall manage all of the “roadshow” logistics, share allocations and all stabilization transactions in connection with the IPO and shall perform such other customary tasks of a lead underwriter and lead bookrunner in an initial public offering. FBR’s compensation as the Lead Underwriter in connection with the IPO shall be determined by agreement between the Company and FBR on the basis of compensation customarily paid to leading investment banks acting as underwriters in similar transactions; provided, however, that FBR’s economics in connection with the IPO shall be equal to those economics paid to the most highly compensated member of the underwriting group.

(iii) *Shelf Registration Not Impacted by IPO Registration Statement.* The Company’s obligation to file the Shelf Registration Statement pursuant to

Section 2(a) hereof shall not be affected by the filing or effectiveness of the IPO Registration Statement. In addition, the Company's obligation to file and use its commercially reasonable efforts to cause to become and keep effective the Shelf Registration Statement pursuant to Section 2(a) hereof shall not be affected by the filing or effectiveness of an IPO Registration Statement; *provided, however*, if the Company files or submits to the SEC an IPO Registration Statement before the effective date of the Shelf Registration Statement and the Company has used and is using commercially reasonable efforts to pursue the completion of such initial public offering, the Company shall have the right to defer causing the Commission to declare such Shelf Registration Statement effective until up to 60 days after the closing date of its initial public offering pursuant to the IPO

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Registration Statement so long as such closing date occurs on or before October 31, 2017. Notwithstanding any other provision in this Agreement to the contrary, if the Company files or submits to the SEC an IPO Registration Statement before the effective date of the Shelf Registration Statement and the deadline for causing such Shelf Registration Statement to go effective is after the 60 day period beginning on the closing date of the Company's initial public offering pursuant to the IPO Registration Statement, the Company shall cause the Shelf Registration Statement to be declared effective no later than 60 days after the closing date of the Company's initial public offering pursuant to the IPO Registration Statement.

Notwithstanding any provision to the contrary in this Agreement, any amendment to this Section 2(b) shall be valid only if declared advisable by the board of directors of the Company (the "*Board of Directors*") and approved by the affirmative vote of the stockholders of at least two thirds of the outstanding Class A Shares and Class A-1 Shares, voting together as a single class.

(c) *Interim Over-the-Counter Trading.* If the Company does not (i) meet the round-lot stockholder requirements of the New York Stock Exchange, the Nasdaq Global Market or a similar national securities exchange and (ii) intend to conduct an initial public offering of its securities by October 31, 2017, the Company shall postpone the filing or effectiveness of the Shelf Registration Statement and instead shall be required to register the securities under the Exchange Act by filing a registration statement on Form 10 (an "*Exchange Act Registration Statement*") with the Commission as soon as practicable. The Company shall use its commercially reasonable efforts in good faith to cause such Exchange Act Registration Statement to go effective or be declared effective by the Commission as soon as practicable after the initial filing thereof, but in no event later than December 31, 2017, and to cause Registrable Shares to be eligible for trading over the counter on the OTC OB or OTC QX by December 31, 2017. Immediately after the Company has satisfied the round-lot stockholder requirements of the New York Stock Exchange, the Nasdaq Global Market or a similar national securities exchange, it shall apply to have the Registrable Shares listed on the New York Stock Exchange, the Nasdaq Global Market or a similar national securities exchange and shall use its commercially reasonable efforts to have the Registrable Shares listed and traded on such exchange as soon as possible thereafter, but in no event more than 60 days thereafter. Once the Registrable Shares are listed and trading on the New York Stock Exchange, the Nasdaq Global Market or a similar national securities exchange, the Company shall, as soon as practicable thereafter, cause the Shelf Registration Statement to become effective, but in no event more than 90 days thereafter; *provided, however*, that the Company will not be required to cause a Shelf Registration Statement to become effective pursuant to this Section 2(c) if all of the Registrable Shares are freely tradable without restriction (including, but not limited to, the volume and manner of sale restrictions and the current public information requirements) under Rule 144.

(d) *Issuer Free Writing Prospectus.* The Company represents and agrees that, unless it obtains the consent of the managing underwriter in connection with any Underwritten Offering of Registrable Shares, and each Holder represents and agrees that, unless it obtains the prior consent of the Company and any such underwriter, it will not make any offer relating to the Shares that would constitute an "issuer free writing prospectus," as defined in Rule 433 (an "*Issuer Free Writing Prospectus*"), or that would otherwise constitute a "free writing prospectus," as defined in

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Rule 405, required to be filed with the Commission. The Company represents that any Issuer Free Writing Prospectus will not include any information that conflicts with the information contained in any Registration Statement or the related Prospectus (other than as would not violate the rules and regulations of the SEC), and any such Issuer Free Writing Prospectus, when taken together with the information in such Registration Statement and the related Prospectus, will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(e) *Underwriting.* The Company shall advise all Holders of the lead managing underwriter for the Underwritten Offering proposed under the IPO Registration Statement. The right of any such Holder's Registrable Shares to be included in the IPO Registration Statement pursuant to Section 2(b) shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Shares in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Shares through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter(s) selected for such underwriting and complete and execute any questionnaires, powers of attorney, indemnities, custody agreements, securities escrow agreements and other documents, including opinions of counsel, reasonably required under the terms of such underwriting, and furnish to the Company such information as the Company may reasonably request in writing for inclusion in the Registration Statement; *provided, however*, that no Holder shall 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 Holder and such Holder's intended method of distribution and any other representation required by law or reasonably requested by the underwriters.

(f) Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation on the number of shares of Common Stock to be included for the benefit of selling stockholders, then the managing underwriter(s) may exclude any and all of such shares of Common Stock (including Registrable Shares) from the IPO Registration Statement and Underwritten Offering; *provided, however*, that if shares of Common Stock are included in the IPO Registration Statement and Underwritten Offering for the account of selling stockholders, such shares shall be allocated as follows: 80% to the Holders requesting inclusion of their Registrable Shares in such IPO Registration Statement (on a *pro rata* basis based on the total number of Registrable Shares then held by each such Holder who is requesting inclusion) and 20% to the Legacy Holders requesting inclusion of their registrable shares pursuant to the Legacy Holder Registration Rights Agreement and in accordance the allocation provisions contained therein.

By electing to include Registrable Shares in the IPO Registration Statement, the Holder of such Registrable Shares shall be deemed to have agreed not to effect any public sale or distribution of securities of the Company of the same or similar class or classes of the securities included in the IPO Registration Statement or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 or Rule 144A, during such periods as reasonably requested (but in no event for a period longer than thirty (30) days prior to and one hundred eighty (180) days following the effective date of the IPO Registration Statement)

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by the representatives of the underwriters, in an Underwritten Offering, or by the Company in any other registration.

If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the managing underwriter(s), delivered by the later of (i) two (2) Business Days after the IPO price range is communicated by the Company to such Holder and (ii) ten (10) Business Days prior to the effective date of the IPO Registration Statement. Any Registrable Shares excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(g) *Expenses.* The Company shall pay all Registration Expenses in connection with the registration of the Registrable Shares pursuant to this Agreement. Each Holder participating in a registration pursuant to this Section 2 shall bear such Holder's proportionate share (based on the total number of Registrable Shares sold in such registration) of all discounts and commissions payable to underwriters or brokers and all transfer taxes and transfer fees in connection with a registration of Registrable Shares pursuant to this Agreement.

(h) *Penalty Provisions.*

(i) If Section 2(c) hereof is not applicable and the Company does not file a Shelf Registration Statement registering the resale of the Registrable Shares with the Commission by the deadline set forth in Section 2(a), other than as a result of the Commission being unable to accept such filings, dividends on the Shares, payable only in additional Shares (the "*Special Stock Dividends*"), shall accrue and be payable in accordance with the Company Charter beginning on the day after the applicable date by which the Company was required to file the Shelf Registration Statement until the Shelf Registration Statement is filed;

(ii) if (A) Section 2(c) hereof is not applicable and the Shelf Registration Statement is not effective, and the Registrable Shares are not listed and trading on a national securities exchange, by the deadline set forth in Section 2(a) or (B) Section 2(c) hereof is applicable and the Exchange Act Registration Statement is not effective, and the Registrable Shares are not listed and trading on the OTC OB or OTC QX, by the deadline set forth in Section 2(c), then the Special Stock Dividends shall accrue and be payable in accordance with the Company Charter beginning on the date immediately following the applicable deadline until the date specified in the Company Charter; and

(iii) if Section 2(c) is applicable and the Class A-1 Shares are listed and trading on the OTC OB or OTC QX and the Company meets the round lot holder requirements of the New York Stock Exchange, the Nasdaq Global Market or any similar national securities exchange with respect to the Class A Shares (including the Class A-1 Shares, as converted), the Company shall pay Special Stock Dividends from the date that is 60 days after the date the Company first meets such round lot holder requirement until the Class A Shares are listed on the New York Stock Exchange, the Nasdaq Global Market or any similar national securities exchange, if applicable.

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(h) *JOBS ACT Submissions.* For purposes of this Agreement, if the Company elects to confidentially submit a draft of the Shelf Registration Statement with the Commission pursuant to the JOBS Act, the date on which the Company makes such confidential submission will be deemed the initial filing date of such Shelf Registration Statement.

3. *Special Board Provisions.* If the Shelf Registration Statement has not become effective and if the Registrable Shares have not been listed on the New York Stock Exchange, the Nasdaq Global Market or any similar national securities exchange prior to the Company's 2018 annual shareholder meeting (which shareholder meeting shall be held no later than May 31, 2018), then immediately after such shareholder meeting, the Board shall take all necessary action to (i) expand the size of the Board of Directors by two (2) additional members, such that the Board of Directors will consist of seven individuals, and (ii) appoint two independent directors selected by the Holders holding a majority of the Registrable Shares to fill the newly created vacancies.

4. *Rules 144 and 144A Reporting*

With a view to making available the benefits of certain rules and regulations of the Commission that may at any time permit the sale of the Registrable Shares to the public without registration, the Company agrees to:

(a) make and keep "current public information" available, as those terms are understood and defined in Rule 144, at all times after the effective date of the first registration statement under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) file with the Commission in a timely manner all reports and other documents required to be filed by the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements);

(c) so long as a Holder owns any Registrable Shares, if the Company is not required to file reports and other documents under the Securities Act or the Exchange Act, make available other information as required by, and so long as necessary to permit sales of Registrable Shares pursuant to, Rule 144 or Rule 144A, and in any event make available (either by mailing a copy thereof, by posting on the Company's website, or by press release) to each Holder a copy of:

(i) the Company's annual consolidated financial statements (including at least balance sheets, statements of profit and loss, statements of stockholders' equity and statements of cash flows) prepared in accordance with U.S. generally accepted accounting principles in the United States, accompanied by an audit report of the Company's independent accountants, no later than ninety (90) days after the end of each fiscal year of the Company; and

(ii) the Company's unaudited quarterly financial statements (including at least balance sheets, statements of profit and loss, statements of stockholders' equity and statements of cash flows) prepared in a manner consistent with the preparation of the

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Company's annual financial statements, no later than forty-five (45) days after the end of each of the first three fiscal quarters of the Company;

(d) hold, a reasonable time after the availability of such financial statements and upon reasonable notice to the Holders and FBR (either by mail, by posting on the Company's website or by press release), a quarterly investor conference call to discuss such financial statements, which call will also include an opportunity for the Holders to ask questions of management with regard to such financial statements, and will also cooperate with, and make management reasonably available to, FBR personnel in connection with making Company information available to investors; and

(e) so long as a Holder owns any Registrable Shares, furnish to the Holder promptly upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company for an offering of its securities to the general public), and of the Securities Act and the Exchange Act (at any time after it has become subject to the reporting requirements of the Exchange Act), (ii) a copy of the most recent annual or quarterly report of the Company and (iii) such other reports and documents of the Company, and take such further actions, as a Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a Holder to sell any such Registrable Shares without registration.

5. *Registration Procedures*

In connection with the obligations of the Company with respect to any registration pursuant to this Agreement, the Company shall use its commercially reasonable efforts to effect or cause to be effected the registration of the Registrable Shares under the Securities Act to permit the sale of such Registrable Shares by the Holder or Holders in accordance with the Holders or Holders' intended method or methods of distribution, and the Company shall:

(a) (i) notify FBR and Review Counsel, in writing, at least ten (10) Business Days prior to filing a Registration Statement, of its intention to file a Registration

Statement with the Commission and, at least five (5) Business Days prior to filing, provide a copy of the Registration Statement to FBR and Review Counsel for review and comment; (ii) prepare and file with the Commission, as specified in this Agreement, a Registration Statement(s), which Registration Statement(s) shall (A) comply as to form in all material respects with the requirements of the Securities Act and the applicable form and include all financial statements required by the Commission to be filed therewith and (B) be acceptable to FBR, its counsel and Review Counsel; (iii) at least three (3) Business Days prior to filing, provide a copy of such amendment or supplement to FBR and Review Counsel for review and comment; (iv) promptly following receipt from the Commission, provide to FBR and Review Counsel copies of any comments made by the staff of the Commission relating to such Registration Statement and of the Company's responses thereto for review and comment; and (v) use its commercially reasonable efforts to cause such Registration Statement to become effective as soon as practicable after filing and to remain effective, subject to Section 6 hereof, until the earlier of (A) such time as all Registrable Shares covered thereby have been sold in accordance with the intended distribution of such Registrable Shares, (B) there are no Registrable Shares outstanding or (C) the first anniversary of the effective

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date of such Registration Statement (subject to extension as provided in Section 6(c) hereof and the condition that the Registrable Shares have been transferred to an unrestricted CUSIP, are listed or included on the New York Stock Exchange or the Nasdaq Global Market, pursuant to Section 5(n) of this Agreement, or on an alternative trading system with the Registrable Shares qualified under the applicable state securities or "blue sky" laws of all fifty (50) states), and can be sold under Rule 144 without limitation as to manner of sale, volume or current public information; *provided, however*, that the Company shall not be required to cause the IPO Registration Statement to remain effective for any period longer than ninety (90) days following the effective date of the IPO Registration Statement (subject to extension as provided in Section 6(c) hereof); *provided, further*, that if the Company has an effective Shelf Registration Statement on Form S-1 (or other form then available to the Company) under the Securities Act and becomes eligible to use Form S-3 or such other short-form registration statement form under the Securities Act, the Company may, upon thirty (30) Business Days prior written notice to all Holders, register any Registrable Shares registered but not yet distributed under the effective Shelf Registration Statement on such a short-form Shelf Registration Statement and, once the short-form Shelf Registration Statement is declared effective, de-register such shares under the previous Registration Statement or transfer the filing fees from the previous Registration Statement (such transfer pursuant to Rule 429, if applicable) unless any Holder registered under the initial Shelf Registration Statement notifies the Company within fifteen (15) Business Days of receipt of the Company notice that such a registration under a new Registration Statement and de-registration of the initial Shelf Registration Statement would interfere with its distribution of Registrable Shares already in progress, in which case, the Company shall delay the effectiveness of the short-form Registration Statement and termination of the then-effective initial Registration Statement or any short-form Registration Statement for a period of not less than thirty (30) days from the date that the Company receives the notice from such Holders requesting a delay;

(b) subject to Section 5(i) hereof, (i) prepare and file with the Commission such amendments and post-effective amendments to each such Registration Statement as may be necessary to keep such Registration Statement effective for the period described in Section 5(a) hereof; (ii) cause each Prospectus contained therein to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 or any similar rule that may be adopted under the Securities Act; and (iii) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling Holders thereof;

(c) furnish to the Holders, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Shares, and hereby does consent to the use of such Prospectus, including each preliminary Prospectus, by the Holders, if any, in connection with the offering and sale of the Registrable Shares covered by any such Prospectus, subject to Section 6 hereof;

(d) use its commercially reasonable efforts to register or qualify, or obtain exemption from registration or qualification for, all Registrable Shares by the time the applicable Registration Statement is declared effective by the Commission under all applicable state securities or "blue

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sky" laws of such jurisdictions as FBR or any Holder of Registrable Shares covered by a Registration Statement shall reasonably request in writing, keep each such registration or qualification or exemption effective during the period such Registration Statement is required to be kept effective pursuant to Section 5(a) and do any and all other acts and things that may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Shares owned by such Holder; *provided, however*, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not otherwise be required to qualify but for this Section 5(d) and except as may be required by the Securities Act, (ii) subject itself to taxation in any such jurisdiction or (iii) submit to the general service of process in any such jurisdiction;

(e) use its commercially reasonable efforts to cause all Registrable Shares covered by such Registration Statement to be registered and approved by such other governmental agencies or authorities as may be necessary to enable the Holders thereof to consummate the disposition of such Registrable Shares;

(f) notify FBR and each Holder promptly and, if requested by FBR or any Holder, confirm such advice in writing (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of the issuance by the Commission or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any Proceeding for that purpose, (iii) of any request by the Commission or any other federal, state or foreign governmental authority for (A) amendments or supplements to a Registration Statement or related Prospectus or (B) additional information and (iv) of the happening of any event during the period a Registration Statement is effective as a result of which such Registration Statement or the related Prospectus or any document incorporated by reference therein contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading (which information shall be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) and (v) at the request of any such Holder, promptly to furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchaser of such 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;

(g) use its commercially reasonable efforts to avoid the issuance of, or if issued, to obtain the withdrawal of, any order enjoining or suspending the use or effectiveness of a Registration Statement or suspending the qualification of (or exemption from qualification of) any of the Registrable Shares for sale in any jurisdiction, as promptly as practicable;

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(h) upon request, promptly furnish to each requesting Holder of Registrable Shares covered by a Registration Statement, without charge, one conformed copy of such Registration Statement and any post-effective amendment or supplement thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(i) except as provided in Section 6 hereof, upon the occurrence of any event contemplated by Section 5(f)(iv) hereof, use its commercially reasonable efforts to promptly prepare a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file

any other required document so that, as thereafter delivered to the purchasers of the Registrable Shares, such Prospectus will not contain any 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;

(j) if requested by the representative of the underwriters, if any, or any Holders of Registrable Shares being sold in connection with such offering, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information as the representative of the underwriters, if any, or such Holders indicate relates to them or that they reasonably request be included therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(k) in the case of an Underwritten Offering, use its commercially reasonable efforts to furnish to each Holder of Registrable Shares covered by such Registration Statement and the underwriters a signed counterpart, addressed to each such Holder and the underwriters, of (i) an opinion of counsel for the Company, addressed to the underwriters, dated the date of each closing under the underwriting agreement, reasonably satisfactory to such Holder and the underwriters, and (ii) a "comfort" letter, addressed to the underwriters and the Board of Directors, dated the effective date of such Registration Statement and the date of each closing under the underwriting agreement, signed by the independent public accountants who have certified the Company's financial statements included in such Registration Statement, covering substantially the same matters with respect to such Registration Statement (and the Prospectus included therein) and with respect to events subsequent to the date of such financial statements, as are customarily covered in accountants' letters delivered to underwriters in underwritten public offerings of securities and such other financial matters as such Holder and the underwriters may reasonably request;

(l) enter into customary agreements (including in the case of an Underwritten Offering, an underwriting agreement in customary form and reasonably satisfactory to the Company) and take all other reasonable action in connection therewith in order to expedite or facilitate the distribution of the Registrable Shares included in such Registration Statement and, in the case of an Underwritten Offering, make representations and warranties to the Holders covered by such Registration Statement and to the underwriters in such form and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same to the extent customary if and when requested;

(m) subject to execution of such confidentiality agreements as may reasonably be requested by the Company, make available for inspection by representatives of the Holders and the representative of any underwriters participating in any disposition pursuant to a Registration Statement and any special counsel or accountants retained by such Holders or underwriters, all financial and other records, pertinent corporate documents and properties of the Company and cause the respective officers, directors and employees of the Company to supply all information

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reasonably requested by any such representatives, the representative of the underwriters, counsel thereto or accountants in connection with a Registration Statement; *provided, however,* that the representatives of the Holders and any underwriters will use commercially reasonable efforts, to the extent practicable, to coordinate the foregoing inspection and information gathering and not materially disrupt the Company's business operations;

(n) use its commercially reasonable efforts (including, without limitation, seeking to cure any deficiencies cited by the exchange or market in the Company's listing or inclusion application) to list or include all Registrable Shares on the New York Stock Exchange or the Nasdaq Global Market;

(o) prepare and file in a timely manner all documents and reports required by the Exchange Act and, to the extent the Company's obligation to file such reports pursuant to Section 15(d) of the Exchange Act expires prior to the expiration of the effectiveness period of the Registration Statement as required by Section 5(a) hereof, the Company shall register the Registrable Shares under the Exchange Act and shall maintain such registration through the effectiveness period required by Section 5(a) hereof;

(p) provide a CUSIP number for all Registrable Shares, not later than the effective date of the Registration Statement;

(q) (i) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, (ii) make generally available to its stockholders, as soon as reasonably practicable, earnings statements covering at least twelve (12) months beginning after the effective date of the Registration Statement that satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder, but in no event later than forty-five (45) days after the end of each fiscal year of the Company, and (iii) not file any Registration Statement or Prospectus or amendment or supplement to such Registration Statement or Prospectus to which any Holder of Registrable Shares covered by any Registration Statement shall have reasonably objected on the grounds that such Registration Statement or Prospectus or amendment or supplement does not comply in all material respects with the requirements of the Securities Act, each Holder having been furnished with a copy thereof at least two (2) Business Days prior to the filing thereof;

(r) provide and cause to be maintained a registrar and transfer agent for all Registrable Shares covered by any Registration Statement from and after a date not later than the effective date of such Registration Statement;

(s) in connection with any sale or transfer of the Registrable Shares (whether or not pursuant to a Registration Statement) that will result in the securities being delivered no longer being Registrable Shares, cooperate with the Holders and the representative of the underwriters, if any, to facilitate the timely preparation and delivery of certificates representing the Registrable Shares to be sold, which certificates shall not bear any restrictive transfer legends (other than as required by the Company's organizational documents) and to enable such Registrable Shares to be in such denominations and registered in such names as the representative of the underwriters, if any, or the Holders may request at least three (3) Business Days prior to any sale of the Registrable Shares;

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(t) in connection with the initial filing of a Shelf Registration Statement and each amendment thereto with the Commission pursuant to Section 2(a) hereof, cooperate with FBR in connection with the filing with FINRA of all forms and information required or requested by FINRA in order to obtain written confirmation from FINRA that FINRA does not object to the fairness and reasonableness of the underwriting terms and arrangements (or any deemed underwriting terms and arrangements) (each such written confirmation, a "No Objections Letter") relating to the resale of Registrable Shares pursuant to the Shelf Registration Statement, including, without limitation, information provided to FINRA through its Public Offering System, and pay all costs, fees and expenses incident to FINRA's review of the Shelf Registration Statement and the related underwriting terms and arrangements, including, without limitation, all filing fees associated with any filings or submissions to FINRA and the legal expenses, filing fees and other disbursements of FBR and any other FINRA member that is the Holder of, or is affiliated or associated with an owner of, Registrable Shares included in the Shelf Registration Statement (including in connection with any initial or subsequent member filing);

(u) in connection with the initial filing of a Shelf Registration Statement and each amendment thereto with the Commission pursuant to Section 2(a) hereof, provide to FBR and its representatives, the opportunity to conduct due diligence, including, without limitation, an inquiry of the Company's financial and other records, and make available members of its management for questions regarding information which FBR may request in order to fulfill any due diligence obligation on its part and, concurrent with the initial filing of a Shelf Registration Statement with the Commission pursuant to Section 2(a) hereof;

(v) upon effectiveness of the first Registration Statement filed under this Agreement, take such actions and make such filings as are necessary to effect the registration of the Registrable Shares under the Exchange Act simultaneously with or immediately following the effectiveness of the Registration Statement; and

(w) in the case of an Underwritten Offering, use its commercially reasonable efforts to cooperate and assist in any filings required to be made with FINRA and in the performance of any due diligence investigation by any underwriter and its counsel (including any “qualified independent underwriter,” if applicable) that is required to be retained in accordance with the rules and regulations of FINRA.

The Company may require the Holders to furnish (and each Holder shall furnish) to the Company such information regarding the proposed distribution by such Holder of such Registrable Shares as the Company may from time to time reasonably request in writing or as shall be required to effect the registration of the Registrable Shares, and no Holder shall be entitled to be named as a selling stockholder in any Registration Statement and no Holder shall be entitled to use the Prospectus forming a part thereof if such Holder does not provide such information to the Company. Any Holder that sells Registrable Shares pursuant to a Registration Statement or as a selling security holder pursuant to an Underwritten Offering shall be required to be named as a selling stockholder in the related prospectus and to deliver a prospectus to purchasers. Each Holder further agrees to furnish promptly to the Company in writing all information required from time to time to make the information previously furnished by such Holder not misleading.

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Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 5(f)(iii) or 5(f)(iv) hereof, such Holder will immediately discontinue disposition of Registrable Shares pursuant to a Registration Statement until such Holder’s receipt of the copies of the supplemented or amended Prospectus. If so directed by the Company, such Holder will deliver to the Company (at the expense of the Company) all copies in its possession, other than permanent file copies then in such Holder’s possession, of the Prospectus covering such Registrable Shares current at the time of receipt of such notice.

6. **Black-Out Period**

(a) Subject to the provisions of this Section 6 and a good faith determination by the Company that it is in the best interests of the Company to suspend the use of the Registration Statement, following the effectiveness of a Registration Statement (and the filings with any international, federal or state securities commissions), the Company, by written notice to FBR and the Holders, may direct the Holders to suspend sales of the Registrable Shares pursuant to a Registration Statement for such times as the Company reasonably may determine is necessary and advisable (but in no event for more than an aggregate of ninety (90) days in any rolling twelve (12) month period commencing on the Closing Date or more than sixty (60) days in any rolling ninety (90) day period), if any of the following events shall occur: (i) the representative of the underwriters of an Underwritten Offering of primary shares by the Company has advised the Company that the sale of Registrable Shares pursuant to the Registration Statement would have a material adverse effect on the Company’s primary Underwritten Offering; (ii) the Company shall have determined in good faith that (A) the offer or sale of any Registrable Shares would materially impede, delay or interfere with any proposed financing, offer or sale of securities, acquisition, business combination, corporate reorganization or other significant transaction involving the Company, (B) after the advice of counsel, the sale of Registrable Shares pursuant to the Registration Statement would require disclosure of non-public material information not otherwise required to be disclosed under applicable law and (C) (1) the Company has a bona fide business purpose for preserving the confidentiality of such transaction, (2) disclosure would have a material adverse effect on the Company or the Company’s ability to consummate such transaction or (3) renders the Company unable to comply with Commission requirements, in each case under circumstances that would make it impractical or inadvisable to cause the Registration Statement (or such filings) to become effective or to promptly amend or supplement the Registration Statement on a post-effective basis, as applicable; or (iii) the Company shall have determined in good faith, after the advice of counsel, that it is required by law, rule or regulation or that it is in the best interests of the Company to supplement the Registration Statement or file a post-effective amendment to the Registration Statement in order to incorporate information into the Registration Statement for the purpose of (A) including in the Registration Statement any prospectus required under Section 10(a)(3) of the Securities Act; (B) reflecting in the prospectus included in the Registration Statement any facts or events arising after the effective date of the Registration Statement (or of the most recent post-effective amendment) that, individually or in the aggregate, represent a fundamental change in the information set forth therein; or (C) including in the prospectus included in the Registration Statement any material information with respect to the plan of distribution not disclosed in the Registration Statement or any material change to such information. Upon the occurrence of any such suspension, the Company shall use its best efforts to

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cause the Registration Statement to become effective or to promptly amend or supplement the Registration Statement on a post-effective basis or to take such action as is necessary to make resumed use of the Registration Statement compatible with the Company’s best interests, as applicable, so as to permit the Holders to resume sales of the Registrable Shares as soon as possible.

(b) In the case of an event that causes the Company to suspend the use of a Registration Statement (a “*Suspension Event*”), the Company shall give written notice (a “*Suspension Notice*”) to FBR and the Holders to suspend sales of the Registrable Shares and such notice shall state generally the basis for the notice and that such suspension shall continue only for so long as the Suspension Event or its effect is continuing and the Company is using its best efforts and taking all reasonable steps to terminate suspension of the use of the Registration Statement as promptly as possible. The Holders shall not effect any sales of the Registrable Shares pursuant to such Registration Statement (or such filings) at any time after it has received a Suspension Notice from the Company and prior to receipt of an End of Suspension Notice (as defined below). If so directed by the Company, each Holder will deliver to the Company (at the expense of the Company) all copies other than permanent file copies then in such Holder’s possession of the Prospectus covering the Registrable Shares at the time of receipt of the Suspension Notice. The Holders may recommence effecting sales of the Registrable Shares pursuant to the Registration Statement (or such filings) following further notice to such effect (an “*End of Suspension Notice*”) from the Company, which End of Suspension Notice shall be given by the Company to the Holders and FBR in the manner described above promptly following the conclusion of any Suspension Event and its effect.

(c) Notwithstanding any provision herein to the contrary, if the Company shall give a Suspension Notice pursuant to this Section 6, the Company agrees that it shall extend the period of time during which the applicable Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from the date of receipt by the Holders of the Suspension Notice to and including the date of receipt by the Holders of the End of Suspension Notice and provide copies of the supplemented or amended Prospectus necessary to resume sales.

7. **Indemnification and Contribution**

(a) The Company agrees to indemnify and hold harmless (i) each Holder of Registrable Shares and any underwriter (as determined in the Securities Act) for such Holder (including, if applicable, FBR), (ii) each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act) any such Person described in clause (i) (any of the Persons referred to in this clause (ii) being hereinafter referred to as a “*Controlling Person*”) and (iii) the respective officers, directors, partners, members, employees, representatives and agents of any such Person or any Controlling Person (any Person referred to in clause (i), (ii) or (iii) above may hereinafter be referred to as a “*Purchaser Indemnitee*”), to the fullest extent lawful, from and against any and all losses, claims, damages, judgments, actions, out-of-pocket expenses and other liabilities (the “*Liabilities*”), including without limitation and as incurred, reimbursement of all reasonable costs of investigating, preparing, pursuing or defending any claim or action, or any investigation or Proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Purchaser Indemnitee, joint or

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several, directly or indirectly related to, based upon, arising out of or in connection with, (A) with respect to any Registration Statement (or any amendment thereto), any

untrue statement or alleged untrue statement of a material fact contained therein or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading or (B) with respect to any Prospectus (or any amendment or supplement thereto), Issuer Free Writing Prospectus (or any amendment or supplement thereto), any preliminary Prospectus or any other document used to sell the Shares, any untrue statement or alleged untrue statement of a material fact contained therein or any omission or alleged omission to state therein 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, except insofar as such Liabilities arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any Purchaser Indemnitee furnished to the Company, or any underwriter in writing by such Purchaser Indemnitee expressly for use therein. The Company shall notify the Holders promptly of the institution, threat or assertion of any claim, Proceeding (including any governmental investigation), or litigation of which it shall have become aware in connection with the matters addressed by this Agreement which involves the Company or a Purchaser Indemnitee. The indemnity provided for herein shall remain in full force and effect regardless of any investigation made by or on behalf of any Purchaser Indemnitee.

(b) In connection with any Registration Statement in which a Holder of Registrable Shares is participating, and as a condition to such participation, such Holder agrees, severally and not jointly, to indemnify and hold harmless the Company and each Person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act and the respective officers, directors, partners, members, employees, representatives and agents of such Person or Controlling Person to the same extent as the foregoing indemnity from the Company to each Purchaser Indemnitee, but only with reference to untrue statements or omissions or alleged untrue statements or omissions made in reliance upon and in strict conformity with information relating to such Holder furnished to the Company in writing by such Holder expressly for use in such Registration Statement (or any amendment thereto), Prospectus (or any amendment or supplement thereto), Issuer Free Writing Prospectus (or any amendment or supplement thereto) or any preliminary Prospectus. Absent gross negligence or willful misconduct, the liability of any Holder pursuant to this paragraph shall in no event exceed the net proceeds received by such Holder from sales of Registrable Shares pursuant to such Registration Statement (or any amendment thereto), Prospectus (or any amendment or supplement thereto), Issuer Free Writing Prospectus (or any amendment or supplement thereto) or any preliminary Prospectus.

(c) If any suit, action, Proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Person in respect of which indemnity may be sought pursuant to paragraph (a) or (b) above, such Person (the "Indemnified Party") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Party") in writing of the commencement thereof (but the failure to so notify an Indemnifying Party shall not relieve it from any liability which it may have under this Section 7, except to the extent the Indemnifying Party is materially prejudiced by the failure to give notice), and the Indemnifying Party, upon request of the Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the

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Indemnifying Party may reasonably designate in such Proceeding and shall pay the reasonable fees and expenses actually incurred by such counsel related to such Proceeding. Notwithstanding the foregoing, in any such Proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party, unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed in writing to the contrary, (ii) the Indemnifying Party failed within a reasonable time after notice of commencement of the action to assume the defense and employ counsel reasonably satisfactory to the Indemnified Party, (iii) the Indemnifying Party and its counsel do not actively and vigorously pursue the defense of such action or (iv) the named parties to any such action (including any impleaded parties) include both such Indemnified Party and Indemnifying Party, or any Affiliate of the Indemnifying Party, and such Indemnified Party shall have been reasonably advised by counsel that, either (A) there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party or such Affiliate of the Indemnifying Party or (B) a conflict may exist between such Indemnified Party and the Indemnifying Party or such Affiliate of the Indemnifying Party (in which case the Indemnifying Party shall not have the right to assume nor direct the defense of such action on behalf of such Indemnified Party; it being understood, however, that the Indemnifying Party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all such Indemnified Parties, which firm shall be designated in writing by those Indemnified Parties who sold a majority of the Registrable Shares sold by all such Indemnified Parties and any such separate firm for the Company, the directors, the officers and such control Persons of the Company as shall be designated in writing by the Company). The Indemnifying Party shall not be liable for any settlement of any Proceeding effected without its written consent, which consent shall not be unreasonably withheld, but if settled with such consent or if there is a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify any Indemnified Party from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened Proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding and does not include a statement as to or an admission of, fault, culpability or a failure to act by or on behalf of the Indemnified Party.

(d) If the indemnification provided for in paragraphs (a) and (b) of this Section 7 is for any reason held to be unavailable to an Indemnified Party in respect of any Liabilities referred to therein (other than by reason of the exceptions provided therein) or is insufficient to hold harmless a party indemnified thereunder, then each Indemnifying Party under such paragraphs, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liabilities (i) in such proportion as is appropriate to reflect the relative benefits of the Indemnified Party on the one hand and the Indemnifying Party(ies) on the other in connection with the statements or omissions that resulted in such Liabilities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Indemnifying Party(ies) and the Indemnified Party, as well

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as any other relevant equitable considerations. The relative fault of the Company on the one hand and any Purchaser Indemnitees on the other 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 Company or by such Purchaser Indemnitees and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The parties agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by *pro rata* allocation (even if such Indemnified Parties were treated as one entity for such purpose), or by any other method of allocation that does not take account of the equitable considerations referred to in Section 7(d) above. The amount paid or payable by an Indemnified Party as a result of any Liabilities referred to in Section 7(d) above shall be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses actually incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall a Purchaser Indemnitee be required to contribute any amount in excess of the amount by which the net proceeds received by such Purchaser Indemnitee from sales of Registrable Shares exceeds the amount of any damages that such Purchaser Indemnitee has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. For purposes of this Section 7, each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act) FBR or a Holder of Registrable Shares shall have the same rights to contribution as FBR or such Holder, as the case may be, and each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act) the Company, and each officer, director, partner, employee, representative, agent or manager of the Company shall have the same rights to contribution as the Company. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or Proceeding against such party in respect of which a claim for contribution may be made against another party or parties, notify each party or parties from whom contribution may be sought, but the omission to so notify such party or parties shall not relieve the party or parties from whom contribution may be sought from any obligation it or they may have under this Section 7 or otherwise, except to the extent that any party is materially prejudiced by the failure to give notice. 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.

(f) The indemnity and contribution agreements contained in this Section 7 will be in addition to any liability which the Indemnifying Parties may otherwise have to the Indemnified Parties referred to above. The Purchaser Indemnitee's obligations to contribute pursuant to this Section 7 are several in proportion to the respective number of Registrable Shares sold by each of the Purchaser Indemnitees hereunder and not joint.

8. Market Stand-off Agreement

Each Holder hereby agrees that it shall not, to the extent requested by the Company or an underwriter of securities of the Company, directly or indirectly sell, offer to sell (including without limitation any short sale), grant any option or otherwise transfer or dispose of any Registrable

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Shares or other Class A Shares or any securities convertible into or exchangeable or exercisable for Class A Shares then owned by such Holder (other than to donees or partners of the Holder who agree to be similarly bound) (a) in the case of the Company and each of its officers, directors, managers and employees, in each case to the extent such person or entity holds Registrable Shares or Class A Shares or securities convertible into or exchangeable or exercisable for Registrable Shares or Class A Shares, for a period beginning on the effective date of, and continuing for one hundred eighty (180) days following the effective date of, the IPO Registration Statement to the Company; (b) in the case of all other Holders who include Registrable Shares in the IPO Registration Statement, beginning on the effective date of, and continuing for one hundred eighty (180) days following the effective date of the IPO Registration Statement of the Company; and (c) in the case of all other Holders, except FBR, who do not include Registrable Shares in the IPO Registration Statement, for a period of sixty (60) days following the effective date of an IPO Registration Statement of the Company filed under the Securities Act; *provided, further, however*, if (1) during the last seventeen (17) days of the applicable restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs or (2) prior to the expiration of the applicable restricted period, the Company announces that it will release earnings results during the sixteen (16) day period beginning on the last day of the applicable restricted period, then, in each case, the restrictions imposed by this Agreement shall continue to apply until the expiration of the eighteen (18) day period beginning on the issuance of the earnings release or the occurrence of the material news or event, unless the managing underwriter in the Underwritten Offering waives, in writing, such extension or the Company is then an Emerging Growth Company (as defined under the Securities Act) and *provided, further, however*, that:

(a) the restrictions above shall not apply to Registrable Shares sold pursuant to the IPO Registration Statement;

(b) all executive officers and directors of the Company then holding Class A Shares or securities convertible into or exchangeable or exercisable for Class A Shares enter into agreements that are no less restrictive;

(c) the Holders shall be allowed any concession or proportionate release allowed to any officer or director that entered into agreements that are no less restrictive (with such proportion being determined by dividing the number of shares being released with respect to such officer or director by the total number of issued and outstanding shares held by such officer or director); *provided*, that nothing in this Section 8(iii) shall be construed as a right to proportionate release for the executive officers and directors of the Company upon the expiration of the period applicable to all Holders other than the executive officers and directors of the Company; and

(d) this Section 8 shall not be applicable if a Shelf Registration Statement of the Company filed under the Securities Act has been declared effective prior to the filing of an IPO Registration Statement or the Registrable Securities were made eligible for trading on the OTC OB or OTC QX prior to the filing of an IPO Registration Statement.

In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the securities as subject to this Section 8

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and to impose stop transfer instructions with respect to the Registrable Shares and such other securities of each Holder (and the securities of every other Person subject to the foregoing restriction) until the end of such period.

9. Termination of the Company's Obligation

The Company shall have no obligation pursuant to this Agreement with respect to any Registrable Shares proposed to be sold by a Holder in a registration pursuant to this Agreement if, in the opinion of counsel to the Company, (i) all such Registrable Shares proposed to be sold by a Holder may be sold in a single transaction without registration under the Securities Act pursuant to Rule 144, (ii) the Company has become subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for a period of at least ninety (90) days and is current in the filing of all such required reports and (iii) the Registrable Shares have been listed for trading on a national securities exchange.

10. Limitations on Subsequent Registration Rights

From and after the date of this Agreement, the Company shall not, without the prior written consent of Holders beneficially owning not less than a majority of the then outstanding Registrable Shares (*provided, however*, that for purposes of this Section 10, Registrable Shares that are owned, directly or indirectly, by an Affiliate of the Company shall not be deemed to be outstanding), enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder to (a) include such securities in any Registration Statement filed pursuant to the terms hereof, unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of its securities will not reduce the amount of Registrable Shares of the Holders that is included or (b) have its securities registered on a registration statement that could be declared effective prior to, or within one hundred eighty (180) days of, the effective date of any registration statement filed pursuant to this Agreement except for such securities that may be sold by Legacy Owners in an initial public offering pursuant to Section 2(f).

11. Miscellaneous

(a) *Company Charter.* The Company hereby covenants and agrees to take all necessary action to ensure that the Company Charter and Bylaws contains all provisions necessary and sufficient to give effect to the provisions of this Agreement.

(b) *Remedies.* In the event of a breach by the Company of any of its obligations under this Agreement, FBR and each Holder, in addition to being entitled to exercise all rights provided herein or, in the case of FBR, in the Purchase/Placement Agreement, or granted by law, including the rights granted in Section 2(g) hereof and recovery of damages, will be entitled to specific performance of its rights under this Agreement. Subject to Section 7, the Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

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(c) *Amendments and Waivers.* The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given, without the written consent of the Company and Holders beneficially owning not less than a majority of the then outstanding Registrable Shares; *provided, however,* that for purposes of this Section 11(b), Registrable Shares that are owned, directly or indirectly, by an Affiliate of the Company shall not be deemed to be outstanding; *provided, further, however,* that any amendments, modifications or supplements to, or any waivers or consents to departures from, the provisions of Section 8 hereof that would have the effect of extending the sixty (60) or one hundred eighty (180) day periods referenced therein shall be approved by, and shall only be applicable to, those Holders who provide written consent to such extension to the Company. No amendment shall be deemed effective unless it applies uniformly to all Holders. Notwithstanding the foregoing, a waiver or consent to or departure from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders may be given by such Holder; *provided* that the provisions of this sentence may not be amended, modified or supplemented except in accordance with the provisions of the first and second sentences of this paragraph.

(d) *Notices.* All notices and other communications, provided for or permitted hereunder, shall be made in writing and delivered by facsimile (with receipt confirmed), overnight courier, registered or certified mail, return receipt requested, or by telegram:

- (i) if to a Holder, at the most current address given by the transfer agent and registrar of the Shares to the Company; and
- (ii) if to the Company, at the offices of the Company at 1820 North I-35, P.O. Box 1715, Gainesville, Texas 76241, Attention: John Schmitz; and
- (iii) if to FBR, at the offices of FBR at 1001 Nineteenth Street North, Arlington, Virginia 22209, Attention: Gavin Beske, Esq. (facsimile 703-469-1012).

(e) *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, including, without limitation and without the need for an express assignment or assumption, subsequent Holders. The Company agrees that the Holders shall be third party beneficiaries to the agreements made hereunder by the Participants and the Company, and each Holder shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights hereunder.

(f) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) *Headings.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

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(h) *Governing Law.* **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE COURT IN THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING IN NEW YORK IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE PARTIES WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT.**

(i) *Severability.* If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties hereto that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(j) *Entire Agreement.* This Agreement, together with the Purchase/Placement Agreement, is intended by the parties hereto as a final expression of their agreement, and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein.

(k) *Registrable Shares Held by the Company or its Affiliates.* Whenever the consent or approval of Holders of a specified percentage of Registrable Shares is required hereunder, Registrable Shares held by the Company or its Affiliates shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(l) *Adjustment for Stock Splits, etc.* Wherever in this Agreement there is a reference to a specific number of shares of Common Stock, then upon the occurrence of any subdivision, combination or stock dividend of such shares, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding shares of Common Stock by such subdivision, combination or stock dividend.

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(m) *Survival.* This Agreement is intended to survive the consummation of the transactions contemplated by the Purchase/Placement Agreement. The indemnification and contribution obligations under Section 7 of this Agreement shall survive the termination of the Company's obligations under Section 2 of this Agreement.

(n) *Attorneys' Fees.* In any action or Proceeding brought to enforce any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the prevailing party, as determined by the court, shall be entitled to recover its reasonable attorneys' fees in addition to any other available remedy.

[Signature page follows]

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

SELECT ENERGY SERVICES, INC.

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: Chief Executive Officer

FBR CAPITAL MARKETS & CO.

By: /s/ Patrick M. Steel
Name: Patrick M. Steel
Title: Co-Head, Capital Markets

[Signature Page to Registration Rights Agreement]

AMENDMENT NO. 15 TO AMENDED AND RESTATED CREDIT AGREEMENT

This Amendment No. 15 to Amended and Restated Credit Agreement (this “Agreement”) dated as of December 20, 2016 (the “Effective Date”), is among Select Energy Services, LLC, a Delaware limited liability company (the “Borrower”), the subsidiaries of the Borrower party hereto (collectively, the “Subsidiary Guarantors”), SES Holdings, LLC, a Delaware limited liability company and the parent company of the Borrower (the “Parent Company”; together with the Subsidiary Guarantors, collectively, the “Affiliate Guarantors”; and the Affiliate Guarantors together with the Borrower, collectively, the “Guarantors” and each a “Guarantor”), Wells Fargo Bank, National Association, as administrative agent (in such capacity, the “Administrative Agent”), issuing lender (in such capacity, the “Issuing Lender”) and swing line lender (in such capacity, the “Swing Line Lender”), and the Lenders (as defined below).

INTRODUCTION

A. The Borrower, the Administrative Agent, the Issuing Lender, the Swing Line Lender and lenders party thereto from time to time (the “Lenders”) are parties to that certain Amended and Restated Credit Agreement dated as of May 3, 2011, as heretofore amended (as so amended, the “Credit Agreement”; the defined terms of which are used herein unless otherwise defined herein).

B. SES Legacy Holdings, LLC (“SES Legacy”), as a newly created Subsidiary of the Parent Company, became a Guarantor and a party to the Security Agreement as a grantor thereunder pursuant to supplements to the Guaranty and to the Security Agreement entered into on November 30, 2016 as required under the Credit Agreement.

C. In connection with the Rule 144A Offering (as defined in Annex A attached hereto) and the corporate restructuring effected in connection therewith, SES Legacy is no longer a Subsidiary of the Parent Company, and therefore, the Borrower has requested that the Lenders release SES Legacy as a Guarantor under the Guaranty and release SES Legacy as a grantor under the Security Agreement.

D. Furthermore, the Borrower has requested that, subject to the terms and conditions of this Agreement, the Lenders agree to amend certain provisions of the Credit Agreement as set forth below.

THEREFORE, in consideration of the premises and the mutual covenants, representations and warranties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Administrative Agent, the Issuing Lender, the Swing Line Lender and the other parties hereto hereby agree as follows:

Section 1. **Defined Terms: Other Definitional Provisions**. As used in this Agreement, each of the terms defined in the opening paragraph and the Recitals above shall have the meanings assigned to such terms therein. Each term defined in the Credit Agreement and used herein without definition shall have the meaning assigned to such term in the Credit Agreement, as amended hereby, unless expressly provided to the contrary. Article, Section, Schedule, and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Agreement, unless otherwise specified. The words “hereof”, “herein”, and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term “including” means “including, without limitation.” Paragraph headings have been inserted in this Agreement as a matter of convenience for reference only and it is agreed that such paragraph headings are not a part of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

Section 2. **Amendments to Credit Agreement**.

2.1 The Credit Agreement is hereby amended as reflected in Annex A attached hereto.

2.2 Exhibit C (Form of Compliance Certificate) to the Credit Agreement is hereby replaced in its entirety with Exhibit C attached hereto.

Section 3. **Borrower’s Representations and Warranties**. Borrower represents and warrants to the Administrative Agent and each Lender that: (a) after giving effect to this Agreement, the representations and warranties contained in the Credit Agreement, and the representations and warranties contained in the other Credit Documents are true and correct in all material respects (provided that to the extent any representation and warranty is qualified as to “Material Adverse Change” or otherwise as to “materiality”, such representation and warranty is true and correct in all respects) on and as of the Effective Date as if made on as and as of such date except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case such representation or warranty is true and correct in all material respects (provided that to the extent any representation and warranty is qualified as to “Material Adverse Change” or otherwise as to “materiality”, such representation and warranty is true and correct in all respects) as of such earlier date; (b) after giving effect to this Agreement, no Default has occurred and is continuing; (c) the execution, delivery and performance of this Agreement are within the corporate power and authority of the Borrower and have been duly authorized by appropriate corporate action and proceedings; (d) this Agreement constitutes the legal, valid, and binding obligation of Borrower enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally and general principles of equity; (e) there are no governmental or other third party consents, licenses and approvals required in connection with the execution, delivery, performance, validity and enforceability of this Agreement; and (f) the Liens under the Security Documents are valid and subsisting and secure the Borrower’s obligations under the Credit Documents.

Section 4. **Guarantors Representations and Warranties**. Each Guarantor represents and warrants to the Administrative Agent and each Lender that: (a) after giving effect to this Agreement, its representations and warranties contained in the Guaranty Agreement to which such Guarantor is a party and the representations and warranties contained in the other Credit Documents to which such Guarantor is a party are true and correct in all material respects on and as of the Effective Date as if made on as and as of such date except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case such representation or warranty is true and correct in all material respects as of such earlier date; (b) after giving effect to this Agreement, no Default has occurred and is continuing under any Credit Document to which such Guarantor is a party; (c) the execution, delivery and performance of this Agreement are within the corporate, limited liability company, or partnership power and authority of such Guarantor and have been duly authorized by appropriate corporate, limited liability company, or partnership action and proceedings; (d) this Agreement constitutes the legal, valid, and binding obligation of such Guarantor enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally and general principles of equity; (e) there are no governmental or other third party consents, licenses and approvals required in connection with the execution, delivery, performance, validity and enforceability of this Agreement; and (f) the Liens under the Security Documents to which such Guarantor is a party are valid and subsisting and secure such Guarantor’s and the Borrower’s obligations under the Credit Documents.

Section 5. **Conditions to Effectiveness**. This Agreement shall become effective on the Effective Date and enforceable against the parties hereto upon the occurrence of the following conditions precedent on or before the Effective Date:

the Administrative Agent, and the Lenders.

5.2 **Secretary's Certificates.** The Administrative Agent shall have received a secretary's certificate from each Credit Party certifying such Person's (a) officers' incumbency, (b) authorizing resolutions, (c) organizational documents, and (d) governmental approvals, if any, with respect to the Credit Documents to which such Person is a party; or if applicable, as to each Credit Party, certifying that there has been no change thereto since the secretary's certificate of such Credit Party most recently delivered in connection with the Credit Agreement or any amendment thereto.

5.3 **Certificates of Good Standing.** The Administrative Agent shall have received certificates of good standing for each Credit Party (other than International Western Company, Inc.) in each state in which each such Person is organized (and as requested by the Administrative Agent, in each state in which such Person is qualified to do business), which certificate shall be (a) dated a date not earlier than 30 days prior to Effective Date or (b) otherwise effective on the Effective Date. The Administrative Agent shall have received evidence satisfactory to it that International Western Company, Inc. is in existence and good standing in North Dakota.

5.4 **Closing Certificate.** The Administrative Agent shall have received a certificate from an authorized officer of the Borrower dated as of the Effective Date stating that as of such date (A) all representations and warranties of the Borrower set forth in this Agreement are true and correct, (B) no Default has occurred and is continuing; and (C) all conditions precedent set forth in this [Section 5](#) have been met.

5.5 **Legal Opinion.** The Administrative Agent shall have received a legal opinion from Vinson & Elkins LLP as outside counsel to the Credit Parties, in form and substance reasonably acceptable to the Administrative Agent.

5.6 **Equity Issuance.** The Administrative Agent shall have received evidence satisfactory to it, in its sole discretion that, on or about the Effective Date, the Borrower has received not less than \$150,000,000 of Equity Issuance Proceeds resulting from the Rule 144A Offering (as defined in [Annex A](#) attached hereto).

5.7 **Prepayments.** On or immediately prior to the Effective Date, with the Equity Issuance Proceeds resulting from the Rule 144A Offering, the Borrower shall have made (a) optional prepayment in full of all outstanding Term Advances, and (ii) optional prepayment in full of all outstanding Revolving Tranche B Advances.

5.8 **Payment of Fees.** The Borrower shall have paid (a) all fees and expenses of the Administrative Agent's outside legal counsel and other consultants pursuant to all invoices presented for payment on or prior to the Effective Date, (b) the amendment fee required under [Section 6.6](#) below, (c) all fees required under that certain Amendment Engagement Letter dated as of November 18, 2016, among Wells Fargo Securities, LLC, Wells Fargo, and Borrower, *provided* that the amendment fee required to be paid pursuant to clause (b) of this [Section 5.8](#) shall be deemed to be (and shall not be in addition to) those certain upfront fees required under Section 2(b) of that certain Amendment Engagement Letter, and (d) such other fee to the Lenders as agreed to between the Borrower and Wells Fargo Securities, LLC.

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Section 6. **Acknowledgments and Agreements.**

6.1 Borrower acknowledges that on the date hereof all outstanding Obligations are payable in accordance with their terms and Borrower waives any defense, offset, counterclaim or recoupment with respect thereto.

6.2 **The failure of the Lenders to give notice to any Credit Party of any Default or Event of Default is not intended to be, nor shall it be, a waiver thereof. Each Credit Party hereby agrees and acknowledges that the Secured Parties require and will require strict performance by the Credit Parties of all of their respective obligations, agreements and covenants contained in the Credit Agreement, as amended hereby, and the other Credit Documents (including any action or circumstance which is prohibited or limited during the existence of a Default or Event of Default), and no inaction or action by any Secured Party regarding any Default or Event of Default is intended to be or shall be a waiver thereof. Each Credit Party hereby also agrees and acknowledges that no course of dealing and no delay in exercising any right, power, or remedy conferred to any Secured Party in the Credit Agreement or in any other Credit Documents or now or hereafter existing at law, in equity, by statute, or otherwise shall operate as a waiver of or otherwise prejudice any such right, power, or remedy.**

6.3 **The Administrative Agent, the Issuing Lender, the Swing Line Lender and the Lenders hereby expressly reserve all of their rights, remedies, and claims under the Credit Documents. Except as expressly provided in this Agreement, nothing in this Agreement shall constitute a waiver or relinquishment of (a) any Default or Event of Default under any of the Credit Documents, (b) any of the agreements, terms or conditions contained in any of the Credit Documents, (c) any rights or remedies of the Administrative Agent, the Issuing Lender, the Swing Line Lender or any Lender with respect to the Credit Documents, or (d) the rights of the Administrative Agent, the Issuing Lender, the Swing Line Lender or any Lender to collect the full amounts owing to them under the Credit Documents.**

6.4 The Parent Company, the Borrower, each Guarantor, Administrative Agent, Issuing Lender and each other party hereto does hereby adopt, ratify, and confirm the Credit Agreement, as amended hereby, and acknowledges and agrees that the Credit Agreement, as amended hereby, is and remains in full force and effect, and the Parent Company, the Borrower and the Guarantors acknowledge and agree that their respective liabilities and obligations under the Credit Agreement, as amended hereby, and the Guaranty, as amended, are not impaired in any respect by this Agreement. Nothing contained herein shall be construed as a novation or termination of the Obligations.

6.5 From and after the Effective Date, all references to the Credit Agreement and the Credit Documents shall mean the Credit Agreement and such Credit Documents as amended by this Agreement. This Agreement is a Credit Document for the purposes of the provisions of the other Credit Documents. Without limiting the foregoing, any breach of representations, warranties, and covenants under this Agreement shall be a Default or Event of Default, as applicable, under the Credit Agreement.

6.6 In consideration of the agreements of the Lenders hereunder, the Borrower agrees to pay to the Administrative Agent, for the account of each Lender, an amendment fee in an amount equal to 0.75% of such Lender's Revolving Commitment after giving effect to this Agreement. Each such amendment fee as to each Lender (i) is payable in U.S. dollars in immediately available funds, free and clear of, and without deduction for, any and all present or future applicable taxes, levies, imposts, deductions, charges or withholdings and all liabilities with respect thereto (with appropriate gross-up for withholding taxes), (ii) is not refundable under any circumstances, (iii) will not be subject to

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counterclaim, defense, setoff or otherwise affected, (iv) is deemed fully earned by such Lender once the Effective Date has occurred, and (v) is due and payable on the Effective Date.

6.7 On or before December 21, 2016, the Administrative Agent shall have received a certificate of good standing for International Western Company, Inc. in North Dakota, which certificate shall be (a) dated a date not earlier than 30 days prior to December 21, 2016, or (b) otherwise effective on December 21, 2016.

Section 7. **Reaffirmation of the Guaranty.** Except as set forth in Section 9 below with regard to SES Legacy, each Guarantor hereby ratifies, confirms, acknowledges and agrees that its obligations under the Guaranty are in full force and effect and that such Guarantor continues to unconditionally and irrevocably guarantee the full and punctual payment of, when due, whether at stated maturity or earlier by acceleration or otherwise, all of the Guaranteed Obligations (as defined in the Guaranty), as such Guaranteed Obligations may have been amended by this Agreement, and its execution and delivery of this Agreement does not indicate or establish an approval or

consent requirement by such Guarantor under the Guaranty in connection with the execution and delivery of amendments, consents or waivers to the Credit Agreement, the Notes or any of the other Credit Documents.

Section 8. **Reaffirmation of Security Documents.** Except as set forth in Section 9 below with regard to SES Legacy, each Credit Party (a) represents and warrants to the Administrative Agent and each Lender that it has no defenses to the enforcement of any Security Document to which it is a party, (b) reaffirms the terms of and its obligations (and the Liens granted by it) under each Security Document to which it is a party (including, as to the Parent Company, Liens encumbering the Equity Interests of Affirm and Peak), and agrees that each such Security Document will continue in full force and effect to secure the Secured Obligations as the same may be amended, supplemented, or otherwise modified heretofore, hereby and from time to time hereafter, and such other amounts in accordance with the terms of such Security Document, and (c) acknowledges, represents, warrants and agrees that the liens and security interests granted by it pursuant to the Security Documents are valid and subsisting and create a security interest to secure the Secured Obligations and are first priority, fully enforceable, non-avoidable and duly perfected Liens as required therein.

Section 9. **Guaranty and Lien Releases.**

9.1 Each Credit Party represents and warrants to the Administrative Agent and each Lender that SES Legacy (i) has no assets other than assets with *de minimis* value and the Equity Interests of the Parent Company, (ii) has no Subsidiaries or other investments other than Equity Interests of the Parent Company, (iii) has not engaged in any operations other than general and administrative activities related to the maintenance of its limited liability company existence, and (iv) has not received any Property from any other Credit Party other than the minimal initial cash capital contribution, if any, given to it in connection with its formation.

9.2 In reliance on the representations and warranties provided in Section 9.1 above, effective as of Effective Date, each of the Lenders hereby agree that: (a) the obligations of SES Legacy under the Guaranty and under each other Credit Document are hereby released, terminated and no longer of any force and effect (except for those obligations that expressly survive the termination of the applicable Credit Document and release of any Lien created thereby) and SES Legacy shall no longer be a "Guarantor" or a "Grantor" thereunder (except as to those obligations that expressly survive the termination of the applicable Credit Document and release of any Lien created thereby), and (b) all assets of SES Legacy which constitute Collateral and all Equity Interests issued by SES Legacy which constitute Collateral are hereby released from the Liens created under the Security Documents. The Administrative Agent shall, upon the reasonable request of the Borrower and at the sole cost and expense of the

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Borrower, execute and deliver such UCC-3 termination statements, releases of security interests and other instruments, in each case in proper form of recording, as the Borrower shall reasonably request to evidence the release expressly contemplated herein. It is understood and agreed that the releases provided in this Section 9.2 (i) are expressly made condition upon the accuracy, in all material respects, of the representations and warranties provided in Section 9.1 above, (ii) shall not release any Guarantor other than SES Legacy as expressly provided above, and (iii) as to the Liens created under the Security Documents, are partial releases only which are expressly limited to the assets described above in this Section 9.2 and shall not release any other assets of any other Credit Party from the Liens created under the Credit Documents.

Section 10. **Release.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Credit Party hereby, for itself and its successors and assigns, fully and without reserve, releases, acquits, and forever discharges each Secured Party, its respective successors and assigns, officers, directors, employees, representatives, trustees, attorneys, agents and affiliates (collectively the "**Released Parties**") and individually a "**Released Party**") from any and all actions, claims, demands, causes of action, judgments, executions, suits, debts, liabilities, costs, damages, expenses or other obligations of any kind and nature whatsoever, direct and/or indirect, at law or in equity, whether now existing or hereafter asserted, whether absolute or contingent, whether due or to become due, whether disputed or undisputed, whether known or unknown (INCLUDING, WITHOUT LIMITATION, ANY OFFSETS, REDUCTIONS, REBATEMENT, CLAIMS OF USURY OR CLAIMS WITH RESPECT TO THE NEGLIGENCE OF ANY RELEASED PARTY) (collectively, the "**Released Claims**"), for or because of any matters or things occurring, existing or actions done, omitted to be done, or suffered to be done by any of the Released Parties, in each case, on or prior to the date hereof and are in any way directly or indirectly arising out of or in any way connected to any of this Agreement, the Credit Agreement, any other Credit Document, or any of the transactions contemplated hereby or thereby (collectively, the "**Released Matters**"). Each Credit Party, by execution hereof, hereby acknowledges and agrees that the agreements in this Section 10 are intended to cover and be in full satisfaction for all or any alleged injuries or damages arising in connection with the Released Matters herein compromised and settled. Each Credit Party hereby further agrees that it will not sue any Released Party on the basis of any Released Claim released, remised and discharged by the Credit Parties pursuant to this Section 10. In entering into this Agreement, each Credit Party consulted with, and has been represented by, legal counsel and expressly disclaim any reliance on any representations, acts or omissions by any of the Released Parties and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth herein do not depend in any way on any such representations, acts and/or omissions or the accuracy, completeness or validity hereof. The provisions of this Section 10 shall survive the termination of this Agreement, the Credit Agreement and the other Credit Documents and payment in full of the Obligations.

Section 11. **Lender Hold Harmless and Release.** Each Lender hereby acknowledges and agrees that (a) as part of the Credit Agreement, as amended hereby, Wells Fargo Bank, National Association ("**WFB**") may forward to such Lender, from time to time, copies of certain appraisals, field exam reports, collateral audits and other collateral reports (collectively, "**Reports**"), (b) such Reports were prepared, or will be prepared, for WFB for its own internal purposes and if provided, are being, or will be, provided to such Lender on a confidential basis and such Reports shall not be reproduced, disseminated or discussed by such Lender without WFB's express written consent except to its Affiliates, directors, officers, employees and agents in connection with the Credit Agreement (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Reports and instructed to keep such Reports confidential but, in any event, such Lender shall be responsible for such disclosure of such Reports by any such Person), as required under applicable Legal Requirement or to the extent required or requested by, or required to be disclosed to, any regulatory or similar authority

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purporting to have jurisdiction over such Lender or its Affiliates, directors, officers, employees or agents (including any self-regulatory authority, such as the National Association of Insurance Commissioners) , (c) if provided, such Reports are being, or will be, provided without any representation or warranty, expressed or implied, by WFB as to its accuracy or completeness, (d) WFB is making no representation or warranty of any kind related to or in connection with such Reports and WFB assumes no responsibility to make any such representation or warranty, (e) if provided, such Reports are being, or will be, provided solely for such Lender's convenience, and (f) WFB does not have any responsibility for the creditworthiness or financial conditions of the Borrower or any Affiliate thereof. Furthermore, each Lender hereby acknowledges and agrees that in making decisions under this Agreement and in the other Credit Documents, including the Credit Agreement, as amended hereby, such Lender is making its own credit analysis and decisions independently and without reliance on any Report or on WFB. Without limiting the generality of Section 8.5 of the Credit Agreement, the Lenders severally agree to, and hereby do, indemnify and hold harmless Wells Fargo & Company, WFB and each of the foregoing's Affiliates and each of the foregoing's respective directors, officers, employees, and agents (each of the foregoing being an "**WFB Indemnitee**") ratably according to the respective principal amounts of the Advances then held by each Lender (or if no principal of the Advances is at the time outstanding, ratably according to the respective Commitments held by each of them immediately prior to the termination, expiration or full reduction of each such Commitment), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever (including but not limited to attorneys' fees) which may be imposed on or incurred by any WFB Indemnitee or asserted against any WFB Indemnitee by any third party, any Lender, the Borrower or any Affiliate thereof or any other Person, and in any way relating to or arising out of any Report (including as a result of such WFB Indemnitee's own negligence regardless of whether such negligence is sole or contributory, active or passive, imputed, joint or technical) but not including to the extent found in a final, non-appealable judgment by a court of competent jurisdiction to have result from such WFB Indemnitee's gross negligence or willful misconduct. The terms of this Section 11 are solely for the benefit of the WFB Indemnitees and their respective successors and assigns and no other Person shall have or be entitled to assert rights or benefits under this Section 11.

Section 12. **Counterparts.** This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which, taken together, constitute a single instrument. This Agreement may be executed by facsimile signature and all such signatures shall be effective as originals.

Section 13. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted pursuant to the Credit Agreement.

Section 14. **Invalidity.** In the event that any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

Section 15. **Governing Law.** This Agreement shall be deemed a contract under, and shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without regard to conflicts of laws principles (other than Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York).

Section 16. **Patriot Act.** Each Lender that is subject to the PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Credit Party that pursuant to the requirements of the PATRIOT Act it is required to obtain, verify and record information that identifies such Credit Party, which information includes the name and address of such Credit Party

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and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Credit Party in accordance with the PATRIOT Act.

Section 17. **Entire Agreement.** THIS AGREEMENT, THE CREDIT AGREEMENT AS AMENDED BY THIS AGREEMENT, THE NOTES, AND THE OTHER CREDIT DOCUMENTS CONSTITUTE THE ENTIRE UNDERSTANDING AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY PRIOR AGREEMENTS, WRITTEN OR ORAL, WITH RESPECT THERETO.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[The remainder of this page has been left blank intentionally.]

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EXECUTED to be effective as of the date first above written.

BORROWER:

SELECT ENERGY SERVICES, LLC

By: /s/ Gary M. Gillette
Gary M. Gillette
Chief Financial Officer and Secretary

GUARANTORS:

**AFFIRM OILFIELD SERVICES, LLC
INTERNATIONAL WESTERN COMPANY, INC.
LONE STAR LLC
PEAK OILFIELD SERVICES, LLC
SELECT WATER REUSE, LLC
SELECT WESTERN COMPANY OF TEXAS, INC.
SES HOLDINGS, LLC**

Each By: /s/ John D. Schmitz
John D. Schmitz
Chief Executive Officer

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

ADMINISTRATIVE AGENT/LENDERS:

**WELLS FARGO BANK,
NATIONAL ASSOCIATION**
as Administrative Agent, Swing Line Lender,
Issuing Lender, Revolving Lender, and
Term Lender

By: /s/ Whitney Wall
Name: Whitney Wall
Title: Director

Signature Page to

Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

BANK OF AMERICA, N.A.
as a Revolving Lender and Term Lender

By: /s/ Michael J. Hammond
Name: Michael J. Hammond
Title: SVP

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

ZB, N.A. DBA AMEGY BANK
as a Revolving Lender and Term Lender

By: /s/ Rachel Pletcher
Name: Rachel Pletcher
Title: Vice President

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

COMERICA BANK
as a Revolving Lender and Term Lender

By: /s/ Chad Stephenson
Name: Chad Stephenson
Title: Vice President

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

REGIONS BANK
as a Revolving Lender and Term Lender

By: /s/ Lynn Johnston
Name: Lynn Johnston
Title: Senior Vice President

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

JPMORGAN CHASE BANK, N.A.
as a Revolving Lender and Term Lender

By: /s/ Gregory George
Name: Gregory George
Title: Managing Director

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

CITIBANK, N.A.
as a Revolving Lender and Term Lender

By: /s/ Sugam Mehta
Name: Sugam Mehta
Title: Vice President

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

DEUTSCHE BANK AG NEW YORK BRANCH
as a Revolving Lender and Term Lender

By: /s/ Peter Cucchiara
Name: Peter Cucchiara
Title: Vice President

By: /s/ Benjamin Souh
Name: Benjamin Souh
Title: Vice President

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

**CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH**
as a Revolving Lender and Term Lender

By: /s/ Bryan J. Matthews
Name: Bryan J. Matthews
Title: Authorized Signatory

By: /s/ Jeremy Roberts Stern
Name: Jeremy Roberts Stern
Title: Authorized Signatory

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

CADENCE BANK, N.A.
as a Revolving Lender and Term Lender

By: /s/ Tim Ashe
Name: Tim Ashe
Title: Banking Officer

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

ROYAL BANK OF CANADA
as a Revolving Lender and Term Lender

By: /s/ Mark Lumpkin, Jr.
Name: Mark Lumpkin, Jr.
Title: Authorized Signatory

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

UBS AG, STAMFORD BRANCH
as a Revolving Lender and Term Lender

By: /s/ Housseem Daly
Name: Housseem Daly
Title: Associate Director Banking Products Services, US

By: /s/ Kenneth Chin
Name: Kenneth Chin
Title: Director Banking Products Services, US

Signature Page to
Amendment No. 15 to Amended and Restated Credit Agreement
(Select Energy Services, LLC)

**ANNEX A TO AMENDMENT NO. 15 TO
AMENDED AND RESTATED CREDIT AGREEMENT**

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of May 3, 2011

Among

SELECT ENERGY SERVICES, LLC
as Borrower,

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Administrative Agent, Issuing Lender and Swing Line Lender,

and

THE LENDERS NAMED HEREIN
as Lenders

\$175,000,000

WELLS FARGO SECURITIES, LLC
AS JOINT LEAD ARRANGER AND JOINT BOOKRUNNER

BANK OF AMERICA, N.A.
AS JOINT LEAD ARRANGER AND JOINT BOOKRUNNER

AND

AMEGY BANK NATIONAL ASSOCIATION, COMERICA BANK AND REGIONS BANK
as Co-Documentation Agents

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AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT dated as of May 3, 2011 is among (a) Select Energy Services, LLC, a Delaware limited liability company (the “Borrower”), (b) the Lenders (as defined below), and (c) Wells Fargo Bank, National Association as Swing Line Lender (as defined below), Issuing Lender (as defined below), and as Administrative Agent (as defined below) for the Lenders.

RECITALS

A. The Borrower, the Administrative Agent, the Issuing Lender, the Swing Line Lender and the lenders party thereto, including certain of the Lenders (the “Existing Lenders”) have previously executed and delivered that certain Credit Agreement dated as of June 30, 2010, as heretofore amended (as so amended, the Restated Agreement”).

B. The Borrower, the Administrative Agent, the Issuing Lender, the Swing Line Lender and the Existing Lenders together with the other new Lenders desire to amend and restate (but not extinguish) the Restated Agreement in its entirety as hereinafter set forth through the execution of this Agreement.

C. It is the intention of the parties hereto that this Agreement is an amendment and restatement of the Restated Agreement, not a new or substitute credit agreement or novation of the Restated Agreement.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the Borrower, the Administrative Agent, the Issuing Lender, the Swing Line Lender and the Lenders, (i) do hereby agree that the Restated Agreement is amended and restated (but not substituted or extinguished) in its entirety as set forth herein, and (ii) do hereby further agree as follows:

ARTICLE 1 DEFINITIONS AND ACCOUNTING TERMS

Section 1.1 Certain Defined Terms. The following terms shall have the following meanings (unless otherwise indicated, such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Acceptable Security Interest” means a security interest which (a) exists in favor of the Administrative Agent for its benefit and the ratable benefit of the Secured Parties, (b) is superior to all other security interests (other than the Permitted Liens), (c) secures the Obligations, (d) is enforceable against the Credit Party which created such security interest and (e) is perfected except for Excluded Perfection Collateral.

“Account Control Agreement” shall mean, as to any deposit account of any Credit Party held with a bank, an agreement or agreements in form and substance reasonably acceptable to the Administrative Agent, among the Credit Party owning such deposit account, the Administrative Agent and such other bank governing such deposit account.

“Acquisition” means the purchase by any Credit Party of any business, division or enterprise, including the purchase of associated assets or operations or the Equity Interests of a Person and for the avoidance of doubt, excludes purchases of equipment only with no other tangible or intangible property associated with such equipment purchase.

“Adjusted Base Rate” means, for any day, the fluctuating rate per annum of interest equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus 0.50%, and (c) a rate determined by the Administrative Agent to be the Daily One-Month LIBOR plus 1.00%. Any change in the Adjusted Base Rate due to a change in the Prime Rate, Daily One-Month LIBOR or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate, Daily One-Month LIBOR or the Federal Funds Rate.

“Administrative Agent” means Wells Fargo in its capacity as agent for the Lenders pursuant to Article 8 and any successor agent pursuant to Section 8.7.

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

“Advance” means any advance by a Lender or the Swing Line Lender to the Borrower as a part of a Borrowing.

“Affiliate” means, as to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person or any Subsidiary of such Person. The term “control” (including the terms “controlled by” or “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership, by contract, or otherwise.

“Affiliate Sale/Leaseback” means any sale/leaseback transaction with an Affiliate of a Credit Party or with Mesa Real Estate Partners, LP, a Delaware limited partnership, that is permitted pursuant to Section 6.14.

“Affirm” means Affirm Oilfield Services, a Texas limited liability company, that, as of the Amendment No. 11 Effective Date, is a direct, wholly-owned Subsidiary of the Borrower.

“Affirm Disposition” means the sale, transfer or other disposition of (a) all or substantially all the assets of Affirm or (b) all Equity Interests of Affirm.

“Agreed Currency” means, subject to Section 1.7 and Section 1.8, (a) Dollars and (b) Canadian Dollars.

“Agreement” means this Amended and Restated Credit Agreement among the Borrower, the Lenders, the Swing Line Lender, the Issuing Lender and the Administrative Agent.

“Amendment No. 4” means that certain Master Assignment, Agreement, and Amendment No. 4 to Credit Agreement dated as of October 21, 2011 among the parties hereto which amends this Agreement.

“Amendment No. 4 Effective Date” means October 21, 2011.

“Amendment No. 6” means that certain Waiver and Amendment No. 6 to Credit Agreement dated as of February 28, 2012 among the parties hereto which amends this Agreement.

“Amendment No. 6 Effective Date” means February 28, 2012.

“Amendment No. 7” means that certain Amendment No. 7 to Credit Agreement dated as of August 24, 2012 among the parties hereto which amends this Agreement.

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“Amendment No. 11” means that certain Amendment No. 11 to Credit Agreement dated as of the Amendment No. 11 Effective Date among the parties hereto which amends this Agreement.

“Amendment No. 11 Effective Date” means October 30, 2015.

“Amendment No. 12 Effective Date” means March 11, 2016.

“Amendment No. 13” means that certain Limited Waiver and Amendment No. 13 to Amended and Restated Credit Agreement dated as of July 1, 2016, among the parties thereto which amends this Agreement.

“Amendment No. 14” means that certain Waiver, Master Assignment and Amendment No. 14 to Amended and Restated Credit Agreement dated as of the Amendment No. 14 Effective Date among the parties thereto which amends this Agreement.

“Amendment No. 14 Effective Date” means September 22, 2016.

“Amendment No. 15 Effective Date” means December 20, 2016.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to any Credit Party from to time concerning or relating to bribery or corruption.

“Applicable Margin” means, at any time with respect to each Type of Advance, the Letters of Credit and the Commitment Fee, the percentage rate per annum which is applicable at such time with respect to such Advance, Letter of Credit or Commitment Fee as set forth in Schedule I and subject to further adjustments as set forth in Section 2.8(c).

“Asset Sale” means (a) any sale, transfer, or other disposition of any Property, by any Credit Party and (b) any issuance or sale of any Equity Interests of any Subsidiary, in each case, to any Person other than a Credit Party; provided that, any sale, transfer or other disposition of Property from one Credit Party to another Credit Party as permitted under Section 6.8(a) and the sale of inventory in the ordinary course as permitted under Section 6.8(b) shall not constitute an “Asset Sale” for purposes of this Agreement.

“Asset Sale Payment Date” means (a) as to the Peak Disposition and the Affirm Disposition, the first Business Day following the receipt of proceeds of such disposition, (b) as to all other Asset Sales that are permitted hereunder, the last Business Day of the fiscal quarter during which such Asset Sale occurred, and (c) as to all other Asset Sales that are not permitted hereunder, the first Business Day following the receipt of proceeds of such disposition, or in any case, such later or earlier date as agreed to between the Borrower and the Majority Lenders.

“Assignment and Acceptance” means an assignment and acceptance executed by a Lender and an Eligible Assignee and accepted by the Administrative Agent, in substantially the same form as Exhibit A.

“AutoBorrow Agreement” means any agreement providing for automatic borrowing services between the Borrower and the Swing Line Lender.

“Availability” means, as of a date of determination, the excess of (a) the aggregate Revolving Commitments in effect at such time, over (b) the sum of (i) the outstanding amount of all Revolving Advances and Swing Line Advances plus (ii) the Letter of Credit Exposure.

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“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 an 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.

“Banking Services Provider” means any Lender (other than a Defaulting Lender) or Affiliate of a Lender (other than a Defaulting Lender) that provides Banking Services to the Borrower or any Restricted Subsidiary.

“Banking Services” means each and any of the following bank services provided to any Credit Party by any Lender (other than a Defaulting Lender) or any Affiliate of a Lender (other than a Defaulting Lender): (a) commercial credit cards, (b) stored value cards and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

“Banking Services Obligations” means any and all obligations of the Borrower or any other Credit Party, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

“Base Rate Advance” means an Advance which bears interest based upon the Adjusted Base Rate.

“Bell Supply” means Bell Supply Company, LLC, a Texas limited liability company.

“Borrower” means Select Energy Services, LLC, a Delaware limited liability company.

“Borrowing” means a Revolving Borrowing, a Term Borrowing or a Swing Line Borrowing.

“Business Day” means a day other than a Saturday, Sunday, or other day on which the Administrative Agent is authorized to close under the laws of, or is in fact closed in, New York or Texas, and:

(a) if the applicable Business Day relates to any interest rate settings as to a Eurodollar Advance denominated in Dollars, any fundings, disbursements, settlements and payments in Dollars in respect of any such Eurodollar Advance, or any other dealings in Dollars to be carried out pursuant to this Agreement in respect of any such Eurodollar Advance, means any such day on which dealings in deposits in Dollars are carried on by commercial banks in the London interbank market;

(b) if the applicable Business Day relates to any interest rate settings as to a Eurodollar Advance denominated in Canadian Dollars, means any such day on which dealings in deposits in Canadian Dollars are carried on by commercial banks in the London or other applicable offshore interbank market for Canadian Dollars; and

(c) if the applicable Business Day relates to any fundings, disbursements, settlements and payments in Canadian Dollars in respect of a Eurodollar Advance denominated in Canadian Dollars, or any other dealings in Canadian Dollars to be carried out pursuant to this Agreement in respect of any such

Eurodollar Advance (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in Toronto, Canada.

“Canadian Anti-Terrorism Laws” means the anti-terrorist provisions of the Criminal Code (Canada), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), the United Nations Suppression of Terrorism Regulations and the Anti-terrorism Act (Canada) and all regulations and orders made thereunder.

“Canadian Dollar Equivalent” shall mean, on any date of determination, with respect to any amount in Dollars, the equivalent in Canadian Dollars of such amount, determined by the Administrative Agent using the Exchange Rate then in effect.

“Canadian Dollars” and “C\$” means the lawful money of Canada.

“Capital Expenditures” for any Person and period of its determination means, without duplication, the aggregate of all expenditures and costs (whether paid in cash or accrued as liabilities during that period and including that portion of payments under Capital Leases that are capitalized on the balance sheet of such Person) of such Person during such period that, in conformity with GAAP, are required to be included in or reflected by the property, plant, or equipment or similar fixed asset accounts reflected in the balance sheet of such Person.

“Capital Expenditures Basket Amount” means:

(a) for the period of time commencing on the Amendment No. 14 Effective Date and ending on December 31, 2016, \$7,500,000;

(b) for each fiscal quarter ending after December 31, 2016 but on or prior to December 31, 2017, an amount equal to (i) \$35,000,000 minus (ii) Capital Expenditures (other than Equity Funded Capital Expenditures) expended since December 31, 2016;

(c) for the fiscal quarter ending March 31, 2018, the greater of (i) 35,000,000 and (ii) 50% of the EBITDA for the four-fiscal quarter period ending December 31, 2017;

(d) for the fiscal quarter ending June 30, 2018, an amount equal to (i) the greater of (x) \$35,000,000 and (y) 50% of the EBITDA for the four-fiscal quarter period ending March 31, 2018 minus (ii) Capital Expenditures (other than Equity Funded Capital Expenditures) expended in the fiscal quarter ending March 31, 2018;

(e) for the fiscal quarter ending September 30, 2018, an amount equal to (i) the greater of (x) \$35,000,000 and (y) 50% of the EBITDA for the four-fiscal quarter period ending June 30, 2018 minus (ii) Capital Expenditures (other than Equity Funded Capital Expenditures) expended in the two-fiscal quarter period ending June 30, 2018;

(f) for the fiscal quarter ending December 31, 2018, an amount equal to (i) the greater of (x) \$35,000,000 and (y) 50% of the EBITDA for the four-fiscal quarter period ending September 30, 2018 minus (ii) Capital Expenditures (other than Equity Funded Capital Expenditures) expended in the three-fiscal quarter period ending September 30, 2018;

(g) for the fiscal quarter ending March 31, 2019, the greater of (i) 35,000,000 and (ii) 50% of the EBITDA for the four-fiscal quarter period ending December 31, 2018;

(h) for the fiscal quarter ending June 30, 2019, an amount equal to (i) the greater of (x) \$35,000,000 and (y) 50% of the EBITDA for the four-fiscal quarter period ending March 31, 2019 minus (ii) Capital Expenditures (other than Equity Funded Capital Expenditures) expended in the fiscal quarter ending March 31, 2019;

(i) for the fiscal quarter ending September 30, 2019, an amount equal to (i) the greater of (x) \$35,000,000 and (y) 50% of the EBITDA for the four-fiscal quarter period ending June 30, 2019 minus (ii) Capital Expenditures (other than Equity Funded Capital Expenditures) expended in the two-fiscal quarter period ending June 30, 2019;

(j) for the fiscal quarter ending December 31, 2019, an amount equal to (i) the greater of (x) \$35,000,000 and (y) 50% of the EBITDA for the four-fiscal quarter period ending September 30, 2019 minus (ii) Capital Expenditures (other than Equity Funded Capital Expenditures) expended in the three-fiscal quarter period ending September 30, 2019; and

(k) for the fiscal quarter ending March 31, 2020, the greater of (i) 35,000,000 and (ii) 50% of the EBITDA for the four-fiscal quarter period ending December 31, 2019.

“Capitalization Ratio” means, as of the end of each fiscal quarter, the ratio (expressed as a percentage) of (a) all consolidated Debt of the Parent Company as of the last day of such fiscal quarter to (b) the Parent Company’s consolidated Total Capitalization as of the last day of such fiscal quarter.

“Capital Leases” means, for any Person, any lease of any Property by such Person as lessee which would, in accordance with GAAP, be required to be classified and accounted for as a capital lease on the balance sheet of such Person but specifically excluding Affiliate Sale/Leasebacks.

“Cash Collateral Account” means a special cash collateral account pledged to the Administrative Agent containing cash deposited pursuant to the terms hereof to be maintained with the Administrative Agent in accordance with Section 2.2(h).

“Casualty Event” means the damage, destruction or condemnation, including by process of eminent domain or any transfer or disposition of property in lieu of condemnation, as the case may be, of property of any Person.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, state and local analogs, and all rules and regulations and requirements thereunder in each case as now or hereafter in effect.

“Certificated Equipment” means any equipment the ownership of which is evidenced by, or under applicable Legal Requirement, is required to be evidenced by, a certificate of title.

“Change in Control” means the occurrence of any of the following events:

- (a) at any time, the Parent Company shall fail to own one hundred percent (100%) of the Equity Interests of the Borrower;
- (b) prior to a Qualified IPO, the Permitted Holders, Crestview Entities and Crestview Co-Investors shall fail to collectively own, directly or indirectly, at least fifty-one percent (51%) of the Voting Securities of the Parent Company; or

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(c) after a Qualified IPO, (i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) (other than the Permitted Holders, Crestview Entities and Crestview Co-Investors) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a “person” or “group” shall be deemed to have “beneficial ownership” of all Equity Interests that 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”)), directly or indirectly, of more than thirty-three percent (33%) of the Voting Securities of the Parent Company or (ii) a majority of the members of the board of directors (or other equivalent governing body) of the Parent Company (or, if the Parent Company is managed by a manager, the majority of the members of the board of directors (or other equivalent governing body) of the Person entitled to appoint such manager) shall not constitute Continuing Directors; or

(d) there shall have occurred under any indenture or other instrument evidencing any Debt or Equity Interests in excess of \$7,500,000 any “change in control” or similar provision (as set forth in the indenture, agreement or other evidence of such Debt or Equity Interests) obligating the Parent Company, any Guarantor, the Borrower or any of its Subsidiaries to repurchase, redeem or repay, or to offer to repurchase, redeem, or repay, all or any part of the Debt or Equity Interests provided for therein.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided 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.

“Class” has the meaning set forth in Section 1.4.

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

“Collateral” means all property of the Credit Parties which is “Collateral” or “Mortgaged Property” (as defined in each of the Mortgages and the Security Agreements, as applicable) or similar terms used in the Security Documents. Collateral shall not include any Excluded Properties.

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

“Continuing Directors” means (a) the directors (or equivalent) of the Parent Company on the Amendment No. 15 Effective Date (or, if the Parent Company is managed by a manager, the directors (or other equivalent) of the Person entitled to appoint such manager) and (b) each other director (or equivalent) of the Parent Company (or, if the Parent Company is managed by a manager, each other director (or other equivalent) of the Person entitled to appoint such manager) if, in each case, such other Person’s nomination for election to the board of directors (or equivalent governing body) of the Parent Company (or, if the Parent Company is managed by a manager, the board of director (or other equivalent

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governing body) of the Person entitled to appoint such manager) is approved by at least 51% of the then Continuing Directors.

“Commitment Fees” means the fees required under Section 2.7(a).

“Commitments” means, as to any Lender, its Revolving Commitment and its Term Commitment, if applicable.

“Compliance Certificate” means a compliance certificate executed by a Responsible Officer of the Borrower or such other Person as required by this Agreement in substantially the same form as Exhibit C.

“Computation Date” means initially the Amendment No. 6 Effective Date and thereafter, so long as any outstanding Revolving Tranche A Advance or Tranche A Letter of Credit is denominated in Canadian Dollars, (i) the last Business Day of each calendar quarter, (ii) the date of any proposed Revolving Tranche A Advance if the Administrative shall determine that a computation is necessary or the Majority Revolving Tranche A Lenders shall require a computation, (iii) the date of any proposed issue, increase, or expiration date extension of any Tranche A Letter of Credit if the Administrative shall determine that a computation is necessary or the Issuing Lender shall require a computation, (iv) the date of any reduction of the Revolving Tranche A Commitments pursuant to Section 2.1(c)(i)(A), (v) the date of any increase in the Revolving Tranche A Commitments under Section 2.15, (vi) the date of any reallocation provided in Section 2.16, and (vii) such additional dates as the Administrative Agent shall determine that a computation is necessary or the Majority Tranche A Revolving Lenders or Issuing Lender shall require a computation.

“Controlled Group” means all members of a controlled group of corporations and all businesses (whether or not incorporated) under common control which, together with the Parent Company, the Borrower or any Subsidiary, are treated as a single employer under Section 414 of the Code.

“Convert,” “Conversion,” and “Converted” each refers to a conversion of Advances of one Type into Advances of another Type pursuant to Section 2.4(b).

“Covenant Changeover Condition” shall have been met if each of the following has occurred: (a) Leverage Ratio as of any fiscal quarter ending on or after December 31, 2016 is less than 3.00 to 1.00 and (b) the Borrower has delivered a Compliance Certificate (or for such period when the Leverage Ratio under Section 6.18 is not applicable, an officer’s certificate in form and substance reasonably satisfactory to the Administrative Agent) setting forth a detailed calculation of such Leverage Ratio.

“Covenant Cure Payment” has the meaning set forth in Section 7.7.

“Credit Documents” means this Agreement, the Notes, the Letters of Credit, the Letter of Credit Applications, the Guaranties, the Notices of Borrowing, the Notices of Conversion, the Security Documents, any Autoborrow Agreement, the Fee Letter, and each other agreement, instrument, or document executed at any time in connection with this Agreement.

“Credit Parties” means the Borrower and the Guarantors, including without limitation, the Parent Company.

“Crestview Co-Investor” means any Person who has invested in one or more funds or other investment vehicles managed by Crestview Partners II, L.P. and who, concurrently with one or more of the Crestview Entities, has (or upon the funding of the Exempt Crestview Equity will have) made a

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concurrent investment in the Parent Company; provided that, any such Person shall cease to be a “Crestview Co-Investor” if such concurrent investment made by one or more of the Crestview Entities is subsequently sold or otherwise transferred to any Person other than to another Crestview Entity.

“Crestview Entities” means, collectively, Crestview Partners II, L.P., a Delaware limited partnership and all wholly-owned subsidiaries of Crestview Partners II, L.P. that own an Equity Interest in the Parent Company.

“Custodial Agreement” means each custodial agreement now or hereafter executed in substantially the same form as Exhibit D.

“Daily One-Month LIBOR” means, for any day, the rate of interest equal to the Eurodollar Rate then in effect for delivery for a one (1) month period.

“Debt” means, for any Person, without duplication: (a) indebtedness of such Person for borrowed money, including the face amount of any letters of credit supporting the repayment of indebtedness for borrowed money issued for the account of such Person; (b) to the extent not covered under clause (a) above, obligations under letters of credit and agreements relating to the issuance of letters of credit or acceptance financing, including Letters of Credit; (c) obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, or upon which interest payments are customarily made; (d) obligations of such Person under conditional sale or other title retention agreements relating to any Properties purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business); (e) obligations of such Person to pay the deferred purchase price of property, services, or Acquisitions (including, without limitation, any earn-out obligations, contingent obligations, or other similar obligations associated with such purchase, and including obligations that are non-recourse to the credit of such Person but are secured by the assets of such Person); (f) obligations of such Person as lessee under Capital Leases and obligations of such Person in respect of synthetic leases; (g) obligations of such Person under any Hedging Arrangement (except that such obligations shall not constitute Debt for purposes of the calculations for compliance under Sections 6.18 and 6.19); (h) Disqualified Equity Interests; (i) the Debt of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer, but only to the extent to which there is recourse to such Person for the payment of such Debt; (j) obligations of such Person under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) of such Person to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (a) through (i) above; (k) indebtedness or obligations of others of the kinds referred to in clauses (a) through (j) secured by any Lien on or in respect of any Property of such Person, and (l) all liabilities of such Person in respect of unfunded vested benefits under any Plan.

“Debt Incurrence” means any issuance or sale by the Parent Company, the Borrower or any other Subsidiary of any Debt after the Effective Date other than Permitted Debt.

“Debt Incurrence Proceeds” means, with respect to any Debt Incurrence, all cash and cash equivalent investments received by the Parent Company, the Borrower or any other Subsidiary from such Debt Incurrence after payment of, or provision for, all underwriter fees and expenses, original issue discount, SEC and blue sky fees, printing costs, fees and expenses of accountants, lawyers and other professional advisors, brokerage commissions and other out-of-pocket fees and expenses actually incurred in connection with such Debt Incurrence; provided that, an original issue discount shall not reduce the amount of such Debt Incurrence Proceeds unless such discount is due and payable at or immediately following the closing of such Debt Incurrence and such discount has not already been taken into account

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to reduce the amount of proceeds received by the Parent Company, the Borrower or such Subsidiary from such Debt Incurrence.

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

“Defaulting Lender” means any Lender that (a) has failed to fund any portion of the Advances or participations in Letter of Credit Obligations or Swing Line Advances required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder unless (i) with the consent of the Administrative Agent and the Borrower (which consent may be withheld at the sole discretion of the Administrative Agent and the Borrower), such failure has been cured, or (ii) such Lender notifies the Administrative Agent and the Borrowers in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied or waived, (b) has indicated to the Administrative Agent, or has stated publicly, that such Lender will not fund any portion of the Advances or participations in Letter of Credit Obligations or Swing Line Advances required to be funded by it hereunder, unless, with the consent of the Administrative Agent and the Borrower (which consent may be withheld at the sole discretion of the Administrative Agent and the Borrower), such Lender actually funds such Advances or participations, (c) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute, or unless, with the consent of the Administrative Agent (which consent may be withheld at the sole discretion of the Administrative Agent), such failure has been cured, (d) as to which a Lender Insolvency Event has occurred and is continuing with respect to such Lender, or (e) has failed to confirm in writing to the Administrative Agent, for at least three Business Days, in response to a written request of the Administrative Agent, that it will comply with its funding obligations hereunder. Any determination that a Lender is a Defaulting Lender will be made by the Administrative Agent in its sole discretion acting in good faith.

“Designated Currency” means, (a)(i) for Revolving Tranche A Advances that are Base Rate Advances, Dollars, and (ii) for Revolving Tranche A Advances that are Eurodollar Advances, Dollars or Canadian Dollars, (b) for Revolving Tranche B Advances, Dollars, and (c) for Swing Line Advances, Dollars.

“Disqualified Equity Interests” means any Equity Interests that, by their terms (or by the terms of any security or other Equity Interest into which they are convertible or for which they are exchangeable) or upon the happening of any event or condition, (a) mature or are mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or significant asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or significant asset sale event shall be subject to (i) the prior repayment in full of all Advances and all other Obligations, (ii) the prior termination and return of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the Issuing Lender in their respective sole discretion shall have been made), and (iii) the prior termination of the Commitments), (b) are redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests) (except as a result of a change of control or significant asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or significant asset sale event shall be subject to (i) the prior repayment in full of all Advances and all other Obligations, (ii) the prior termination and return of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the Issuing Lender in their respective sole discretion shall have been made), and (iii) the prior termination of the Commitments), in whole or in part, (c) provide for any payment of dividends, any other Restricted Payment or any other payments in cash or any other

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Property (other than solely in the form of Qualified Equity Interests), (d) are or become convertible into or exchangeable for Debt or any other Equity Interests that would constitute Disqualified Equity Interests, or (e) have any “debt”-like features such as (but not limited to) (i) any amortization, any scheduled prepayments or any other prepayment terms, or (ii) any financial or other type of covenants other than covenants that are customary to common Equity Interests); provided that if such Equity Interests is issued pursuant to a plan for the benefit of the Parent Company or its Subsidiaries or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by Parent Company or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

“Dollar Equivalent” means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in Canadian Dollars, the equivalent amount thereof in Dollars as determined by the Administrative Agent at such time on the basis of the Exchange Rate (determined in respect of the most recent Computation Date) for the purchase of Dollars with Canadian Dollars.

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

“Domestic Subsidiary” means any Subsidiary of a Person that is not a Foreign Subsidiary.

“EBITDA” means, without duplication, for the Parent Company and for any period, the sum of:

(a) the Parent Company’s consolidated Net Income for such period plus

(b) to the extent deducted in determining Parent Company’s consolidated Net Income, Interest Expense, income taxes, depreciation, amortization and other non-cash charges for such period (including any non-cash charges resulting from option or similar equity grants) plus

(c) non-recurring costs and expenses that were directly incurred during the fiscal year ended December 31, 2015, or the fiscal quarter ending March 31, 2016, in connection with the Proposed Parent Company Disposition in an aggregate amount not to exceed \$3,100,000 and to the extent such costs and expenses are not capitalized plus

(d) non-recurring costs and expenses (other than those described in clauses (c), (f), and (g)) that were directly incurred during the fiscal year ended December 31, 2015 in an aggregate amount not to exceed \$250,000 and to the extent such costs and expenses are not capitalized plus

(e) cash restructuring costs in an aggregate amount up to \$1,000,000 for any fiscal year and incurred in connection with Permitted Acquisitions plus

(f) non-recurring severance payments to former officers, employees, directors, or consultants of a Credit Party in connection with the termination of employment or consultancy of any such officer, employee, director or consultant in an aggregate amount not to exceed \$3,500,000 during any consecutive four-fiscal quarter period plus

(g) non-recurring costs and expenses incurred in connection with any Strategic Transaction regardless of whether such Strategic Transaction is consummated, so long as (i) the aggregate amount of such costs and expenses does not exceed \$1,000,000 in any consecutive four-fiscal quarter period, (ii) such costs and expenses are not capitalized, and (iii) the Administrative Agent has received evidence satisfactory to it, in its sole discretion, of the incurrence and accounting of such costs and expenses plus

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(h) solely for the fiscal quarters ended June 30, 2015, September 30, 2015 and December 31, 2015, the lease expense savings to any Credit Party resulting from the termination of the leases for the Certificated Equipment that the Borrower acquired during the fiscal quarters ended June 30, 2015, September 30, 2015 or December 31, 2015, or the calendar month ended January 31, 2016; provided that, for any calendar month, the lease expense savings described in this clause (h) for such calendar month shall be an amount equal to the Dollar amount set forth next to such calendar month in Schedule 1.3 under the “TTM EBITDA Adjustment” column; plus

(i) to the extent deducted in determining Parent Company’s consolidated Net Income for such period, any cash charges or other expenses incurred in connection with Amendment No. 13, Amendment No. 14 or Amendment No. 15 during such period; plus

(j) the non-recurring costs and expenses incurred in connection with the Rule 144A Offering in an aggregate amount not to exceed \$5,000,000; plus

(k) any non-recurring costs and expenses resulting from the payment of phantom equity to current and prior employees of the Credit Parties;

provided further that such EBITDA shall be subject to pro forma adjustments for Acquisitions, the acquisitions of Certificated Equipment described in clause (h), and Nonordinary Course Asset Sales assuming that such transactions had occurred on the first day of the determination period, which adjustments shall be made in accordance with the guidelines for pro forma presentations set forth by the SEC or in a manner otherwise acceptable to the Administrative Agent.

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

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

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

“Effective Date” means May 3, 2011.

“Eligible Assignee” means (a) a Lender (other than a Defaulting Lender), (b) any Affiliate of a Lender approved by the Administrative Agent, or (c) any other Person (other than a natural Person) approved by the Administrative Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 9.7, the Borrower, such approval not to be unreasonably withheld or delayed by the Borrower or by the Administrative Agent and such approval to be deemed given by the Borrower if no objection is received by the Administrative Agent from the Borrower within five Business Days after notice of such proposed assignment has been provided to the Borrower; provided, however, that neither the Borrower nor any Affiliate of the Borrower shall qualify as an Eligible Assignee.

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

“Environmental Claim” means any third party (including governmental agencies and employees) action, lawsuit, claim, demand, regulatory action or proceeding,

order, decree, consent agreement or notice of potential or actual responsibility or violation (including claims or proceedings under the Occupational Safety and Health Acts or similar laws or requirements relating to health or safety of employees) which seeks to impose liability under any Environmental Law.

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

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

“Equity Funded Acquisition” means an Acquisition that is funded with Qualified Equity Proceeds which have not been applied as a Covenant Cure Payment. For the avoidance of doubt, if any Acquisition is funded partially with such Qualified Equity Proceeds, only the portion of such Acquisition funded with such Qualified Equity Proceeds shall constitute an Equity Funded Acquisition.

“Equity Funded Capital Expenditure” means a Capital Expenditure that is funded with Qualified Equity Proceeds which have not been applied as a Covenant Cure Payment. For the avoidance of doubt, if any Capital Expenditure is funded partially with such Qualified Equity Proceeds, only the portion of such Capital Expenditure funded with such Qualified Equity Proceeds shall constitute an Equity Funded Capital Expenditure.

“Equity Funded Investment” means an investment in the form of Equity Interests to the extent that such investment is funded with Qualified Equity Proceeds which have not been applied as a Covenant Cure Payment. For the avoidance of doubt, if any investment is funded partially with such Qualified Equity Proceeds, only the portion of such investment funded with such Qualified Equity Proceeds shall constitute an Equity Funded Investment.

“Equity Interest” means with respect to any Person, any shares, interests, participation, or other equivalents (however designated) of corporate stock, membership interests or partnership interests (or any other ownership interests) of such Person.

“Equity Issuance” means any issuance of equity securities or any other Equity Interests (including any preferred equity securities) by the Parent Company, any Guarantor, the Borrower or any Subsidiary other than equity securities issued (i) to the Borrower or one of its Subsidiaries, (ii) pursuant to employee or director and officer equity incentive plans in the ordinary course of business, or (iii) to the seller(s) as consideration in connection with any Acquisition.

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“Equity Issuance Proceeds” means, with respect to any Equity Issuance, all cash and cash equivalent investments received by the Parent Company, any Guarantor, the Borrower or any Subsidiary from such Equity Issuance (other than from any other Credit Party) after payment of, or provision for, all underwriter fees and expenses, SEC and blue sky fees, printing costs, fees and expenses of accountants, lawyers and other professional advisors, brokerage commissions and other out-of-pocket fees and expenses actually incurred in connection with such Equity Issuance.

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

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

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Federal Reserve Board as in effect from time to time.

“Eurodollar Advance” means an Advance that bears interest based upon the Eurodollar Rate (other than Advances that bear interest based upon the Daily One Month LIBOR).

“Eurodollar Base Rate” means (a) in determining Eurodollar Rate for purposes of the “Daily One Month LIBOR”, the rate per annum for Dollar deposits quoted by the Administrative Agent for the purpose of calculating effective rates of interest for loans making reference to the “Daily One-Month LIBOR”, as the inter-bank offered rate in effect from time to time for delivery of funds for one (1) month in amounts approximately equal to the principal amount of the applicable Advances; provided that, the Administrative Agent may base its quotation of the inter-bank offered rate upon such offers or other market indicators of the inter-bank market as the Administrative Agent in its discretion deems appropriate including, but not limited to, the rate determined under the following clause (b), and (b) in determining Eurodollar Rate for all other purposes, the rate per annum (rounded upward to the nearest whole multiple of 1/8th of 1%) equal to the interest rate per annum set forth on the Reuters Reference LIBOR1 page as the London Interbank Offered Rate, for deposits in the Designated Currency at 11:00 a.m. (London, England time) two Business Days before the first day of the applicable Interest Period and for a period equal to such Interest Period; provided that, if such quotation is not available for any reason, then for purposes of this clause (b), Eurodollar Base Rate shall then be the rate determined by the Administrative Agent to be the rate at which deposits in the Designated Currency for delivery on the first day of such Interest Period in immediately available funds in the approximate amount of the Advances being made, continued or converted by the Lenders and with a term equivalent to such Interest Period would be offered by the Administrative Agent’s London Branch (or other branch or Affiliate of the Administrative Agent, or in the event that the Administrative Agent does not have a London branch, the London branch of a Lender chosen by the Administrative Agent) to major banks in the London or other offshore inter-bank market for the Designated Currency at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period); provided further that if the rate determined under the preceding clause (a) or clause (b) is less than zero, then “Eurodollar Base Rate” shall be deemed to be zero for such determination.

“Eurodollar Rate” means a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

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“Eurodollar Reserve Percentage” means, as of any day, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to liabilities or assets consisting of or including Eurocurrency Liabilities. The Eurodollar Rate for each outstanding Advance shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

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

“Exchange Act” means the Securities Exchange Act of 1934.

“Exchange Rate” means, on any Business Day, (a) with respect to any calculation of the Dollar Equivalent on such date, the rate at which Canadian Dollars may be exchanged into Dollars, as set forth on such date on the relevant FWDS Series Reuters currency page at or about 11:00 a.m. Houston, Texas time on such date and (b) with respect to any calculation of the Canadian Dollar Equivalent, the rate at which Dollars may be exchanged into Canadian Dollars, as set forth on such date on the relevant FWDS Series Reuters currency page at or about 11:00 a.m. Houston, Texas time on such date. In the event that such rate does not appear on any such Reuters page, the “Exchange Rate” with respect to Canadian Dollars shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Borrower or, in the absence of such agreement, such “Exchange Rate” shall instead be the Administrative Agent’s spot rate of exchange in the interbank market where its currency exchange operations in respect of Canadian Dollars are then being conducted, at or about 10:00 a.m. local time at such date for the purchase of Canadian Dollars with Dollars or the purchase of Dollars with Canadian Dollars, as the case may be, for delivery two Business Days later; provided that if at the time of any such determination no such spot rate can reasonably be quoted, the Administrative Agent may use any reasonable method (including obtaining quotes from three or more market makers for Canadian Dollars) as it deems appropriate to determine such rate and such determination shall be presumed correct absent manifest error.

“Excluded Perfection Collateral” shall mean, collectively, (a)(i) letter of credit rights and (ii) commercial tort claims, and (b) any General Intangibles (as defined in the Security Agreement) and other Property (i) in which a security interest cannot be perfected by the filing of a financing statement under the UCC, PPSA or a similar filing under the respective foreign jurisdiction, and (ii) with respect to which the Administrative Agent has determined, in its sole discretion that the cost of perfecting a security interest in such Property is excessive in relation to the value of the Lien to be afforded thereby; provided that if (y) an Event of Default has occurred and is continuing, the Administrative Agent, in its sole discretion, may elect to no longer treat any of the foregoing as “Excluded Perfection Collateral,” and (z)(i) if such letter of credit rights exceed \$1,000,000 in the aggregate, (ii) the amount of damages reasonably expected to be claimed from such commercial tort claims exceeds \$1,000,000 in the aggregate, or (iii) such General Intangibles exceed \$1,000,000 in the aggregate, then the Administrative Agent, in its sole discretion, may elect to no longer treat such letter of credit rights, commercial tort claims, or General Intangibles, respectively, as “Excluded Perfection Collateral.”

“Excluded Properties” means all leased real property of any Credit Party; provided that, Excluded Properties shall not include any System Property.

“Excluded Swap Obligation” means, with respect to any Guarantor, any obligation under any Hedging Arrangement if, and to the extent that, all or a portion of the guaranty of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such obligation (or any guaranty thereof) is or

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becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the guaranty of such Guarantor or the grant of such security interest becomes effective with respect to such obligation. If an obligation under any Hedging Arrangements arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such obligation that is attributable to swaps for which such guaranty or security interest is or becomes illegal.

“Excluded Tax” has the meaning set forth in Section 2.13(a).

“Exempt Crestview Equity” means the funding of equity contribution to the Parent Company after the Effective Date by Crestview and any Crestview Co-Investor so long as (a) any such investment by Crestview Co-Investors shall be in conjunction with an investment made by Crestview and (b) the terms of such investment shall be substantially similar with the terms of the Original Crestview Investment.

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

“Extraordinary Receipts” means any proceeds of insurance, including any insurance proceeds resulting from a Casualty Event, property insurance proceeds, and life insurance proceeds, and any other extraordinary cash receipts, including any award or other compensation as a result of a Casualty Event and any settlement or other litigation proceeds.

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

“FCPA” means the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Administrative Agent (in its individual capacity) on such day on such transactions as determined by the Administrative Agent, and (c) in any event, such rate shall not be less than 0.00%.

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

“Fee Letter” means (a) that certain engagement and fee letter dated as of March 23, 2011, between the Borrower and Wells Fargo Securities, LLC, (b) that certain engagement and fee letter dated as of October 18, 2011, among the Borrower, Wells Fargo Securities, LLC and Wells Fargo, (c) that

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certain fee letter dated as of February 28, 2012, among the Borrower, Wells Fargo Securities, LLC and Wells Fargo, (d) that certain fee letter dated as of February 22, 2013, among the Borrower, Wells Fargo Securities, LLC and Wells Fargo, (e) that certain fee letter dated March 12, 2014, among the Borrower, Wells Fargo Securities, LLC and Wells Fargo, (f) that certain fee letter dated September 30, 2015, among the Borrower, Wells Fargo Securities, LLC and Wells Fargo, (g) that certain fee letter dated March 11, 2016, among the Borrower, Wells Fargo Securities, LLC and Wells Fargo, (h) that certain fee letter dated July 19, 2016, among the Borrower, Wells Fargo Securities, LLC and Wells Fargo, and (i) that certain fee letter dated November 18, 2016 among the Borrower, Wells Fargo Securities, LLC and Wells Fargo.

“Financial Statements” means (a) for each fiscal quarter or fiscal year ended on or prior to September 30, 2011, the consolidated financial statements of the Borrower and its Subsidiaries, including the related consolidated statements of income or operations, retained earnings, shareholders’ equity, including changes in equity, and cash flow for such period as well as a balance sheet as of the end of such period, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, and (b) for the fiscal year ended December 31, 2011 and for each fiscal period ending thereafter, the consolidated financial statements of the Parent Company and its Subsidiaries (other than Bell Supply) and the consolidating financial statements of the Parent Company and its Subsidiaries (other

than Bell Supply), in each case, including the related consolidated and consolidating statements of income or operations, retained earnings, shareholders' equity, including changes in equity, and cash flow for such period as well as a balance sheet as of the end of such period, setting forth in each case in comparative form the figures for the previous fiscal year and the corresponding fiscal period in the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP.

“Foreign Subsidiary” means any Subsidiary of the Borrower that is not organized or incorporated in the United States or any State or territory thereof.

“GAAP” means United States of America generally accepted accounting principles as in effect from time to time, applied on a basis consistent with the requirements of Section 1.3.

“Governmental Authority” means, with respect to any Person, any foreign governmental authority (including any supra-national bodies such as the European Union or the European Central Bank), the United States of America, any state of the United States of America, the District of Columbia, and any subdivision of any of the foregoing, and any agency, department, commission, board, authority or instrumentality, bureau or court having jurisdiction over such Person.

“Guarantors” means any Person that now or hereafter executes a Guaranty, including (a) the Subsidiaries of the Borrower listed on Schedule 4.11; (b) each Subsidiary of the Borrower that becomes a guarantor of all or a portion of the Obligations and which has entered into either a joinder agreement substantially in the form attached to the Guaranty or a new Guaranty; (c) the Parent Company; and (d) Peak and Affirm until such time when the Peak Disposition and the Affirm Disposition, respectively, occurs in accordance with the terms required hereunder.

“Guaranty” means the Guaranty Agreement executed in substantially the same form as Exhibit E.

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

“Hazardous Waste” means any substance or material regulated or designated as such pursuant to any Environmental Law, including without limitation, pollutants, contaminants, flammable substances

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and materials, explosives, radioactive materials, oil, petroleum and petroleum products, chemical liquids and solids, polychlorinated biphenyls, asbestos, toxic substances, and similar substances and materials.

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

“Interest Coverage Ratio” means, as of each fiscal quarter end, the ratio of (a) the Parent Company's consolidated EBITDA for the four-fiscal quarter period then ended to (b) the Parent Company's consolidated Interest Expense for such four-fiscal quarter period then ended.

“Indemnified Tax” has the meaning set forth in Section 2.13(a).

“Interest Expense” means, for any period and with respect to any Person, total cash interest expense, letter of credit fees and other fees and expenses incurred by such Person in connection with any Debt (including but not limited to Debt under this Agreement) for such period (excluding the arrangement fees and the upfront fees due pursuant to the Fee Letter to the Administrative Agent and the Lenders and the arrangement fees and the upfront fees due pursuant to the Fee Letter (as defined in the Restated Agreement), in each case, on or prior to the Effective Date), whether paid or accrued (including that attributable to obligations which have been or should be, in accordance with GAAP, recorded as Capital Leases), including, without limitation, all commissions, discounts, and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, fees owed with respect to the Secured Obligations, and net costs under Hedging Arrangements entered into addressing interest rates, all as determined in conformity with GAAP.

“Interest Period” means for each Eurodollar Advance comprising part of the same Borrowing, the period commencing on the date of such Eurodollar Advance is made or deemed made and ending on the last day of the period selected by the Borrower pursuant to the provisions below and Section 2.4, and thereafter, each subsequent period commencing on the day following the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below and Section 2.4. The duration of each such Interest Period shall be one, three, or six months, in each case as the Borrower may select, provided that:

- (a) the Borrower shall select Interest Periods so that it is not necessary to repay any portion of any Term Advance prior to the last day of the applicable Interest Period in order to make a mandatory scheduled repayment required pursuant to Section 2.6(b);
- (b) Interest Periods commencing on the same date for Advances comprising part of the same Borrowing shall be of the same duration;
- (c) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day;
- (d) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest

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Period) shall end on the last Business Day of the calendar month in which it would have ended if there were a numerically corresponding day in such calendar month; and

- (e) the Borrower may not select any Interest Period for any Advance which ends after the Term Maturity Date or the Revolving Maturity Date, as applicable.

“Issuing Lender” means (a) for purposes of the Existing Letter of Credit issued by Amegy Bank National Association, Amegy Bank National Association and (b) for all other Letters of Credit, Wells Fargo, in its capacity as the Lender that issues Letters of Credit for the account of any Credit Party pursuant to the terms of this Agreement; provided that, where the context may require, “Issuing Lender” shall mean each, either or both of the foregoing, as applicable.

“Joint Venture Debt” has the meaning set forth in Section 6.1(k) of this Agreement.

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

“Lender Insolvency Event” means that (a) a Lender or its Lender Parent Company is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, (b) such Lender or its Lender Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender or its Lender Parent Company, or such Lender or its Lender Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment; provided, that a Lender Insolvency Event shall not be triggered solely as the result of the acquisition or maintenance of an ownership interest in such Lender or its Lender Parent Company by a governmental authority or an instrumentality thereof, or (c) a Lender or its Lender Parent Company has become the subject of a Bail-In Action.

“Lender Parent Company” means, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

“Lenders” means the Persons listed on the signature pages hereto as Lenders, any other Person that shall have become a Lender hereto pursuant to Section 2.14, and any other Person that shall have become a Lender hereto pursuant to an Assignment and Acceptance, but in any event, excluding any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term “Lenders” includes the Swing Line Lender and references the Revolving Lenders and the Term Lenders.

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

“Letter of Credit” means any Tranche A Letter of Credit and any Tranche B Letter of Credit, as applicable.

“Letter of Credit Application” mean a Tranche A Letter of Credit Application or a Tranche B Letter of Credit Application, as applicable.

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

“Letter of Credit Exposure” means, at the date of determination by the Administrative Agent, the Tranche A Letter of Credit Exposure plus the Tranche B Letter of Credit Exposure.

“Letter of Credit Obligations” means the Tranche A Letter of Credit Obligations and the Tranche B Letter of Credit Obligations, as applicable.

“Leverage Ratio” means, as of the end of each fiscal quarter, the ratio of (a) all consolidated Debt (other than Debt under Hedging Arrangements) of the Parent Company as of the last day of such fiscal quarter to (b) the Parent Company’s consolidated EBITDA for the four-fiscal quarter period then ended.

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

“Liquid Investments” means (a) readily marketable direct full faith and credit obligations of the United States of America or obligations unconditionally guaranteed by the full faith and credit of the United States of America; (b) commercial paper issued by (i) any Lender or any Affiliate of any Lender or (ii) any commercial banking institutions or corporations rated at least P-1 by Moody’s or A-1 by S&P; (c) certificates of deposit, time deposits, and bankers’ acceptances issued by (i) any of the Lenders or (ii) any other commercial banking institution which is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than \$250,000,000 and rated Aa by Moody’s or AA by S&P; (d) repurchase agreements which are entered into with any of the Lenders or any major money center banks included in the commercial banking institutions described in clause (c) and which are secured by readily marketable direct full faith and credit obligations of the government of the United States of America or any agency thereof; (e) investments in any money market fund which holds investments substantially of the type described in the foregoing clauses (a) through (d); and (f) other investments made through the Administrative Agent or its Affiliates and approved by the Administrative Agent. All the Liquid Investments described in clauses (a) through (d) above shall have maturities of not more than 365 days from the date of issue.

“Liquidity” means, as of a date of determination, the sum of (a) an amount equal to (i) the aggregate Revolving Commitments in effect at such time minus (ii) the sum of (A) the outstanding amount of all Revolving Advances and Swing Line Advances plus (B) the Letter of Credit Exposure, plus (b) readily and immediately available cash held in deposit accounts of any Credit Party (other than the Cash Collateral Account); provided that, such deposit accounts and the funds therein shall be unencumbered and free and clear of all Liens and other third party rights other than a Lien in favor of the Administrative Agent pursuant to Security Documents

“Maintenance Capital Expenditure” means Capital Expenditures made by any Credit Party to maintain the operations of any Credit Party at current levels; provided however, the parties acknowledge that Capital Expenditures made to replace existing equipment or to extend the life of existing fixed assets shall constitute Maintenance Capital Expenditures.

“Majority Lenders” means (a) other than as provided in clauses (b) and (c) below, three or more Lenders holding greater than 50% of the aggregate Maximum Exposure Amount, (b) at any time when

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there is only two Lenders, both Lenders, and (c) at any time when there is only one Lender, such Lender provided that,

(i) with respect to amendments, waivers or consents relating to Section 2.1(a)(i) and Section 2.1(c)(i)(A), “Majority Lenders” means the Majority Revolving Tranche A Lenders;

(ii) with respect to amendments, waivers or consents relating to Section 2.1(a)(ii) and Section 2.1(c)(i)(B), “Majority Lenders” means the Majority Revolving Tranche B Lenders;

(iii) with respect to amendments, waivers or consents relating to Section 2.1(b) and Section 2.1(c)(ii), “Majority Lenders” means the Majority Term Lenders;

(iv) with respect to Section 2.4(c)(v), “Majority Lenders” means Lenders that would be required to fund more than 50% of the Eurodollar Advances comprising such requested Borrowing;

(v) with respect to (i) Section 7.2(a)(i) as it pertains to the Revolving Tranche A Commitments and (ii) Sections 7.2(b)(i) and 7.3(b)(i), “Majority Lenders” means the Majority Revolving Tranche A Lenders;

(vi) with respect to (i) Section 7.2(a)(i) as it pertains to the Revolving Tranche B Commitments and (ii) Sections 7.2(b)(ii) and 7.3(b)(ii), “Majority Lenders” means

the Majority Revolving Tranche B Lenders; and

(vii) in any event, if there are two or more Lenders, the Commitment of, and the portion of the Advances and Letter of Credit Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Majority Lenders unless all Lenders are Defaulting Lenders.

“Majority Revolving Lenders” means the Majority Revolving Tranche A Lenders and the Majority Revolving Tranche B Lenders.

“Majority Revolving Tranche A Lenders” means (a) other than as provided in clause (b) and (c) below, three or more Revolving Tranche A Lenders holding greater than 50% of the sum of (i) the aggregate unfunded Revolving Tranche A Commitments at such time plus (ii) the aggregate unpaid principal amount of the Revolving Tranche A Notes (with the aggregate amount of each Lender’s risk participation and funded participation in the Tranche A Letter of Credit Exposure (including any such Tranche A Letter of Credit Exposure that has been reallocated pursuant to Section 2.16)); (b) at any time when there are only two Revolving Tranche A Lenders, both Revolving Tranche A Lenders, and (c) at any time when there is only one Revolving Tranche A Lender, such Revolving Tranche A Lender; provided that, in any event, if there are two or more Revolving Tranche A Lenders, the Revolving Tranche A Commitment of, and the portion of the Revolving Tranche A Advances and Tranche A Letter of Credit Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Majority Tranche A Revolving Lenders unless all Revolving Tranche A Lenders are Defaulting Lenders.

“Majority Revolving Tranche B Lenders” means (a) other than as provided in clause (b) and (c) below, three or more Revolving Tranche B Lenders holding greater than 50% of the sum of (i) the aggregate unfunded Revolving Tranche B Commitments at such time plus (ii) the aggregate unpaid principal amount of the Revolving Tranche B Notes (with the aggregate amount of each Lender’s risk participation and funded participation in the Tranche B Letter of Credit Exposure (including any such Tranche B Letter of Credit Exposure that has been reallocated pursuant to Section 2.16) and Swing Line Advances being deemed as unpaid principal under such Lender’s Revolving Tranche B Note); (b) at any

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time when there are only two Revolving Tranche B Lenders, both Revolving Tranche B Lenders, and (c) at any time when there is only one Revolving Tranche B Lender, such Revolving Tranche B Lender; provided that, in any event, if there are two or more Revolving Tranche B Lenders, the Revolving Tranche B Commitment of, and the portion of the Revolving Tranche B Advances and Tranche B Letter of Credit Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Majority Tranche B Revolving Lenders unless all Revolving Tranche B Lenders are Defaulting Lenders.

“Majority Term Lenders” means (a) other than as provided in clauses (b) and (c) below, two or more Term Lenders holding greater than 50% of the then aggregate unpaid principal amount of the Term Notes, (b) at any time when there are only two Term Lenders, both Term Lenders, and (c) at any time when there is only one Term Lender, such Term Lender.

“Material Adverse Change” means a material adverse change (a) in the business, condition (financial or otherwise), or results of operations of the Borrower and its Subsidiaries, taken as a whole, since the Effective Date (unless an earlier date is provided for in this Agreement); (b) on the validity or enforceability of this Agreement or any of the other Credit Documents; or (c) on any Credit Party’s ability to perform its obligations under this Agreement, any Note, the Guaranties or any other Credit Document.

“Maximum Exposure Amount” means, at any time for each Lender, the sum of (a) the unfunded Revolving Commitment held by such Lender at such time; plus (b) the aggregate unpaid principal amount of the Revolving Note held by such Lender at such time, (with the aggregate amount of such Lender’s risk participation and funded participation in the Letter of Credit Exposure (including any such Letter of Credit Exposure that has been reallocated pursuant to Section 2.16) and Swing Line Advances being deemed as unpaid principal under such Lender’s Revolving Note); plus (c) the aggregate unpaid principal amount of the Term Note held by such Lender at such time.

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

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

“Mortgage” means each mortgage or deed of trust in form acceptable to the Administrative Agent executed by any Credit Party to secure all or a portion of the Obligations.

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

“Muscle Wall” means Muscle Wall Holdings, LLC, a Texas limited liability company.

“Net Cash Proceeds” means with respect to any sale, transfer, or other disposition of any Property belonging to any Person (including the sale or transfer of stock or other Equity Interest and property insurance proceeds) all cash and Liquid Investments received from such sale, transfer or other disposition after (a) payment of, or provision for, all brokerage commissions and other reasonable out-of-pocket fees and expenses actually incurred; (b) payment of any outstanding obligations relating to such Property paid in connection with any such sale, transfer, or other disposition; and (c) the amount of reserves recorded in accordance with GAAP for indemnity or similar obligations of such Person and its Affiliates directly related to such sale, transfer or other disposition.

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

“Net Invoiced Costs” means, as to the purchase of any equipment by a Credit Party, (a) the invoice cost for such equipment as set forth in a written invoice provided by the seller of such equipment to the applicable Credit Party minus (b) to the extent included or otherwise reflected in the invoice cost described in preceding clause (a), all fees and expenses over and above the actual purchase price of the equipment incurred by a Credit Party, including but not limited to, delivery fees, interest charges, finance fees, and other closing fees and expenses.

“NOLV” means with respect to any fixed assets of any Credit Party permanently located in the United States of America and any machinery, parts, equipment and other fixed assets acquired by a Credit Party the net orderly liquidation value thereof (taking into account any loss, destruction, damage, condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, confiscation, or the requisition, of such Property and after taking into account all soft costs associated with the liquidation thereof, including but not limited to, delivery fees, interest charges, finance fees, taxes, installation fees and professional fees) as established by a written appraisal conducted by an industry recognized third party appraiser acceptable to the Administrative Agent.

“Non-Defaulting Lender” means any Lender that is not then a Defaulting Lender.

“Non-Obligor Entity” means (a) Muscle Wall and its Subsidiaries so long as such Person is not wholly-owned Subsidiary of the Borrower, and (b) each Subsidiary or Affiliate of the Parent Company other than the Borrower or any Guarantor that is a Subsidiary of the Borrower.

“Nonordinary Course Asset Sales” means, any sales, conveyances, or other transfers of Property made by any Credit Party (a) of any division of any Credit Party, (b) of the Equity Interest in (i) the Borrower by the Borrower or any Subsidiary or (ii) a Subsidiary by the Borrower or any Subsidiary or (c) outside the ordinary course of business of any assets of any Credit Party, whether in a transaction or related series of transactions.

“Non-Wholly Owned Subsidiary” means each Subsidiary that meets each of the following conditions: (a) the Borrower, directly or indirectly, owns at least 80% of the Voting Securities of such Subsidiary, (b) such Subsidiary was formed or acquired in connection with a Permitted Acquisition, and (c) there is no applicable Legal Requirement nor any contract (including any organizational document of such Subsidiary) which prohibits, restricts, or otherwise limits (i) such Subsidiary from providing an unconditional guarantee of all of the Obligations, (ii) such Subsidiary from pledging or assigning 100% of its assets as collateral for the Obligations, or (iii) the holder of the Equity Interests in such Subsidiary from pledging such Equity Interests as collateral for the Obligations, in each case, other than the ordinary course consents required by the governing body of such Subsidiary.

“Notes” means the Revolving Notes, the Term Notes and the Swing Line Note.

“Notice of Borrowing” means a Notice of Revolving Borrowing or a Notice of Term Borrowing.

“Notice of Continuation or Conversion” means a notice of continuation or conversion signed by the Borrower in substantially the same form as Exhibit G.

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“Notice of Mandatory Payment” means a notice of payment signed by a Responsible Officer of the Borrower in substantially the same form as Exhibit J.

“Notice of Optional Payment” means a notice of payment signed by a Responsible Officer of the Borrower in substantially the same form as Exhibit K.

“Notice of Revolving Borrowing” means a notice of borrowing signed by the Borrower in substantially the same form as Exhibit F-1.

“Notice of Term Borrowing” means a notice of borrowing signed by the Borrower in substantially the same form as Exhibit F-2.

“Obligations” means (a) all principal, interest (including post-petition interest), fees, reimbursements, indemnifications, and other amounts now or hereafter owed by any of the Credit Parties to the Lenders, the Swing Line Lender, the Issuing Lender, or the Administrative Agent under this Agreement and the Credit Documents, including, the Letter of Credit Obligations, and any increases, extensions, and rearrangements of those obligations under any amendments, supplements, and other modifications of the documents and agreements creating those obligations and (b) all obligations of the Borrower or any other Credit Party owing to Swap Counterparty under any Hedge Arrangements.

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

“Original Crestview Investment” means the purchase by Crestview from the Parent Company of 1,250,000 Class A Units of the Parent Company pursuant to the terms of the Original Crestview Purchase Agreement.

“Original Crestview Purchase Agreement” means that certain Unit Purchase Agreement dated as of May 7, 2010 between the Parent Company and Crestview Partners II SES Investment, LLC, a Delaware limited liability company, as in effect on the Effective Date.

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

“Other Taxes” has the meaning set forth in Section 2.13(b).

“Parent Company” means SES Holdings, LLC, a Delaware limited liability company.

“Participant Register” has the meaning set forth in Section 9.7(d).

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

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

“Peak” means Peak Oilfield Services, LLC, a Texas limited liability company, that, as of the Amendment No. 11 Effective Date, is a direct, wholly-owned Subsidiary of the Borrower.

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“Peak Disposition” means the sale, transfer or other disposition of (a) all or substantially all the assets of Peak or (b) all Equity Interests of Peak.

“Permitted Acquisition” means any Acquisition that is permitted under Section 6.4.

“Permitted Asset Sale” means any Asset Sale that is permitted under Section 6.8 other than (a) any sale, transfer or other disposition of Property from one Credit Party to another Credit Party as permitted under Section 6.8(a) and (b) the sale of inventory in the ordinary course as permitted under Section 6.8(b).

“Permitted Debt” has the meaning set forth in Section 6.1.

“Permitted Holder” means any of the following: (a) any individual that, as of the Effective Date, is actively engaged in the management of the Borrower as an officer, director, manager or employee, (b) the trustees of any bona fide trusts of which any of the foregoing are the sole beneficiaries and grantors, and (c) any trust or other Person established for estate planning purpose that are controlled by, and established for the sole benefit of, any of the foregoing.

“Permitted Investments” has the meaning set forth in Section 6.3.

“Permitted Liens” has the meaning set forth in Section 6.2.

“Permitted Redemptions” means the redemption of Equity Interests of the Parent Company pursuant to put rights held by equity holders as of the date of this Agreement and disclosed in the Financial Statements of the Borrower delivered pursuant to Section 1.3 hereof.

“Permitted Subordinated Debt” means Debt of any Credit Party to any Person, the payment of all principal, interest, fees and other amounts in respect of which have been subordinated to the payment of the Obligations in a manner, and pursuant to documentation, satisfactory to the Administrative Agent and the Majority Lenders in their sole discretion and which have a maturity date that is no earlier than one hundred eighty (180) days after the later of (A) the scheduled Term Maturity Date, and (B) the scheduled Revolving Maturity Date.

“Permitted Tax Distributions” means, for any taxable period or portion thereof in which the Parent Company is a pass through entity (including a disregarded entity or partnership) for federal income tax purposes, payments and distributions which are distributed to the direct or indirect holders of the Equity Interests of the Parent Company on or prior to each estimated payment date as well as each other applicable due date to enable such holders to (i) timely make payments of federal, state and local taxes for such taxable period as a result of the operations of the Parent Company not to exceed the product of (a) the net taxable income (which shall mean the net taxable income of the Parent Company required to be reported to its holders for federal income tax purposes) of the Parent Company for such period, and (b) the highest applicable marginal U.S. federal, state and local tax rates applicable to an individual or, if higher, a corporation resident in New York City, New York and (ii) meet its obligations under the Tax Receivable Agreements; provided that, for purposes of determining the amount of Permitted Tax Distributions under this Agreement, the calculation of tax liability pursuant to clause (i)(a) above shall be based on the consolidated earnings of the Borrower and any Subsidiary of the Parent Company that is a Guarantor, which consolidated earnings shall not include any earnings of any Subsidiary that is not a “pass-through” entity for federal tax purposes. For the avoidance of doubt, to the extent the Parent Company makes distributions described in clause (ii) above, the Tax benefits with respect to which such distributions were made shall be taken into account in determining any amount that shall be permitted to be distributed under clause (i) above.

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“Person” means an individual, partnership, corporation (including a business trust), joint stock company, trust, limited liability company, limited liability partnership, unincorporated association, joint venture, or other entity, or a government or any political subdivision or agency thereof, or any trustee, receiver, custodian, or similar official.

“Pipeline Acquisition” means one or more acquisitions of System Property in an amount not to exceed the Pipeline Acquisition Equity Amount; provided that if any such acquisition exceeds, individually or in the aggregate, the Pipeline Acquisition Equity Amount, the portion of the acquisition in an amount equal to the Pipeline Acquisition Equity Amount shall nevertheless constitute a “Pipeline Acquisition”.

“Pipeline Acquisition Equity Amount” means, at any time, an amount equal to the difference between (x) the excess, if any, of Qualified Equity Proceeds resulting from the Rule 144A Offering over \$150,000,000; provided that such excess will not exceed \$50,000,000 minus (y) any Qualified Equity Proceeds from the Rule 144A Offering that have been previously applied (i) as a Covenant Cure Payment, (ii) towards an Equity Funded Acquisition, (iii) towards an Equity Funded Investment or (iv) towards an Equity Funded Capital Expenditure.

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

“PPSA” means the Personal Property Security Act (Alberta), as amended from time to time, and any other similar legislation of any Canadian province or territory.

“Prime Rate” means the per annum rate of interest established from time to time by the Administrative Agent at its principal office in San Francisco as its prime rate, which rate may not be the lowest rate of interest charged by such Lender to its customers.

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

“Proposed Parent Company Disposition” means the disposition of all Equity Interests of the Parent Company that was proposed, but not consummated, during the fiscal quarter ended December 31, 2015.

“Qualified ECP Guarantor” means, in respect of any Hedging Arrangement, each Guarantor that has total assets exceeding \$10,000,000 at the time the relevant guaranty or grant of the relevant security interest becomes effective with respect to such Hedging Arrangement or such other person as 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 Equity Interests” means any Equity Interests that are not Disqualified Equity Interests.

“Qualified Equity Proceeds” means (a) all cash and cash equivalent investments received by the Parent Company, the Borrower or any Subsidiary from the Equity Issuance of Qualified Equity Interests (other than from any other Credit Party) after payment of, or provision for, all underwriter fees and expenses, SEC and blue sky fees, printing costs, fees and expenses of accountants, lawyers and other professional advisors, brokerage commissions and other out-of-pocket fees and expenses actually incurred

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in connection with such Equity Issuance and (b) all cash contribution made on account of existing Qualified Equity Interests.

“Qualified IPO” means an initial public offering of Equity Interests by the Parent Company or, following the Rule 144A Offering, any direct or indirect parent of the Parent Company, in a public offering pursuant to a registration statement that has been declared effective by the Securities Exchange Commission under the Securities Act of 1933 (other than a registration statement on Form S-4 or Form S-8 or otherwise relating to Equity Interests issuable under any employee benefit plan), pursuant to which such Equity Interests will be listed on the Nasdaq National Market or The New York Stock Exchange.

“Receivables” of any Person means, at any date of determination thereof, the unpaid portion of the obligation, as stated on the respective invoice or other writing of a customer of such Person in respect of goods sold or services rendered by such Person.

“Register” has the meaning set forth in Section 9.7(b).

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

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

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

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

“Required Lenders” means (a) other than as provided in clauses (b) and (c) below, three or more Lenders holding greater than 80% of the aggregate Maximum Exposure Amount, (b) at any time when there is only two Lenders, both Lenders, and (c) at any time when there is only one Lender, such Lender; provided that,

(i) with respect to amendments, waivers or consents relating to Section 2.1(a)(i) and Section 2.1(c)(i)(A), “Required Lenders” means the Required Revolving Tranche A Lenders;

(ii) with respect to amendments, waivers or consents relating to Section 2.1(a)(ii) and Section 2.1(c)(i)(B), “Required Lenders” means the Required Revolving Tranche B Lenders;

(iii) with respect to amendments, waivers or consents relating to Section 2.1(b) and Section 2.1(c)(ii), “Required Lenders” means the Required Term Lenders;

(iv) with respect to Section 2.4(c)(v), “Required Lenders” means Lenders that would be required to fund more than 80% of the Eurodollar Advances comprising such requested Borrowing;

(v) with respect to Section 7.2(a)(i), “Required Lenders” means the Required Revolving Lenders;

(vi) with respect to Sections 7.2(b)(i) and 7.3(b)(i), “Required Lenders” means the Required Revolving Tranche A Lenders;

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(vii) with respect to Sections 7.2(b)(ii) and 7.3(b)(ii), “Required Lenders” means the Required Revolving Tranche B Lenders; and

(viii) in any event, if there are two or more Lenders, the Commitment of, and the portion of the Advances and Letter of Credit Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders unless all Lenders are Defaulting Lenders.

“Required Revolving Lenders” means the Required Revolving Tranche A Lenders and the Required Revolving Tranche B Lenders.

“Required Revolving Tranche A Lenders” means (a) other than as provided in clause (b) and (c) below, three or more Revolving Tranche A Lenders holding greater than 80% of the sum of (i) the aggregate unfunded Revolving Tranche A Commitments at such time plus (ii) the aggregate unpaid principal amount of the Revolving Tranche A Notes (with the aggregate amount of each Lender’s risk participation and funded participation in the Tranche A Letter of Credit Exposure (including any such Tranche A Letter of Credit Exposure that has been reallocated pursuant to Section 2.16)); (b) at any time when there are only two Revolving Tranche A Lenders, both Revolving Tranche A Lenders, and (c) at any time when there is only one Revolving Tranche A Lender, such Revolving Tranche A Lender; provided that, in any event, if there are two or more Revolving Tranche A Lenders, the Revolving Tranche A Commitment of, and the portion of the Revolving Tranche A Advances and Tranche A Letter of Credit Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Tranche A Revolving Lenders unless all Revolving Tranche A Lenders are Defaulting Lenders.

“Required Revolving Tranche B Lenders” means (a) other than as provided in clause (b) and (c) below, three or more Revolving Tranche B Lenders holding greater than 80% of the sum of (i) the aggregate unfunded Revolving Tranche B Commitments at such time plus (ii) the aggregate unpaid principal amount of the Revolving Tranche B Notes (with the aggregate amount of each Lender’s risk participation and funded participation in the Tranche B Letter of Credit Exposure (including any such Tranche B Letter of Credit Exposure that has been reallocated pursuant to Section 2.16) and Swing Line Advances being deemed as unpaid principal under such Lender’s Revolving Tranche B Note); (b) at any time when there are only two Revolving Tranche B Lenders, both Revolving Tranche B Lenders, and (c) at any time when there is only one Revolving Tranche B Lender, such Revolving Tranche B Lender; provided that, in any event, if there are two or more Revolving Tranche B Lenders, the Revolving Tranche B Commitment of, and the portion of the Revolving Tranche B Advances and Tranche B Letter of Credit Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Tranche B Revolving Lenders unless all Revolving Tranche B Lenders are Defaulting Lenders.

“Required Term Lenders” means (a) other than as provided in clauses (b) and (c) below, two or more Term Lenders holding greater than 80% of the then aggregate unpaid principal amount of the Term Notes, (b) at any time when there are only two Term Lenders, both Term Lenders, and (c) at any time when there is only one Term Lender, such Term Lender.

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

“Responsible Officer” means (a) with respect to any Person that is a corporation, such Person’s Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer, or Vice President, (b) with respect to any Person that is a limited liability company, if such Person has officers, then such Person’s Chief Executive Officer, President, Chief Financial Officer, or Vice President, and if such Person is managed by members, then a Responsible Officer of such Person’s managing member, and if such

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Person is managed by managers, then a manager (if such manager is an individual) or a Responsible Officer of such manager (if such manager is an entity), and (c) with respect to any Person that is a general partnership, limited partnership or a limited liability partnership, the Responsible Officer of such Person’s general partner or partners.

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

“Revolving Advance” means a Revolving Tranche A Advance and a Revolving Tranche B Advance, as applicable.

“Revolving Borrowing” means a Revolving Tranche A Borrowing and a Revolving Tranche B Borrowing, as applicable.

“Revolving Commitments” means, as to any Lender, its Revolving Tranche A Commitment and its Revolving Tranche B Commitment, if applicable.

“Revolving Lenders” means the Revolving Tranche A Lenders and the Revolving Tranche B Lenders.

“Revolving Maturity Date” means the earlier of (a) February 28, 2020 and (b) the earlier termination in whole of the Revolving Commitments pursuant to Section 2.1(c) or Article 7.

“Revolving Note” means a Revolving Tranche A Note and a Revolving Tranche B Note, as applicable.

“Revolving Tranche A Advance” means any advance by a Revolving Tranche A Lender to the Borrower as part of a Revolving Tranche A Borrowing.

“Revolving Tranche A Borrowing” means a Borrowing consisting of simultaneous Revolving Tranche A Advances of the same Type made by the Revolving Tranche A Lenders pursuant to Section 2.1(a)(i) or Converted by each Lender to Revolving Tranche A Advances of a different Type pursuant to Section 2.4(b).

“Revolving Tranche A Commitment” means, for each Lender, the obligation of each Lender to advance to Borrower the amount set opposite such Lender’s name on Schedule II as its Revolving Tranche A Commitment, or if such Lender has entered into any Assignment and Acceptance, set forth for such Lender as its Revolving Tranche A Commitment in the Register, as such amount may be reduced pursuant to Section 2.1(c)(i)(A); provided that, after the Revolving Maturity Date, the Revolving Tranche A Commitment for each Lender shall be zero. The aggregate amount of the Revolving Tranche A Commitment on the Amendment No. 11 Effective Date is \$0.

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“Revolving Tranche A Lenders” means Lenders having a Revolving Tranche A Commitment or if such Revolving Tranche A Commitments have been terminated, Lenders that are owed Revolving Tranche A Advances.

“Revolving Tranche A Loan” means the aggregate principal from a Revolving Tranche A Lender which represents such Revolving Tranche A Lender’s ratable share of a Revolving Tranche A Borrowing.

“Revolving Tranche A Note” means a promissory note of the Borrower payable to a Lender in the amount of such Lender’s Revolving Tranche A Commitment, in substantially the same form as Exhibit I-1, evidencing indebtedness of the Borrower to such Lender resulting from Revolving Tranche A Advances owing to such Lender.

“Revolving Tranche A Pro Rata Share” means, at any time with respect to any Revolving Tranche A Lender, (i) the ratio (expressed as a percentage) of such Lender’s Revolving Tranche A Commitment at such time to the aggregate Revolving Tranche A Commitments at such time, or (ii) if all of the Revolving Tranche A Commitments have been terminated, the ratio (expressed as a percentage) of such Lender’s aggregate outstanding Revolving Tranche A Advances at such time to the total aggregate outstanding Revolving Tranche A Advances at such time.

“Revolving Tranche B Advance” means any advance by a Revolving Tranche B Lender to the Borrower as part of a Revolving Tranche B Borrowing.

“Revolving Tranche B Borrowing” means a Borrowing consisting of simultaneous Revolving Tranche B Advances of the same Type made by the Revolving Tranche B Lenders pursuant to Section 2.1(a)(ii) or Converted by each Lender to Revolving Tranche B Advances of a different Type pursuant to Section 2.4(b).

“Revolving Tranche B Commitment” means, for each Lender, the obligation of each Lender to advance to Borrower the amount set opposite such Lender’s name on Schedule II as its Revolving Tranche B Commitment, or if such Lender has entered into any Assignment and Acceptance, set forth for such Lender as its Revolving Tranche B Commitment in the Register, as such amount may be reduced pursuant to Section 2.1(c)(i)(B); provided that, after the Revolving Maturity Date, the Revolving Tranche B Commitment for each Lender shall be zero. Subject to Section 2.1(c)(i)(B)(2), the aggregate amount of the Revolving Tranche B Commitment on the Amendment No. 15 Effective Date is \$100,000,000.

“Revolving Tranche B Lenders” means Lenders having a Revolving Tranche B Commitment or if such Revolving Tranche B Commitments have been terminated, Lenders that are owed Revolving Tranche B Advances.

“Revolving Tranche B Loan” means the aggregate principal from a Revolving Tranche B Lender which represents such Revolving Tranche B Lender’s ratable share of a Revolving Tranche B Borrowing.

“Revolving Tranche B Note” means a promissory note of the Borrower payable to a Lender in the amount of such Lender’s Revolving Tranche B Commitment, in substantially the same form as Exhibit I-4, evidencing indebtedness of the Borrower to such Lender resulting from Revolving Tranche B Advances owing to such Lender.

“Revolving Tranche B Pro Rata Share” means, at any time with respect to any Revolving Tranche B Lender, (i) the ratio (expressed as a percentage) of such Lender’s Revolving Tranche B Commitment at such time to the aggregate Revolving Tranche B Commitments at such time, or (ii) if all of the Revolving Tranche B Commitments have been terminated, the ratio (expressed as a percentage) of such Lender’s

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aggregate outstanding Revolving Tranche B Advances at such time to the total aggregate outstanding Revolving Tranche B Advances at such time.

“Rule 144A Offering” means (i) an offering of Class A-1 Common Stock to the initial purchasers and the resale of the Class A-1 Common Stock by the initial purchasers to “qualified institutional buyers” as defined in Rule 144A under the Securities Act or to certain persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, which offering may be purchased on a firm commitment basis, sold by underwriters on an agency, best efforts or reasonable efforts basis, or not involve underwriters, and (ii) a private placement with a placement agent to “accredited investors,” as defined in Rule 501 under Regulation D of the Securities Act, in each case, consummated prior to or concurrently with the Amendment No. 15 Effective Date.

“Sale/Leaseback Funded CapEx” means Capital Expenditures that are fully recouped solely with Net Cash Proceeds received by a Credit Party from an Affiliate Sale/Leaseback that is completed within twelve months after the incurrence of such Capital Expenditure.

“Same Day Funds” means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in Canadian Dollars, same day or other funds as may be determined by the Administrative Agent or Issuing Lender, as the case may be, to be customary in the place of disbursement or payment for the settlement of international banking transactions in Canadian Dollars.

“Sanctions” has the meaning set forth in Section 4.19.

“SEC” means, the Securities and Exchange Commission.

“S&P” means Standard & Poor’s Rating Agency Group, a division of McGraw-Hill Companies, Inc., or any successor thereof which is a national credit rating organization.

“Secured Obligations” means (a) the Obligations, (b) the Banking Services Obligations, and (b) all obligations of any of the Credit Parties owing to Swap Counterparties under any Hedging Arrangements.

“Secured Parties” means the Administrative Agent, the Issuing Lender, the Lenders, the Swap Counterparties and Banking Service Providers.

“Security Agreement” means the Pledge and Security Agreement among the Credit Parties and the Administrative Agent in substantially the same form as Exhibit H.

“Security Documents” means, collectively, the Mortgages, Security Agreements, and any and all other instruments, documents or agreements, including Account Control Agreements and Custodial Agreements, now or hereafter executed by any Credit Party or any other Person to secure the Secured Obligations.

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

(d) such Person does not intend to, and does not believe that it will, incur debts or liabilities (including, without limitation, contingent liabilities) beyond such Person’s ability to pay as such debts and liabilities mature, (e) such Person is not engaged in, and is not about to engage in, business or a transaction for which such Person’s Property would constitute unreasonably small capital, and (f) such Person has not transferred, concealed or removed any Property with intent to hinder, delay or defraud any creditor of such Person.

“Strategic Transaction” means any strategic transaction that is a sale, disposition, or other transfer of (a) any material business, division, or enterprise of the Parent Company, the Borrower or any Subsidiary, including the sale, disposition, or other transfer of the associated assets or operations, or (b) any Equity Interests of the Parent Company or the Borrower.

“Subject Lender” has the meaning set forth in Section 2.14.

“Subsidiary” means, with respect to any Person (the “holder”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the holder in the holder’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity, a majority of whose outstanding Voting Securities shall at any time be owned by the holder or one more Subsidiaries of the holder. Unless expressly provided otherwise, all references herein and in any other Credit Document to any “Subsidiary” or “Subsidiaries” means a Subsidiary or Subsidiaries of the Parent Company.

“Swap Counterparty” means any Person that was, on the date such Hedging Arrangement was entered into, a Lender or an Affiliate of a Lender, even if such Person subsequently ceases to be a Lender (or an Affiliate thereof) for any reason.

“Swing Line Advance” means an advance by the Swing Line Lender to the Borrower as part of a Swing Line Borrowing.

“Swing Line Borrowing” means the Borrowing consisting of a Swing Line Advance made by the Swing Line Lender pursuant to Section 2.3 or, if an AutoBorrow Agreement is in effect, any transfer of funds pursuant to such AutoBorrow Agreement.

“Swing Line Sublimit Amount” means \$5,000,000; provided that, on and after the Revolving Maturity Date, the Swing Line Sublimit Amount shall be zero.

“Swing Line Lender” means Wells Fargo.

“Swing Line Note” means the promissory note made by the Borrower payable to the Swing Line Lender evidencing the indebtedness of the Borrower to the Swing Line Lender resulting from Swing Line Advances in substantially the same form as Exhibit I-2.

“Swing Line Payment Date” means (a) if an AutoBorrow Agreement is in effect, the earliest to occur of (i) the date required by such AutoBorrow Agreement, (ii) demand is made by the Swing Line Lender and (iii) the Revolving Maturity Date, or (b) if an AutoBorrow Agreement is not in effect, the earlier to occur of (i) three (3) Business Days after demand is made by the Swing Line Lender if no Default exists, and otherwise upon demand by the Swing Line Lender and (ii) the Revolving Maturity Date.

“System Property” means any pipeline system and any storage system (for water, any commodities or any other Property), including all pipelines, gathering lines, gathering receipt, lay flat hose, valves, meters, relay stations, pump stations, meter stations, compressors, fittings, valves, pipeline stations, separators, tanks, skids, communication systems and equipment, water storage ponds, buildings and other equipment and machinery used or useful in connection therewith, and all leases, leasehold interests, rights of way, easements, servitudes, permits and other instruments and rights in any way appertaining and belong to, or used or useful in connection therewith (including salt water disposal leases).

“Tangible Net Assets” means, as of any date of determination, (a) the consolidated net book value of all assets of the Parent Company and its consolidated Subsidiaries as of such date minus (b) the consolidated net book value of all intangible assets of the Parent Company and its consolidated Subsidiaries as of such date.

“Tax Group” has the meaning set forth in Section 4.13.

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

“Tax Receivable Agreements” means the Tax Receivable Agreement dated as of December 20, 2016, by and among Select Energy Services, Inc., SES Legacy Holdings, LLC and Crestview Partners II GP, L.P.; the Tax Receivable Agreement dated as of December 20, 2016, by and among Select Energy Services, Inc., Crestview Partners II SES Investment B, LLC and Crestview Partners II GP, L.P.

“Term Advance” means a one-time advance by a Lender to the Borrower as part of a Term Borrowing.

“Term Borrowing” means the Borrowing consisting of simultaneous Term Advances of the same Type made by each Lender pursuant to Section 2.1(b) or Converted by each Lender to Term Advances of a different Type pursuant to Section 2.4(b).

“Term Commitment” means, for each Lender, the obligation of each Lender to advance to the Borrower the amount set opposite such Lender’s name on Schedule II as its Term Commitment, or if such Lender has entered into any Assignment and Acceptance, set forth for such Lender as its Term Commitment in the Register; provided that,

after the Effective Date, the Term Commitment for each Lender shall be zero.

“Term Lenders” means Lenders having a Term Commitment or if such Term Commitments have been terminated, Lenders that are owed Term Advances.

“Term Loan” means the loans evidenced by Term Notes to be made by the Term Lenders to the Borrower hereunder.

“Term Maturity Date” means the earlier of (a) February 28, 2020, and (b) the earlier termination in whole of the Term Commitments and acceleration of the Term Advances pursuant to Article 7.

“Term Note” means a promissory note of the Borrower payable to a Term Lender in the amount of such Lender’s Term Commitment, in substantially the same form as Exhibit I-3, evidencing indebtedness of the Borrower to such Lender resulting from the Term Advances under the Term Loan owing to such Lender.

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“Termination Event” means (a) a Reportable Event with respect to a Plan, (b) the withdrawal of the Borrower or any member of the Controlled Group from a Plan during a plan year in which it was a “substantial employer” as defined in Section 4001(a)(2) of ERISA, (c) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041(c) of ERISA, (d) the institution of proceedings to terminate a Plan by the PBGC, or (e) any other event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

“Total Consideration” means, as to any Acquisition, the consideration of any kind in relation thereto, including but not limited to, cash, Equity Interest, Debt, any other assumed liabilities (other than operating lease obligations), other properties, or earn-outs.

“Tranche A Letter of Credit” means any standby or commercial letter of credit issued by the Issuing Lender for the account of a Credit Party pursuant to Section 2.2(b)(i) of this Agreement, in such form as may be agreed by the Borrower and the Issuing Lender.

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

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

“Tranche A Letter of Credit Exposure” means, at the date of its determination by the Administrative Agent, the aggregate outstanding undrawn amount of Tranche A Letters of Credit plus the aggregate unpaid amount of all of the Borrower’s payment obligations under drawn Tranche A Letters of Credit.

“Tranche A Letter of Credit Maximum Amount” means \$0; provided that, on and after the Revolving Maturity Date, the Tranche A Letter of Credit Maximum Amount shall be zero.

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

“Tranche B Letter of Credit” means any standby or commercial letter of credit issued by the Issuing Lender for the account of a Credit Party pursuant to Section 2.2(b)(ii) of this Agreement, in such form as may be agreed by the Borrower and the Issuing Lender.

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

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

“Tranche B Letter of Credit Exposure” means, at the date of its determination by the Administrative Agent, the aggregate outstanding undrawn amount of Tranche B Letters of Credit plus the aggregate unpaid amount of all of the Borrower’s payment obligations under drawn Tranche B Letters of Credit.

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“Tranche B Letter of Credit Maximum Amount” means \$20,000,000; provided that, on and after the Revolving Maturity Date, the Tranche B Letter of Credit Maximum Amount shall be zero.

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

“Transactions” means, collectively, (a) the initial borrowings and other extensions of credit under this Agreement, and (b) the payment of fees, commissions and expenses in connection with each of the foregoing.

“Type” has the meaning set forth in Section 1.4.

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

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

“Water Rights” means water permits, water certificates and/or water rights acquired owned or acquired by any Credit Party.

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

“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.

Section 1.2 Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word

“from” means “from and including” and the words “to” and “until” each means “to but excluding”.

Section 1.3 Accounting Terms: Changes in GAAP.

(a) All accounting terms not specifically defined in this Agreement shall be construed in accordance with GAAP applied on a consistent basis with those applied in the preparation of the Financial Statements delivered to the Administrative Agent for the fiscal year ended December 31, 2010 as required under Section 5.2; provided however, that, in accordance with GAAP but in deviation from method applied in such Financial Statements, all earn out obligations shall be valued at fair market value.

(b) Unless otherwise indicated (such as in the definition of “Financial Statements”), all financial statements, all calculations for compliance with covenants in this Agreement, all determinations of the Applicable Margin, and all calculations of any amounts to be calculated under the definitions in Section 1.1 shall be based upon the consolidated accounts of the Parent Company and its Subsidiaries (other than Bell Supply) in accordance with GAAP and consistent with the principles of consolidation applied in preparing the Financial Statements referred to in Section 4.4. **Any and all reference to the**

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consolidated accounts of the Parent Company set forth in this Agreement (including consolidated EBITDA, Debt, Total Capitalization, Net Income, Interest Expense, earnings, net book value of assets), shall mean, and is deemed to be, a reference to the consolidated accounts of the Parent Company and its consolidated Subsidiaries other than Bell Supply.

(c) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Credit Document, and either the Borrower or the Majority Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Majority Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(d) Notwithstanding the foregoing clause (c), for purposes of this Agreement, (i) any lease that was treated as an operating lease under GAAP at the time it was entered into and that later becomes a capital lease as a result of the change in GAAP that occurs upon a conversion to International Financial Reporting Standards during the life of such lease, including any renewals, shall be treated as an operating lease for all purposes under this Agreement including the treatment of assets in calculating, among other things, EBITDA, (ii) any lease that is entered into after the occurrence of the change in GAAP discussed in the foregoing clause (i) shall be given the treatment provided for under GAAP, as so amended, for all purposes under this Agreement including the treatment of assets in calculating, among other things, EBITDA, and (iii) regardless of the foregoing clauses (i) and (ii), all Affiliate Sale/Leaseback shall be treated as operating leases.

Section 1.4 Classes and Types of Advances. Advances are distinguished by “Class” and “Type”. The “Class” of an Advance refers to the determination of whether such Advance is a Revolving Advance, a Term Advance, or a Swing Line Advance. The “Type” of an Advance refers to the determination of whether such Advance is a Base Rate Advance or a Eurodollar Advance.

Section 1.5 Miscellaneous. Article, Section, Schedule, and Exhibit references are to this Agreement, unless otherwise specified. All references to instruments, documents, contracts, and agreements (including this Agreement) are references to such instruments, documents, contracts, and agreements as the same may be amended, supplemented, and otherwise modified from time to time, unless otherwise specified and shall include all schedules and exhibits thereto unless otherwise specified. Any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time. Any reference herein to any Person shall be construed to include such Person’s successors and assigns (subject to the restrictions contained herein). The words “hereof”, “herein”, and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term “including” means “including, without limitation,”. Paragraph headings have been inserted in this Agreement as a matter of convenience for reference only and it is agreed that such paragraph headings are not a part of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

Section 1.6 Exchange Rates: Currency Equivalents

(a) On each Computation Date, the Administrative Agent shall determine the Exchange Rate as of such Computation Date. The Exchange Rate so determined shall become effective on the first

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Business Day after such Computation Date and shall remain effective through the next succeeding Computation Date. Except for purposes of financial statements delivered by Credit Parties hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Credit Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent.

(b) Wherever in this Agreement in connection with a Borrowing, Conversion, continuation or prepayment of a Eurodollar Advance or the issuance, amendment or extension of a Letter of Credit, an amount (such as a required minimum or multiple amount) is expressed in Dollars, but such Borrowing, Eurodollar Advance or Letter of Credit is denominated in Canadian Dollars, such amount shall be the Canadian Dollar Equivalent of such Dollar amount (rounded to the nearest Canadian cent, with 0.5 of Canadian cent being rounded upward), as determined by the Administrative Agent or Issuing Lender, as the case may be.

Section 1.7 Agreed Currencies. If, after the date hereof, (a) currency control or other exchange regulations are imposed by Canada with the result that different types of Canadian Dollars are introduced, (b) Canadian Dollars, in the reasonable determination of the Administrative Agent, no longer qualifies as an “Eligible Currency” or (c) in the reasonable determination of the Administrative Agent, a Dollar Equivalent or the Canadian Dollar Equivalent, as applicable, of such currency is not readily calculable, then the Administrative Agent shall promptly notify the Revolving Tranche A Lenders and the Borrower, and no Revolving Tranche A Advances may be made in Canadian Dollars until such time as the Administrative Agent and the Revolving Tranche A Lenders, as provided herein, agree to reinstate Canadian Dollars as an Agreed Currency.

Section 1.8 Change of Currency. Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country other than the United States and any relevant market conventions or practices relating to the change in currency.

**ARTICLE 2
CREDIT FACILITIES**

Section 2.1 Revolving and Term Commitments.

(a) Revolving Commitments.

(i) Revolving Tranche A Commitments. Each Revolving Tranche A Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Revolving Tranche A Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Revolving Maturity Date; provided that, after giving effect to such Revolving Tranche A Advances, the sum of the aggregate outstanding amount of all Revolving Tranche A Advances, shall not exceed the aggregate Revolving Tranche A Commitments in effect at such time. Each Revolving Tranche A Borrowing shall (A) if comprised of Base Rate Advances be in an aggregate amount not less than \$500,000 and in integral multiples of \$100,000 in excess thereof, (B) if comprised of Eurodollar Advances be in an aggregate amount not less than \$1,000,000 and in integral multiples of \$500,000 in excess thereof, (C) consist of Revolving Tranche A Advances of the same Type made on the same day by the Revolving Tranche A Lenders ratably according to their respective Revolving Tranche A Commitments, (D) in the case of Eurodollar Advances, be denominated in the applicable Designated Currencies and (E) in the case of Base Rate Advances, be denominated only in Dollars. Within the limits of each Lender's Revolving Tranche A Commitment, the Borrower

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may from time to time borrow, prepay pursuant to Section 2.5, and reborrow under this Section 2.1(a)(i).

(ii) Revolving Tranche B Commitments. Each Revolving Tranche B Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Revolving Tranche B Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Revolving Maturity Date; provided that, after giving effect to such Revolving Tranche B Advances, the sum of the aggregate outstanding amount of all Revolving Tranche B Advances, shall not exceed the aggregate Revolving Tranche B Commitments in effect at such time. Each Revolving Tranche B Borrowing shall (A) if comprised of Base Rate Advances be in an aggregate amount not less than \$500,000 and in integral multiples of \$100,000 in excess thereof, (B) if comprised of Eurodollar Advances be in an aggregate amount not less than \$1,000,000 and in integral multiples of \$500,000 in excess thereof, (C) consist of Revolving Tranche B Advances of the same Type made on the same day by the Revolving Tranche B Lenders ratably according to their respective Revolving Tranche B Commitments, and (D) in the case of Eurodollar Advances and Base Rate Advances, be denominated only in Dollars. Within the limits of each Lender's Revolving Tranche B Commitment, the Borrower may from time to time borrow, prepay pursuant to Section 2.5, and reborrow under this Section 2.1(a)(ii).

(b) Term Commitments. Each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make to the Borrower on the Effective Date, a Term Advance in an amount not to exceed such Lender's Term Commitment. The Borrower may not reborrow any Term Advances that have been repaid.

(c) Reduction of the Commitments.

(i) Revolving Commitments.

(A) Revolving Tranche A Commitments. The Borrower shall have the right, upon at least three Business Days' irrevocable notice to the Administrative Agent, to terminate in whole or reduce in part the unused portion of the Revolving Tranche A Commitments; provided that each partial reduction shall be in a minimum amount of \$1,000,000 and in integral multiples of \$1,000,000 in excess thereof. Any reduction or termination of the Commitments pursuant to this Section 2.1(c)(i)(A) shall be applied ratably to each Lender's Revolving Tranche A Commitment and shall be permanent, with no obligation of the Lenders to reinstate such Revolving Tranche A Commitments, and the Revolving Tranche A Commitment Fees shall thereafter be computed on the basis of the Revolving Tranche A Commitments, as so reduced.

(B) Revolving Tranche B Commitments.

(1) The Borrower shall have the right, upon at least three Business Days' irrevocable notice to the Administrative Agent, to terminate in whole or reduce in part the unused portion of the Revolving Tranche B Commitments; provided that each partial reduction shall be in a minimum amount of \$1,000,000 and in integral multiples of \$1,000,000 in excess thereof.

(2) Upon each prepayment made pursuant to Section 2.5(c)(ix), the Revolving Tranche B Commitments shall be reduced in an amount equal to such

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prepayment; provided that, such reduction shall only be required to the extent the aggregate Revolving Tranche B Commitments, after giving effect thereto, would not be less than \$100,000,000.

(3) Any reduction or termination of the Commitments pursuant to this Section 2.1(c)(i)(B) shall be applied ratably to each Lender's Revolving Tranche B Commitment and shall be permanent, with no obligation of the Lenders to reinstate such Revolving Tranche B Commitments, and the Revolving Tranche B Commitment Fees shall thereafter be computed on the basis of the Revolving Tranche B Commitments, as so reduced.

(ii) Term Commitments. On the making of the Term Advances on the Effective Date, each Lender's Term Commitment shall be reduced to zero. Any reduction or termination of the Term Commitments pursuant to this Section 2.1(c)(ii) shall be permanent, with no obligation of the Lenders to reinstate such Term Commitments.

(iii) Defaulting Lender. At any time when a Lender is then a Defaulting Lender, the Borrower, at the Borrower's election, may elect to terminate such Defaulting Lender's Revolving Commitment hereunder; provided that (A) such termination must be of the Defaulting Lender's entire Revolving Commitment, (B) the Borrower shall pay all amounts owed by the Borrower to such Defaulting Lender in such Lender's capacity as a Revolving Lender under this Agreement and under the other Credit Documents (including principal of and interest on the Revolving Advances owed to such Defaulting Lender, accrued Commitment Fees (subject to Section 2.7(a)), and letter of credit fees but specifically excluding any amounts owing under Section 2.10 as result of such payment of such Advances) and shall deposit with the Administrative Agent into the Cash Collateral Account cash collateral in the amount equal to such Defaulting Lender's ratable share of the Letter of Credit Exposure (including any such Letter of Credit Exposure that has been reallocated pursuant to Section 2.16), and (C) a Defaulting Lender's Revolving Commitment may be terminated by the Borrower under this Section 2.1(c)(iii) if and only if at such time, the Borrower has elected, or is then electing, to terminate the Revolving Commitments of all then existing Defaulting Lenders. Upon written notice to the Defaulting Lender and Administrative Agent of the Borrower's election to terminate a Defaulting Lender's Revolving Commitment pursuant to this clause (iii) and the payment and deposit of amounts required to be made by the Borrower under clause (B) above, (1) such Defaulting Lender shall cease to be a "Revolving Lender" hereunder for all purposes except that such Lender's rights and obligations as a Revolving Lender under Sections 2.11, 2.13, 8.5 and 9.2 shall continue with respect to events and occurrences occurring before or concurrently with its ceasing to be a "Revolving Lender" hereunder, (2) such Defaulting Lender's Revolving Commitment shall be deemed terminated, and (3) such Defaulting Lender shall be relieved of its obligations hereunder as a "Revolving Lender" except as to its obligations Section 8.5 shall continue with respect to events and occurrences occurring before or concurrently with its ceasing to be a "Revolving Lender" hereunder, provided that, any such termination will not be deemed to be a waiver or release of any claim by Borrower, the Administrative Agent, the Swing Line Lender, Issuing Lender or any Lender may have against such Defaulting Lender. Notwithstanding anything herein to the contrary, the termination of commitments, rights and obligations provided for in this clause (iii) shall not affect rights and obligations that a Lender may have in its capacity as a Term Lender.

(d) Notes. The indebtedness of the Borrower to each Lender resulting (i) from Revolving Tranche A Advances owing to such Lender made pursuant to Section 2.1(a)(i) shall be evidenced by a Revolving Tranche A Note, (ii) from Revolving Tranche B Advances owing to such Lender made pursuant to Section 2.1(a)(ii) shall be evidenced by a Revolving Tranche B Note, (iii) from Term

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Advances owing to such Lender made pursuant to Section 2.1(b) shall be evidenced by a Term Note, and (iv) from Swing Line Advances owing to the Swing Line Lender, as set forth in Section 2.3 below, shall be evidenced by a Swing Line Note.

(e) Existing Advances. The parties hereto acknowledge and agree that, effective as of the Effective Date, in order to accommodate and orderly effect the reallocations, adjustments, acquisitions and decreases under this Section 2.1(e) below, all outstanding Advances under the Restated Agreement on the date hereof are (and shall be deemed to be) refinanced with the initial Advances to be made under this Agreement on the Effective Date. Such Obligations under the Restated Agreement shall be assigned, renewed, extended, modified, and rearranged as Obligations outstanding under and pursuant to the terms of this Agreement. The Lenders have agreed among themselves, in consultation with the Borrower, to reallocate their respective Commitments (as defined in the Restated Agreement) and to, among other things, allow each of Citibank, N.A., Deutsche Bank Trust Company Americas, and Credit Suisse AG, Cayman Islands Branch to become a party to this Agreement as a Lender, (each a “New Lender”) by acquiring an interest in the aggregate Commitments (as defined in the Restated Agreement), and to adjust such Commitments of the other Lenders (each an “Adjusting Lender”) and to payoff in full such lenders that were party to the Restated Agreement which will not become a Lender hereunder (each an “Exiting Lender”). The Administrative Agent, the Lenders, the Borrowers and each Exiting Lender (by receipt of the payment in full of the Loans as defined in, and owing to it under, the Restated Agreement, which are owing to it thereunder) consent to such reallocation and each New Lender’s acquisition of, each Adjusting Lender’s adjustment of, and each Existing Lender’s assignment of, an interest in the Commitments and the Existing Lenders’ partial assignments of their respective Commitments (as defined in the Restated Agreement pursuant to this Section 2.1(e)). At the Borrower’s request, the Administrative Agent will use commercially reasonable efforts to assist the Borrower in retrieving the original executed notes made to such Existing Lenders under the Restated Agreement. On the Effective Date and after giving effect to such reallocations, adjustments, assignments and decreases, the Commitment of each Lender shall be as set forth on Schedule II. With respect to such reallocations, adjustments, acquisitions and decreases, each New Lender and Adjusting Lender shall be deemed to have acquired the Commitments allocated to it from each of the other Lenders and Exiting Lenders pursuant to the terms of the Assignment and Acceptances attached as an exhibit to the Restated Agreement as if each such New Lender, Exiting Lender and Adjusting Lender had executed such Assignment and Acceptances with respect to such allocation, adjustment, and decrease. The Lenders shall make all appropriate adjustments and payments between and among themselves to account for the revised pro rata shares resulting from the initial allocation of the Lenders’ Commitments under this Agreement.

Section 2.2 Letters of Credit

(a) Commitment for Letters of Credit. The Issuing Lender, the Lenders, and the Borrower agree that effective as of the Effective Date, the Existing Letter of Credit shall be deemed to have been issued and maintained under, and to be governed by the terms and conditions of, this Agreement. Subject to the terms and conditions set forth in this Agreement, the Issuing Lender agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.2, from time to time on any Business Day during the period from the Effective Date until the Revolving Maturity Date, to issue, increase or extend the expiration date of, Letters of Credit for the account of any Credit Party, provided that no Letter of Credit will be issued, increased, or extended:

(i) if such issuance, increase, or extension would cause the Tranche A Letter of Credit Exposure to exceed the lesser of (A) the Tranche A Letter of Credit Maximum Amount and (B) an amount equal to (1) the aggregate Revolving Tranche A Commitments in effect at such time minus (2) the aggregate outstanding amount of all Revolving Tranche A Advances;

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(ii) if such issuance, increase, or extension would cause the Tranche B Letter of Credit Exposure to exceed the lesser of (A) the Tranche B Letter of Credit Maximum Amount and (B) an amount equal to (1) the aggregate Revolving Tranche B Commitments in effect at such time minus (2) the sum of the aggregate outstanding amount of all Revolving Tranche B Advances plus the aggregate outstanding amount of all Swing Line Advances;

(iii) unless such Letter of Credit has an expiration date not later than one year after the issuance thereof (which may have automatic renewal terms for additional one (1) year periods pursuant to the terms of the letter of credit application or other documentation acceptable to the Issuing Lender and which expressly allows the Issuing Lender to elect not to provide extensions thereunder); provided that, in any event, expiration date may not be later than 5 Business Days prior to the Revolving Maturity Date; provided further that, (A) if Revolving Tranche A Commitments are terminated in whole pursuant to Section 2.1(c)(i)(A), the Borrower shall either (1) deposit into the Cash Collateral Account cash in an amount equal to 105% of the Tranche A Letter of Credit Exposure for the Tranche A Letters of Credit which have an expiry date beyond the Revolving Maturity Date or (2) provide a replacement letter of credit (or other security) reasonably acceptable to the Administrative Agent and the Issuing Lender in an amount equal to 105% of the Tranche A Letter of Credit Exposure, and (B) if Revolving Tranche B Commitments are terminated in whole pursuant to Section 2.1(c)(i)(B), the Borrower shall either (1) deposit into the Cash Collateral Account cash in an amount equal to 105% of the Tranche B Letter of Credit Exposure for the Tranche B Letters of Credit which have an expiry date beyond the Revolving Maturity Date or (2) provide a replacement letter of credit (or other security) reasonably acceptable to the Administrative Agent and the Issuing Lender in an amount equal to 105% of the Tranche B Letter of Credit Exposure;

(iv) unless such Letter of Credit is (A) a standby letter of credit not supporting the repayment of indebtedness for borrowed money of any Person, or (B) with the consent of the Issuing Lender and so long as the Borrower as agreed to such additional fees which may apply, a commercial letter of credit;

(v) unless such Letter of Credit is in form and substance acceptable to the Issuing Lender in its sole discretion;

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

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

(viii) 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, increasing or extending such Letter of Credit, or any Legal Requirement applicable 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, increase or extension of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Lender with respect to such Letter

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of Credit any restriction, reserve or capital requirement (for which the Issuing Lender is not otherwise compensated hereunder) not in effect on the Effective Date, or

shall impose upon the Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which the Issuing Lender in good faith deems material to it;

- (ix) if the issuance, increase or extension of such Letter of Credit would violate one or more policies of the Issuing Lender applicable to letters of credit generally;
- (x) if such Letter of Credit is a Tranche A Letter of Credit and is to be denominated in a currency other than the Agreed Currency;
- (xi) if such Letter of Credit is a Tranche B Letter of Credit and is to be denominated in a currency other than Dollars; or
- (xii) any Lender is at such time a Defaulting Lender hereunder, unless the Issuing Lender has entered into satisfactory arrangements with the Borrower or such Lender to eliminate the Issuing Lender's risk with respect to such Lender.

(b) Requesting Letters of Credit Except as to the Existing Letters of Credit which are deemed issued hereunder,

(i) Each Tranche A Letter of Credit shall be issued pursuant to a Tranche A Letter of Credit Application given by the Borrower to the Administrative Agent for the benefit of the Issuing Lender by facsimile or other writing not later than 11:00 a.m. (Houston, Texas, time) on the third Business Day before the proposed date of issuance for the Tranche A Letter of Credit. Each Tranche A Letter of Credit Application shall be fully completed and shall specify the information required therein. Each Tranche A Letter of Credit Application shall be irrevocable and binding on the Borrower. Subject to the terms and conditions hereof, the Issuing Lender shall before 2:00 p.m. (Houston, Texas, time) on the date of such Tranche A Letter of Credit issue such Tranche A Letter of Credit to the beneficiary of such Tranche A Letter of Credit; and

(ii) Each Tranche B Letter of Credit shall be issued pursuant to a Tranche B Letter of Credit Application given by the Borrower to the Administrative Agent for the benefit of the Issuing Lender by facsimile or other writing not later than 11:00 a.m. (Houston, Texas, time) on the third Business Day before the proposed date of issuance for the Tranche B Letter of Credit. Each Tranche B Letter of Credit Application shall be fully completed and shall specify the information required therein. Each Tranche B Letter of Credit Application shall be irrevocable and binding on the Borrower. Subject to the terms and conditions hereof, the Issuing Lender shall before 2:00 p.m. (Houston, Texas, time) on the date of such Tranche B Letter of Credit issue such Tranche B Letter of Credit to the beneficiary of such Tranche B Letter of Credit.

(c) Reimbursements for Letters of Credit; Funding of Participations

(i) Tranche A Letter of Credit

- (A) With respect to any Tranche A Letter of Credit, in accordance with the related Tranche A Letter of Credit Application, the Borrower agrees to pay on demand to the Administrative Agent on behalf of the Issuing Lender an amount equal to any amount paid by the Issuing Lender under such Tranche A Letter of Credit. Upon the Issuing Lender's demand for payment under the terms of a Tranche A Letter of Credit Application, the Borrower may, with a written notice, request that the

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Borrower's obligations to the Issuing Lender thereunder be satisfied with the proceeds of a Revolving Tranche A Advance in the same amount (notwithstanding any minimum size or increment limitations on individual Revolving Tranche A Advances). If the Borrower does not make such request and does not otherwise make the payments demanded by the Issuing Lender as required under this Agreement or the Tranche A Letter of Credit Application, then the Borrower shall be deemed for all purposes of this Agreement to have requested such a Revolving Tranche A Advance in the same amount and the transfer of the proceeds thereof to satisfy the Borrower's obligations to the Issuing Lender, and the Borrower hereby unconditionally and irrevocably authorizes, empowers, and directs the Lenders to make such Revolving Tranche A Advance, to transfer the proceeds thereof to the Issuing Lender in satisfaction of such obligations, and to record and otherwise treat such payments as a Revolving Tranche A Advance to the Borrower. The Administrative Agent and each Lender may record and otherwise treat the making of such Revolving Tranche A Borrowings as the making of a Revolving Tranche A Borrowing to the Borrower under this Agreement as if requested by the Borrower. Nothing herein is intended to release any of the Borrower's obligations under any Letter of Credit Application, but only to provide an additional method of payment therefor. The making of any Borrowing under this Section 2.2(c)(i) shall not constitute a cure or waiver of any Default, other than the payment Default which is satisfied by the application of the amounts deemed advanced hereunder, caused by the Borrower's failure to comply with the provisions of this Agreement or the Tranche A Letter of Credit Application.

- (B) Each Lender (including the Lender acting as Issuing Lender) shall, upon notice from the Administrative Agent that the Borrower has requested or is deemed to have requested a Revolving Tranche A Advance pursuant to Section 2.4 and regardless of whether (A) the conditions in Section 3.2 have been met, (B) such notice complies with Section 2.4, or (C) a Default exists, make Same Day Funds available to the Administrative Agent for the account of the Issuing Lender in an amount equal to such Lender's Revolving Tranche A Pro Rata Share of the amount of such Revolving Tranche A Advance not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon each Lender that so makes Same Day Funds available shall be deemed to have made a Revolving Tranche A Advance to the Borrower in such amount. The Administrative Agent shall remit the Same Day Funds so received to the Issuing Lender.

- (C) If any such Lender shall not have so made its Revolving Tranche A Advance available to the Administrative Agent pursuant to this Section 2.2, such Lender agrees to pay interest thereon for each day from such date until the date such amount is paid at the lesser of (A) the Federal Funds Rate for such day for the first three days and thereafter the interest rate applicable to the Revolving Tranche A Advance and (B) the Maximum Rate. Whenever, at any time after the Administrative Agent has received from any Lender such Lender's Revolving Tranche A Advance, the Administrative Agent receives any payment on account thereof, the Administrative Agent will pay to such Lender its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's Revolving Tranche A Advance was outstanding and funded), which payment shall be subject to

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repayment by such Lender if such payment received by the Administrative Agent is required to be returned. Each Lender's obligation to make the Revolving Tranche A Advance pursuant to this Section 2.2 shall be absolute and unconditional and shall not be affected by any circumstance, including (1) any set-off, counterclaim, recoupment, defense or other right which such Lender or any other Person may have against the Issuing Lender, the Administrative Agent or any other Person for any reason whatsoever; (2) the occurrence or continuance of a Default or the termination of the Commitments; (3) any breach of this Agreement by any Credit Party or any other Lender; or (4) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(ii) Tranche B Letter of Credit.

- (A) With respect to any Tranche B Letter of Credit, in accordance with the related Tranche B Letter of Credit Application, the Borrower agrees to pay on demand to the Administrative Agent on behalf of the Issuing Lender an amount equal to any amount paid by the Issuing Lender under such Tranche B Letter of Credit. Upon the Issuing Lender's demand for payment under the terms of a Tranche B Letter of Credit Application, the Borrower may, with a written notice, request that the Borrower's obligations to the Issuing Lender thereunder be satisfied with the proceeds of a Revolving Tranche B Advance in the same amount (notwithstanding any minimum size or increment limitations on individual Revolving Tranche B Advances). If the Borrower does not make such request and does not otherwise make the payments demanded by the Issuing Lender as required under this Agreement or the Tranche B Letter of Credit Application, then the Borrower shall be deemed for all purposes of this Agreement to have requested such a Revolving Tranche B Advance in the same amount and the transfer of the proceeds thereof to satisfy the Borrower's obligations to the Issuing Lender, and the Borrower hereby unconditionally and irrevocably authorizes, empowers, and directs the Lenders to make such Revolving Tranche B Advance, to transfer the proceeds thereof to the Issuing Lender in satisfaction of such obligations, and to record and otherwise treat such payments as a Revolving Tranche B Advance to the Borrower. The Administrative Agent and each Lender may record and otherwise treat the making of such Revolving Tranche B Borrowings as the making of a Revolving Tranche B Borrowing to the Borrower under this Agreement as if requested by the Borrower. Nothing herein is intended to release any of the Borrower's obligations under any Letter of Credit Application, but only to provide an additional method of payment therefor. The making of any Borrowing under this Section 2.2(c)(ii) shall not constitute a cure or waiver of any Default, other than the payment Default which is satisfied by the application of the amounts deemed advanced hereunder, caused by the Borrower's failure to comply with the provisions of this Agreement or the Tranche B Letter of Credit Application.
- (B) Each Lender (including the Lender acting as Issuing Lender) shall, upon notice from the Administrative Agent that the Borrower has requested or is deemed to have requested a Revolving Tranche B Advance pursuant to Section 2.4 and regardless of whether (A) the conditions in Section 3.2 have been met, (B) such notice complies with Section 2.4, or (C) a Default exists, make Same Day Funds available to the Administrative Agent for the account of the Issuing Lender in an

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amount equal to such Lender's Revolving Tranche B Pro Rata Share of the amount of such Revolving Tranche B Advance not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon each Lender that so makes Same Day Funds available shall be deemed to have made a Revolving Tranche B Advance to the Borrower in such amount. The Administrative Agent shall remit the Same Day Funds so received to the Issuing Lender.

- (C) If any such Lender shall not have so made its Revolving Tranche B Advance available to the Administrative Agent pursuant to this Section 2.2, such Lender agrees to pay interest thereon for each day from such date until the date such amount is paid at the lesser of (A) the Federal Funds Rate for such day for the first three days and thereafter the interest rate applicable to the Revolving Tranche B Advance and (B) the Maximum Rate. Whenever, at any time after the Administrative Agent has received from any Lender such Lender's Revolving Tranche B Advance, the Administrative Agent receives any payment on account thereof, the Administrative Agent will pay to such Lender its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's Revolving Tranche B Advance was outstanding and funded), which payment shall be subject to repayment by such Lender if such payment received by the Administrative Agent is required to be returned. Each Lender's obligation to make the Revolving Tranche B Advance pursuant to this Section 2.2 shall be absolute and unconditional and shall not be affected by any circumstance, including (1) any set-off, counterclaim, recoupment, defense or other right which such Lender or any other Person may have against the Issuing Lender, the Administrative Agent or any other Person for any reason whatsoever; (2) the occurrence or continuance of a Default or the termination of the Commitments; (3) any breach of this Agreement by any Credit Party or any other Lender; or (4) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(d) Participations. Upon the date of the issuance or increase of a Tranche A Letter of Credit or a Tranche B Letter of Credit or the deemed issuance of the Existing Letter of Credit under Section 2.2(a), (i) the Issuing Lender shall be deemed to have sold to each other Revolving Tranche A Lender and each other Revolving Tranche A Lender shall have been deemed to have purchased from the Issuing Lender a participation in the related Tranche A Letter of Credit Obligations equal to such Lender's Tranche A Revolving Pro Rata Share at such date and such sale and purchase shall otherwise be in accordance with the terms of this Agreement, and (ii) the Issuing Lender shall be deemed to have sold to each other Revolving Tranche B Lender and each other Revolving Tranche B Lender shall have been deemed to have purchased from the Issuing Lender a participation in the related Tranche B Letter of Credit Obligations equal to such Lender's Tranche B Revolving Pro Rata Share, as applicable, at such date and such sale and purchase shall otherwise be in accordance with the terms of this Agreement. The Issuing Lender shall promptly notify each such participant Lender by telex, telephone, or telecopy of each Letter of Credit issued or increased and the actual dollar amount of such Lender's participation in such Letter of Credit.

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

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

provided, however, that nothing contained in this paragraph (e) shall be deemed to constitute a waiver of any remedies of the Borrower in connection with the Letters of Credit.

(f) Prepayments of Letters of Credit. In the event that any Letter of Credit shall be outstanding or shall be drawn and not reimbursed on or prior to the 5th Business Day prior to the Revolving Maturity Date, the Borrower shall pay to the Administrative Agent an amount equal to 105% of the Letter of Credit Exposure allocable to such Letter of Credit, such amount to be due and payable on the 5th Business Day prior to the Revolving Maturity Date, and to be held in the Cash Collateral Account and applied in accordance with paragraph (h) below.

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

- (i) the use which may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith;
- (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged;
- (iii) payment by the Issuing Lender against presentation of documents which do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the relevant Letter of Credit; or
- (iv) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit (**INCLUDING THE ISSUING LENDER'S OWN NEGLIGENCE**),

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except that the Borrower shall have a claim against the Issuing Lender, and the Issuing Lender shall be liable to, and shall promptly pay to, the Borrower, to the extent of any direct, as opposed to consequential, damages suffered by the Borrower which the Borrower proves were caused by (A) the Issuing Lender's willful misconduct or gross negligence in determining whether documents presented under a Letter of Credit comply with the terms of such Letter of Credit or (B) the Issuing Lender's willful failure to make lawful payment under any Letter of Credit after the presentation to it of a draft and certificate strictly complying with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, the Issuing Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(h) Cash Collateral Account.

(i) If the Borrower is required to deposit funds in the Cash Collateral Account pursuant to Sections 2.2(i), 2.5(c), 2.16, 7.2(b) or 7.3(b) or any other provision under this Agreement, then the Borrower and the Administrative Agent shall establish the Cash Collateral Account and the Borrower shall execute any documents and agreements, including the Administrative Agent's standard form assignment of deposit accounts, that the Administrative Agent requests in connection therewith to establish the Cash Collateral Account and grant the Administrative Agent an Acceptable Security Interest in such account and the funds therein. The Borrower hereby pledges to the Administrative Agent and grants the Administrative Agent a security interest in the Cash Collateral Account, whenever established, all funds held in the Cash Collateral Account from time to time, and all proceeds thereof as security for the payment of the Secured Obligations.

(ii) Funds held in the Cash Collateral Account shall be held as cash collateral for obligations with respect to Letters of Credit and promptly applied by the Administrative Agent at the request of the Issuing Lender to any reimbursement or other obligations under Letters of Credit that exist or occur. To the extent that any surplus funds are held in the Cash Collateral Account above the Letter of Credit Exposure during the existence of an Event of Default the Administrative Agent may (A) hold such surplus funds in the Cash Collateral Account as cash collateral for the Secured Obligations or (B) apply such surplus funds to any Secured Obligations in any manner directed by the Majority Lenders. If no Default exists, the Administrative Agent shall release any surplus funds held in the Cash Collateral Account above the Letter of Credit Exposure to the Borrower at the Borrower's written request.

(iii) Funds held in the Cash Collateral Account may be invested in Liquid Investments maintained with, and under the sole dominion and control of, the Administrative Agent or in another investment if mutually agreed upon by the Borrower and the Administrative Agent, but the Administrative Agent shall have no obligation to make any investment of the funds therein. The Administrative Agent shall exercise reasonable care in the custody and preservation of any funds held in the Cash Collateral Account and shall be deemed to have exercised such care if such funds are accorded treatment substantially equivalent to that which the Administrative Agent accords its own property, it being understood that the Administrative Agent shall not have any responsibility for taking any necessary steps to preserve rights against any parties with respect to any such funds.

(i) Defaulting Lender. If, at any time, a Defaulting Lender exists hereunder, then, at the request of the Issuing Lender subject to Section 2.16(c), the Borrower shall deposit funds with Administrative Agent into the Cash Collateral Account an amount equal to such Defaulting Lender's pro rata share of the Letter of Credit Exposure.

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

Section 2.3 Swing Line Advances.

(a) Facility. On the terms and conditions set forth in this Agreement, and if an AutoBorrow Agreement is in effect, subject to the terms and conditions of such AutoBorrow Agreement, the Swing Line Lender may, in its sole discretion, from time-to-time on any Business Day during the period from the date of this Agreement until the last Business Day occurring before the Revolving Maturity Date, make Swing Line Advances under the Swing Line Note to the Borrower which shall be due and payable on the Swing Line Payment Date (except that no Swing Line Advance may mature after the Revolving Maturity Date), bearing interest at the Adjusted Base Rate plus the Applicable Margin for Base Rate Advances, and in an aggregate outstanding principal amount not to exceed the Swing Line Sublimit Amount at any time; provided that (i) after giving effect to such Swing Line Advance, the sum of the aggregate outstanding amount of all Revolving Tranche B Advances plus the Tranche B Letter of Credit Exposure plus the aggregate outstanding amount of all Swing Line Advances, shall not exceed the aggregate Revolving Tranche B Commitments in effect at such time; (ii) no Swing Line Advance shall be made by the Swing Line Lender if the conditions set forth in Section 3.2 have not been met as of the date of such Swing Line Advance, it being agreed by the Borrower that the giving of the applicable Notice of Revolving Borrowing and the acceptance by the Borrower of the proceeds of such Swing Line Advance shall constitute a representation and warranty by the Borrower that on the date of such Swing Line Advance such conditions have been met; (iii) each Swing Line Advance shall be in an aggregate amount not less than \$100,000 and in integral multiples of \$50,000 in excess thereof; and (iv) if an AutoBorrow Agreement is in effect, such additional terms and conditions of such AutoBorrow Agreement shall have been satisfied, and in the event that any of the terms of this Section 2.3(a) conflict with such AutoBorrow Agreement, the terms of the AutoBorrow Agreement shall govern and control. The indebtedness of the Borrower to the Swing Line Lender resulting from Swing Line Advances shall be evidenced by the Swing Line Note. No Lender shall have any rights or obligations under any AutoBorrow Agreement, but each Lender shall have the obligation to purchase and fund risk participations in the Swing Line Advances and to refinance Swing Line Advances as provided below.

(b) Prepayment. Within the limits expressed in this Agreement, amounts advanced pursuant to Section 2.3(a) may from time to time be borrowed, prepaid without penalty, and reborrowed. If the aggregate outstanding principal amount of the Swing Line Advances ever exceeds the Swing Line Sublimit Amount, the Borrower shall, upon receipt of written notice of such condition from the Swing Line Lender and to the extent of such excess, prepay to the Swing Line Lender outstanding principal of the Swing Line Advances such that such excess is eliminated. If an AutoBorrow Agreement is in effect, each prepayment of a Swing Line Borrowing shall be made as

provided in such AutoBorrow Agreement.

(c) Reimbursements for Swing Line Obligations

(i) With respect to the Swing Line Advances and the interest, premium, fees, and other amounts owed by the Borrower to the Swing Line Lender in connection with the Swing Line Advances, the Borrower agrees to pay to the Swing Line Lender such amounts when due and payable to the Swing Line Lender under the terms of this Agreement and, if an AutoBorrow Agreement is in effect, in accordance with the terms of such AutoBorrow Agreement. If the

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Borrower does not pay to the Swing Line Lender any such amounts when due and payable to the Swing Line Lender, the Swing Line Lender may upon notice to the Administrative Agent request the satisfaction of such obligation by the making of a Revolving Tranche B Borrowing in the amount of any such amounts not paid when due and payable. Upon such request, the Borrower shall be deemed to have requested the making of a Revolving Tranche B Borrowing in the amount of such obligation and the transfer of the proceeds thereof to the Swing Line Lender. Such Revolving Tranche B Borrowing shall bear interest based upon the Adjusted Base Rate plus the Applicable Margin for Base Rate Advances. The Administrative Agent shall promptly forward notice of such Revolving Tranche B Borrowing to the Borrower and the Lenders, and each Lender shall, regardless of whether (A) the conditions in Section 3.2 have been met, (B) such notice complies with Section 2.4, or (C) a Default exists, make available such Lender's ratable share of such Revolving Tranche B Borrowing to the Administrative Agent, and the Administrative Agent shall promptly deliver the proceeds thereof to the Swing Line Lender for application to such amounts owed to the Swing Line Lender. The Borrower hereby unconditionally and irrevocably authorizes, empowers, and directs the Swing Line Lender to make such requests for Revolving Tranche B Borrowings on behalf of the Borrower, and the Lenders to make Revolving Tranche B Advances to the Administrative Agent for the benefit of the Swing Line Lender in satisfaction of such obligations. The Administrative Agent and each Lender may record and otherwise treat the making of such Revolving Tranche B Borrowings as the making of a Revolving Tranche B Borrowing to the Borrower under this Agreement as if requested by the Borrower. Nothing herein is intended to release the Borrower's obligations under the Swing Line Note, but only to provide an additional method of payment therefor. The making of any Borrowing under this Section 2.3(c) shall not constitute a cure or waiver of any Default or Event of Default, other than the payment Default or Event of Default which is satisfied by the application of the amounts deemed advanced hereunder, caused by the Borrower's failure to comply with the provisions of this Agreement or the Swing Line Note.

(ii) If at any time, the Revolving Tranche B Commitments shall have expired or be terminated while any Swing Line Advance is outstanding, each Lender, at the sole option of the Swing Line Lender, shall either (A) notwithstanding the expiration or termination of the Revolving Tranche B Commitments, make a Revolving Tranche B Advance as a Base Rate Advance, or (B) be deemed, without further action by any Person, to have purchased from the Swing Line Lender a participation in such Swing Line Advance, in either case in an amount equal to the product of such Lender's Revolving Tranche B Pro Rata Share times the outstanding aggregate principal balance of the Swing Line Advances. The Administrative Agent shall notify each such Lender of the amount of such Revolving Tranche B Advance or participation, and such Lender will transfer to the Administrative Agent for the account of the Swing Line Lender on the next Business Day following such notice, in immediately available funds, the amount of such Revolving Tranche B Advance or participation.

(iii) If any such Lender shall not have so made its Revolving Tranche B Advance or its percentage participation available to the Administrative Agent pursuant to this Section 2.3, such Lender agrees to pay interest thereon for each day from such date until the date such amount is paid at the lesser of (A) the Federal Funds Rate for such day for the first three days and thereafter the interest rate applicable to the Revolving Tranche B Advance and (B) the Maximum Rate. Whenever, at any time after the Administrative Agent has received from any Lender such Lender's Revolving Tranche B Advance or participating interest in a Swing Line Advance, the Administrative Agent receives any payment on account thereof, the Administrative Agent will pay to such Lender its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's Revolving Tranche B Advance or participating interest was outstanding and funded), which payment shall be subject to

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repayment by such Lender if such payment received by the Administrative Agent is required to be returned. Each Lender's obligation to make the Revolving Tranche B Advance or purchase such participating interests pursuant to this Section 2.3 shall be absolute and unconditional and shall not be affected by any circumstance, including (1) any set-off, counterclaim, recoupment, defense or other right which such Lender or any other Person may have against the Swing Line Lender, the Administrative Agent or any other Person for any reason whatsoever; (2) the occurrence or continuance of a Default or the termination of the Commitments; (3) any breach of this Agreement by the Borrower or any other Lender; or (4) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. Each Swing Line Advance, once so participated by any Lender, shall cease to be a Swing Line Advance with respect to that amount for purposes of this Agreement, but shall continue to be a Revolving Tranche B Loan.

(d) Method of Borrowing. If an AutoBorrow Agreement is in effect, each Swing Line Borrowing shall be made as provided in such AutoBorrow Agreement. Otherwise, and except as provided in the clause (c) above, each request for a Swing Line Advance shall be made pursuant to telephone notice to the Swing Line Lender given no later than 1:00 p.m. (Houston, Texas time) on the date of the proposed Swing Line Advance, promptly confirmed by a completed and executed Notice of Revolving Borrowing telecopied or facsimiled to the Administrative Agent and the Swing Line Lender. The Swing Line Lender will promptly make the Swing Line Advance available to the Borrower at the Borrower's account with the Administrative Agent.

(e) Interest for Account of Swing Line Lender. Swing Line Lender shall be responsible for invoicing the Borrower for interest on the Swing Line Advances (provided that any failure of the Swing Line Lender to provide such invoice shall not release the Borrower from its obligation to pay such interest). Until each Lender funds its Revolving Tranche B Advance or risk participation pursuant to clause (c) above, interest in respect of Lender's Pro Rata Share of the Swing Line Advances shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lenders. The Borrower shall make all payments of principal and interest in respect of the Swing Line Advances directly to the Swing Line Lender.

(g) Discretionary Nature of the Swing Line Facility. Notwithstanding any terms to the contrary contained herein or in any AutoBorrow Agreement, the Swing Line facility provided herein or in any AutoBorrow Agreement (i) is an uncommitted facility and the Swing Line Lender may, but shall not be obligated to, make Swing Line Advances, and (ii) may be terminated at any time by the Swing Line Lender upon written notice to the Borrower.

Section 2.4 Advances

(a) Notice. Each Borrowing (other than the Borrowings to be made on the Effective Date), shall be made pursuant to the applicable Notice of Borrowing given not later than (i) 11:00 a.m. (Houston, Texas time) on the fourth Business Day before the date of the proposed Borrowing, in the case of a Canadian Dollar denominated Eurodollar Advance, (ii) 11:00 a.m. (Houston, Texas time) on the third Business Day before the date of the proposed Borrowing, in the case of a Dollar denominated Eurodollar Advance, and (iii) not later than 11:00 a.m. (Houston, Texas time) on the Business Day before the date of the proposed Borrowing, in the case of a Base Rate Advance, by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice of such proposed Borrowing, by facsimile or telex. The Borrowings to be made on the Effective Date shall be made pursuant to the applicable Notices of Borrowing given not later than 11:00 a.m. (Houston, Texas time) on the Effective Date by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice of such proposed Borrowing, by facsimile or telex. Each Notice of Borrowing shall be by facsimile or telex, confirmed promptly by the

Borrower with a hard copy (other than with respect to notice sent by facsimile), (i) specifying the requested date of such Borrowing, (ii) specifying the requested Type and Class of Advances comprising such Borrowing, (iii) specifying the aggregate amount of such Borrowing, (iv) if such Borrowing is to be comprised of Eurodollar Advances, specifying the requested Interest Period for each such Advance; provided that, and all Borrowings to be made on the Effective Date shall consist only of Base Rate Advances which may, subject to the terms of this Agreement, be thereafter converted into Eurodollar Advances, and (v) if such Borrowing is to be comprised of Eurodollar Advances, specifying the Designated Currency of such Borrowing. In the case of a proposed Borrowing comprised of Eurodollar Advances, the Administrative Agent shall promptly notify each Lender of the applicable interest rate under Section 2.8(b). Each Lender shall, before 12:00 noon (Houston, Texas time) on the date of such Borrowing, make available for the account of its applicable Lending Office to the Administrative Agent at its address referred to in Section 9.9, or such other location as the Administrative Agent may specify by notice to the Lenders, in Same Day Funds, such Lender's Revolving Pro Rata Share of such Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article 3, the Administrative Agent will make such funds available to the Borrower at its account with the Administrative Agent or as otherwise directed by the Borrower with written notice to the Administrative Agent.

(b) Conversions and Continuations. In order to elect to Convert or continue a Term Advance or a Revolving Advance under this paragraph, the Borrower shall deliver an irrevocable Notice of Continuation or Conversion to the Administrative Agent at the Administrative Agent's office no later than 11:00 a.m. (Houston, Texas time) (i) on the Business Day before the date of the proposed conversion date in the case of a Conversion to a Base Rate Advance, (ii) at least three Business Days in advance of the proposed Conversion or continuation date in the case of a Conversion to, or a continuation of, a Eurodollar Advance denominated in Dollars, and (iii) at least four Business Days in advance of the proposed Conversion or continuation date in the case of a Conversion to, or a continuation of, a Eurodollar Advance denominated in Canadian Dollars. Each such Notice of Conversion or Continuation shall be in writing or by telex or facsimile confirmed promptly by the Borrower with a hard copy (other than with respect to notice sent by facsimile), specifying (i) the requested Conversion or continuation date (which shall be a Business Day), (ii) the amount, Type, and Class of the Advance to be Converted or continued, (iii) whether a Conversion or continuation is requested and, if a Conversion, into what Type of Advance, and (iv) in the case of a Conversion to, or a continuation of, a Eurodollar Advance, the requested Interest Period. Promptly after receipt of a Notice of Conversion or Continuation under this paragraph, the Administrative Agent shall provide each Lender with a copy thereof and, in the case of a Conversion to or a Continuation of a Eurodollar Advance, notify each Lender of the applicable interest rate under Section 2.8(b). The portion of Advances comprising part of the same Borrowing that are converted to Advances of another Type shall constitute a new Borrowing.

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

- (i) at no time shall there be more than ten Interest Periods applicable to outstanding Eurodollar Advances;
- (ii) the Borrower may not select Eurodollar Advances for any Borrowing to be made, Converted or continued at any time when a Default has occurred and is continuing;
- (iii) if any Lender shall, at least one Business Day before the date of any requested Borrowing, notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central bank or other governmental authority asserts that it is unlawful, for such Lender or its applicable Lending Office to perform its obligations under this Agreement to make Eurodollar Advances or to fund

or maintain Eurodollar Advances, (A) the obligation of such Lender to make such Eurodollar Advance as part of the requested Borrowing or for any subsequent Borrowing shall be suspended until such Lender shall notify the Borrower that the circumstances causing such suspension no longer exist and such Lender's portion of such requested Borrowing or any subsequent Borrowing of Eurodollar Advances shall be made in the form of a Base Rate Advance, and (B) such Lender agrees to use commercially reasonable efforts (consistent with its internal policies and legal and regulatory restrictions) to designate a different Lending Office if the making of such designation would avoid the effect of this paragraph and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender;

(iv) if the Administrative Agent is unable to determine the Eurodollar Rate for Eurodollar Advances comprising any requested Borrowing, the right of the Borrower to select Eurodollar Advances for such Borrowing or for any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist, and each Advance comprising such Borrowing shall be a Base Rate Advance;

(v) if the Majority Tranche A Lenders, the Majority Tranche B Lenders, or the Majority Term Lenders shall, at least one Business Day before the date of any requested Revolving Tranche A Borrowing, Revolving Tranche B Borrowing, or Term Borrowing, as applicable, notify the Administrative Agent that (A) the Eurodollar Rate for Eurodollar Advances comprising such Borrowing will not adequately reflect the cost to such Lenders of making or funding their respective Eurodollar Advances or (B) deposits are not being offered to banks in the applicable offshore interbank market for Canadian Dollars for the applicable amount and Interest Period of such Eurodollar Advance, as the case may be, for such Borrowing, the right of the Borrower to select Eurodollar Advances in the affected currency or currencies for such Borrowing or for any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist, and each Advance comprising such Borrowing shall be a Base Rate Advance in the Dollar Equivalent of the originally requested Advance;

(vi) if the Borrower shall fail to select the duration or continuation of any Interest Period for any Eurodollar Advances in accordance with the provisions contained in the definition of Interest Period in Section 1.1 and paragraph (b) above, the Administrative Agent will forthwith so notify the Borrower and the Lenders and (A) if denominated in Dollars, such affected Advances will be made available to the Borrower on the date of such Borrowing as Base Rate Advances or, if such affected Advances are existing Advances, will be Converted into Base Rate Advances at the end of Interest Period then in effect, and (B) if such Advances are Revolving Tranche A Advances denominated in Canadian Dollars, the Borrower shall be deemed to have specified an Interest Period of one month for such affected Advances or, if such affected Advances are existing Advances, such affected Advances will be continued as a Eurodollar Advance in Canadian Dollars with an Interest Period of one month;

(vii) no single Borrowing consisting of Eurodollar Advances may include Advances in different currencies;

(viii) if the Administrative Agent is unable to determine the Eurodollar Rate for Eurodollar Advances comprising any requested Borrowing, the right of the Borrower to select Eurodollar Advances in the affected currency or currencies for such Borrowing or for any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the applicable Lenders that the circumstances causing such suspension no longer

exist, and each Advance comprising such Borrowing shall be made, Converted or continued as a Base Rate Advance in the Dollar Equivalent of the originally requested Advance;

(ix) with respect to any proposed Revolving Tranche A Borrowing consisting of Eurodollar Advances denominated in Canadian Dollars, if there shall occur on or prior to the date of such Revolving Tranche A Borrowing any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which would in the reasonable opinion of the Administrative Agent or the Majority Revolving Tranche A Lenders, make it impracticable for such Borrowing to be denominated in Canadian Dollars designated by the Borrower, then the Administrative Agent shall give notice thereof to the Borrower and the Revolving Tranche A Lenders, and the right of the Borrower to select Eurodollar Advances in Canadian Dollars for such Revolving Tranche A Borrowing or for any subsequent Revolving Tranche A Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Revolving Tranche A Lenders that the circumstances causing such suspension no longer exist, and each Revolving Tranche A Advance comprising such Revolving Tranche A Borrowing shall be made as a Base Rate Advance in the Dollar Equivalent of the originally requested Advance;

(x) with respect to any proposed Revolving Tranche A Borrowing consisting of Eurodollar Advances, if the Borrower shall fail to specify a currency for the Eurodollar Advances, then the Eurodollar Advances as requested shall be made in Dollars; and

(xi) except as expressly permitted in this Agreement, no Advance may be Converted or continued as an Advance in a different currency, but instead must be prepaid in the original Designated Currency of such Advance and reborrowed in such new Designated Currency.

(d) Notices Irrevocable. Each Notice of Borrowing and Notice of Continuation or Conversion delivered by the Borrower hereunder, including its deemed request for borrowing made under Section 2.2(c), shall be irrevocable and binding on the Borrower.

(e) Administrative Agent Reliance. Unless the Administrative Agent shall have received notice from a Lender before the date of any Term Borrowing or Revolving Borrowing that such Lender will not make available to the Administrative Agent such Lender's applicable pro rata share of any Borrowing, the Administrative Agent may assume that such Lender has made its applicable pro rata share of such Borrowing available to the Administrative Agent on the date of such Borrowing in accordance with Section 2.4(a), and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made its applicable pro rata share of such Borrowing available to the Administrative Agent, such Lender and the Borrower severally agree to immediately repay to the Administrative Agent on demand such corresponding amount in Same Day Funds, together with interest on such amount, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable on such day to Advances comprising such Borrowing and (ii) in the case of such Lender, the lesser of (A) the Federal Funds Rate for such day and (B) the Maximum Rate. If such Lender shall repay to the Administrative Agent such corresponding amount and interest as provided above, such corresponding amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement even though not made on the same day as the other Advances comprising such Borrowing.

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Section 2.5 Prepayments.

(a) Right to Prepay; Ratable Prepayment. The Borrower shall have no right to prepay any principal amount of any Advance except as provided in this Section 2.5 and all notices given pursuant to this Section 2.5 shall be irrevocable and binding upon the Borrower. Each payment of any Advance pursuant to this Section 2.5 shall be made in a manner such that all Advances comprising part of the same Borrowing are paid in whole or ratably in part other than Advances owing to a Defaulting Lender as provided in Section 2.16.

(b) Optional. The Borrower may elect to prepay any of the Advances without penalty or premium except as set forth in Section 2.10 and after giving by 11:00 a.m. (Houston, Texas time) (i) in the case of Eurodollar Advances, at least three Business Days' or (ii) in case of Base Rate Advances, one Business Day's prior written notice to the Administrative Agent stating the proposed date and aggregate principal amount of such prepayment, which notice shall be in the form of a duly executed and completed Notice of Optional Payment or Notice of Mandatory Payment, as applicable, executed by a Responsible Officer of the Borrower. If any such notice is given, the Borrower shall prepay Advances comprising part of the same Borrowing in whole or ratably in part in an aggregate principal amount equal to the amount specified in such notice, together with accrued interest to the date of such prepayment on the principal amount prepaid and amounts, if any, required to be paid pursuant to Section 2.10 as a result of such prepayment being made on such date; provided that (A) each optional prepayment of Eurodollar Advances shall be in a minimum amount not less than \$1,000,000 and in multiple integrals of \$500,000 in excess thereof, (B) each optional prepayment of Base Rate Advances shall be in a minimum amount not less than \$500,000 and in multiple integrals of \$100,000 in excess thereof and (C) each optional prepayment of Swing Line Advances shall be in a minimum amount not less than \$250,000 and in multiple integrals of \$50,000 in excess thereof. If an AutoBorrow Agreement is in effect, each prepayment of Swing Line Advances shall be made as provided in such AutoBorrow Agreement.

(c) Mandatory.

(i) If the Parent Company, the Borrower or any Subsidiary receives Debt Incurrence Proceeds, then not later than one Business Day following the receipt of such proceeds, the Borrower shall repay the Advances in an amount equal to 100% of such Debt Incurrence Proceeds.

(ii) On each Computation Date the Administrative Agent shall determine the Dollar Equivalent of the aggregate outstanding amount of all Revolving Advances, Swing Line Advances and Letter of Credit Exposure. If, at any time, (A) the sum of the amount of outstanding Revolving Tranche A Advances plus the Tranche A Letter of Credit Exposure exceeds the Revolving Tranche A Commitments or (B) the sum of the amount of outstanding Revolving Tranche B Advances plus the Tranche B Letter of Credit Exposure plus the aggregate outstanding amount of all Swing Line Advances exceeds the Revolving Tranche B Commitments, then the Administrative Agent shall give notice thereof to the Borrower and the Revolving Tranche A Lenders, Revolving Tranche B Lenders, or the Revolving Lenders, as applicable. Within five (5) Business Days after the Borrower has received notice thereof, the Borrower shall, as applicable, (A) prepay the Revolving Tranche A Advances outstanding on such date and, if such Revolving Tranche A Advances have been paid in full, pay to the Administrative Agent an amount to be held in the Cash Collateral Account and applied in accordance with Section 2.2(h), such that, after giving effect to such prepayment or provision, the Dollar Equivalent of the sum of aggregate outstanding amount of all Revolving Tranche A Advances plus the Tranche A Letter of Credit Exposure does not exceed the aggregate Revolving Tranche A Commitments then in effect or (B) prepay outstanding Swing Line Advances, and if the Swing Line Advances have been paid

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in full, prepay outstanding Revolving Tranche B Advances and, if the Swing Line Advances and Revolving Tranche B Advances have been paid in full, pay to the Administrative Agent an amount to be held in the Cash Collateral Account and applied in accordance with Section 2.2(h), such that, after giving effect to such prepayment or provision, the Dollar Equivalent of the sum of aggregate outstanding amount of all Revolving Tranche B Advances plus the Tranche B Letter of Credit Exposure plus the aggregate outstanding amount of all Swing Line Advances does not exceed the aggregate Revolving Tranche B Commitments then in effect.

(iii) If the Canadian Dollar ceases to be an Agreed Currency as provided herein, then promptly, but in any event within five (5) Business Days of receipt of the notice from the Administrative Agent provided for in Section 1.7 of this Agreement, the Borrower shall prepay all Revolving Tranche A Advances funded and denominated in Canadian Dollars or Convert such Revolving Tranche A Advances into Revolving Tranche A Advances in Dollars, subject to the other terms set forth in Article 2.

(iv) If an increase in the aggregate Revolving Tranche A Commitments is effected as permitted under Section 2.15 the Borrower shall prepay any Revolving Tranche A Advances outstanding on the date such increase is effected to the extent necessary to keep the outstanding Revolving Tranche A Advances ratable to reflect the revised pro rata shares of the Revolving Tranche A Lenders arising from such increase. Any prepayment made by Borrower in accordance with this clause (iv) may be made with the proceeds of Revolving Tranche A Advances made by all the Lenders in connection such increase occurring simultaneously with the prepayment.

(v) If an increase in the aggregate Revolving Tranche B Commitments is effected as permitted under Section 2.15 the Borrower shall prepay any Revolving Tranche B Advances outstanding on the date such increase is effected to the extent necessary to keep the outstanding Revolving Tranche B Advances ratable to reflect the revised pro rata shares of the Revolving Tranche B Lenders arising from such increase. Any prepayment made by Borrower in accordance with this clause (v) may be made with the proceeds of Revolving Tranche B Advances made by all the Lenders in connection such increase occurring simultaneously with the prepayment.

(vi) If an increase in the aggregate Term Commitments is effected as permitted under Section 2.15 the Borrower shall prepay any Term Advances outstanding on the date such increase is effected to the extent necessary to keep the outstanding Term Advances ratable to reflect the revised pro rata shares of the Term Lenders arising from such increase. Any prepayment made by Borrower in accordance with this clause (v) may be made with the proceeds of Term Advances made by all the Lenders in connection such increase occurring simultaneously with the prepayment.

(vii) If an Asset Sale occurs, whether in single event or related series of events, then on or prior to the applicable Asset Sale Payment Date, the Borrower shall prepay the Advances in an amount equal to 100% of the Net Cash Proceeds thereof; provided, however, that if no Default exists or would arise therefrom, up to \$10,000,000 of Net Cash Proceeds in the aggregate per fiscal year resulting from Asset Sales permitted under Section 6.8(c) or (d) may be retained by the Parent Company, Borrower or Subsidiary and not required to be applied as a prepayment of Advances under this clause (vii).

(viii) If the Parent Company, the Borrower, or any Subsidiary receives Extraordinary Receipts (whether from a single event or related series of events and whether as one payment or a

series of payments), then the Borrower shall, no later than one Business Day following the receipt of such Extraordinary Receipts, prepay the Advances in an amount equal to 100% of the amount of such Extraordinary Receipts.

(d) Interest; Costs. Each prepayment pursuant to this Section 2.5 shall be accompanied by accrued interest on the amount prepaid to the date of such prepayment and amounts, if any, required to be paid pursuant to Section 2.10 as a result of such prepayment being made on such date.

(e) Application of Prepayments. Each mandatory prepayment required by Section 2.5(c) shall be applied to the scheduled principal installments of the Term Advances in the inverse order of maturity until such time as the Term Advances are repaid in full. If no Term Advances remain outstanding then each mandatory prepayment required by Section 2.5(c) shall be applied to the Revolving Advances without a corresponding reduction in the Revolving Commitments.

Section 2.6 Repayment.

(a) Revolving Advances.

(i) Revolving Tranche A Advances. The Borrower shall pay to the Administrative Agent for the ratable benefit of each Revolving Tranche A Lender the aggregate outstanding principal amount of the Revolving Tranche A Advances on the Revolving Maturity Date; and

(ii) Revolving Tranche B Advances. The Borrower shall pay to the Administrative Agent for the ratable benefit of each Revolving Tranche B Lender the aggregate outstanding principal amount of the Revolving Tranche B Advances on the Revolving Maturity Date.

(b) Term Advances. The Borrower shall pay to the Administrative Agent for the ratable benefit of each Term Lender the aggregate outstanding principal amount of the Term Advances in quarterly installments on each March 31, June 30, September 30, and December 31, commencing with June 30, 2017, in the amounts and on the dates set forth below:

<u>Amount:</u>	<u>Quarterly Payment Date:</u>
\$ 2,500,000	June 30, 2017
\$ 2,500,000	September 30, 2017
\$ 2,500,000	December 31, 2017
\$ 2,500,000	March 31, 2018
\$ 2,500,000	June 30, 2018
\$ 3,500,000	September 30, 2018
\$ 3,500,000	December 31, 2018
\$ 3,500,000	March 31, 2019
\$ 3,500,000	June 30, 2019
\$ 5,000,000	September 30, 2019
\$ 5,000,000	December 31, 2019

The unpaid principal balance of the Term Advances shall be due and payable on the Term Maturity Date.

(c) Swing Line Advances. Each Swing Line Advance shall be paid in full on the Swing Line Payment Date.

Section 2.7 Fees.

(a) Commitment Fees.

(i) Revolving Tranche A Commitment Fees. The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Tranche A Lender a commitment fee equal to the Applicable Margin on the average daily amount by which (i) such Lender's Revolving Tranche A Commitment exceeds (ii) the sum of such Lender's outstanding Revolving Tranche A Advances plus such Lender's Revolving Tranche A Pro Rata Share of the Tranche A Letter of Credit Exposure, at the rate equal to the Applicable Margin for Commitment Fees for such period; provided that, no such commitment fee shall accrue on the Revolving Tranche A Commitment of a Defaulting Lender during the period such Lender remains a Defaulting Lender. Such Commitment Fee is due quarterly in arrears on March 31, June 30, September 30, and December 31 of each year commencing on June 30, 2011, and on the Revolving Maturity Date.

(ii) Revolving Tranche B Commitment Fees. The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Tranche B Lender a commitment fee equal to the Applicable Margin on the average daily amount by which (i) such Lender's Revolving Tranche B Commitment exceeds (ii) the sum of such Lender's outstanding Revolving Tranche B Advances plus such Lender's Revolving Tranche B Pro Rata Share of the Tranche B Letter of Credit Exposure, at the rate equal to the Applicable Margin for Commitment Fees for such period; provided that, no such commitment fee shall accrue on the Revolving Tranche B Commitment of a Defaulting Lender during the period such Lender remains a Defaulting Lender. Such Commitment Fee is due quarterly in arrears on March 31, June 30, September 30, and December 31 of each year commencing on June 30, 2011, and on the Revolving Maturity Date. For purposes of this Section 2.7(a)(ii) only, amounts advanced under the Swing Line Note shall not reduce the amount of the unused Revolving Commitment.

(b) Fees for Letters of Credit. The Borrower agrees to pay the following:

(i) Subject to Section 2.16, (A) to the Administrative Agent for the pro rata benefit of the Revolving Tranche A Lenders a per annum letter of credit fee for each Tranche A Letter of Credit issued hereunder, for the period such Tranche A Letter of Credit is to be outstanding, in an amount equal to the greater of (1) the Applicable Margin for Eurodollar Advances (and, while an Event of Default is continuing, the Applicable Margin for Eurodollar Advances plus 2%) per annum on the face amount of such Letter of Credit, and (2) \$600.00 per Tranche A Letter of Credit, and (B) to the Administrative Agent for the pro rata benefit of the Revolving Tranche B Lenders a per annum letter of credit fee for each Tranche B Letter of Credit issued hereunder, for the period such Tranche B Letter of Credit is to be outstanding, in an amount equal to the greater of (1) the Applicable Margin for Eurodollar Advances (and, while an Event of Default is continuing, the Applicable Margin for Eurodollar Advances plus 2%) per annum on the face amount of such Letter of Credit, and (2) \$600.00 per Tranche B Letter of Credit. Such fees shall be due and payable quarterly in arrears on March 31, June 30, September 30, and December 31 of each year, and on the Revolving Maturity Date.

(ii) To the Issuing Lender, a fronting fee for each Letter of Credit equal to the greater of (A) 0.125% per annum on the face amount of such Letter of Credit and (B) \$600.00. Such fee shall be due and payable in advance on the date of the issuance of the Letter of Credit, and, in the case of an increase or extension only, on the date of such increase or such extension.

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(iii) Subject to Section 2.16, to the Administrative Agent for the pro rata benefit of the Revolving Tranche A Lenders and the Revolving Tranche B Lenders such additional per annum letter of credit fee for each commercial Tranche A Letter of Credit and Tranche B Letter of Credit, as applicable, issued hereunder, for the period such Letter of Credit is to be outstanding, in an amount agreed to between the Borrower and the Issuing Lender in writing. Such fee shall be due and payable quarterly in arrears on March 31, June 30, September 30, and December 31 of each year, and on the Revolving Maturity Date.

(iv) To the Issuing Lender, an additional fronting fee for each commercial Letter of Credit equal an amount agreed to between the Borrower and the Issuing Lender. Such fee shall be due and payable in advance on the date of the issuance of the Letter of Credit in writing, and, in the case of an increase or extension only, on the date of such increase or such extension.

(v) To the Issuing Lender such other usual and customary fees associated with any transfers, amendments, drawings, negotiations or reissuances of any Letters of Credit. Such fees shall be due and payable as requested by the Issuing Lender in accordance with the Issuing Lender's then current fee policy.

The Borrower shall have no right to any refund of letter of credit fees previously paid by the Borrower, including any refund claimed because any Letter of Credit is canceled prior to its expiration date.

(c) Administrative Agent Fee. The Borrower agrees to pay the fees to the Administrative Agent and to Wells Fargo Securities LLC as set forth in the Fee Letter.

Section 2.8 Interest.

(a) Base Rate Advances. Each Base Rate Advance shall bear interest at the Adjusted Base Rate in effect from time to time plus the Applicable Margin for Base Rate Advances for such period, provided that while an Event of Default is continuing the Base Rate Advances shall bear interest at the Adjusted Base Rate in effect from time to time plus the Applicable Margin plus 2%. The Borrower shall pay to Administrative Agent for the ratable account of each Lender all accrued but unpaid interest on such Lender's Base Rate Advances on each March 31, June 30, September 30, and December 31 commencing on June 30, 2011, and on the Revolving Maturity Date or the Term Maturity Date, as applicable. The Swing Line Advances shall bear interest only at the Adjusted Base Rate plus the Applicable Margin for Base Rate Advances or such other per annum rate to be agreed to between the Borrower and the Swing Line Lender; provided that while an Event of Default is continuing the Swing Line Advances shall bear interest at the Adjusted Base Rate in effect from time to time plus the Applicable Margin for Base Rate Advances plus 2%. Interest accruing while an Event of Default exists shall be due and payable on demand, and if no express demand is made, due and payable as otherwise provided in this Agreement.

(b) Eurodollar Advances. Each Eurodollar Advance shall bear interest during its Interest Period equal to at all times the Eurodollar Rate for such Interest Period plus the Applicable Margin for Eurodollar Advances for such period; provided that while an Event of Default is continuing, each Eurodollar Advance shall bear interest at the Eurodollar Rate in effect from time to time plus the Applicable Margin plus 2%. The Borrower shall pay to the Administrative Agent for the ratable account of each Lender all accrued but unpaid interest on each of such Lender's Eurodollar Advances on the last day of the Interest Period therefor (provided that for Eurodollar Advances with six month Interest Periods, accrued but unpaid interest shall also be due on the day three months from the first day of such Interest Period), on the date any Eurodollar Advance is repaid, and on the Revolving Maturity Date or the Term Maturity Date, as applicable. Interest accruing while an Event of Default exists shall be due and payable on demand, and if no express demand is made, due and payable as otherwise provided in this Agreement.

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(c) Retroactive Adjustments of Applicable Margin. In the event that any financial statement or Compliance Certificate delivered pursuant to Section 5.2 is shown to be inaccurate (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin then in effect for any period (an "Applicable Period") than the Applicable Margin then in effect and applied for such Applicable Period, then (i) the Borrower shall immediately deliver to the Administrative Agent a corrected Compliance Certificate for such Applicable Period, (ii) the Applicable Margin shall be determined as if the higher Applicable Margin then in effect that would have applied were applicable for such Applicable Period (and in any event at the highest level if the inaccuracy was the result of dishonesty, fraud or willful misconduct), and (iii) the Borrower shall immediately, without further action by the Administrative Agent, any Lender or the Issuing Lender, pay to the Administrative Agent for the account of the applicable Lenders, the accrued additional interest owing as a result of such increased Applicable Margin for such Applicable Period. This Section 2.8(c) shall not limit the rights of the Administrative Agent and Lenders with respect to the default rate of interest as set forth in Section 2.8(a) and Section 2.8(b) and Article 7. The Borrower's obligations under this Section 2.8(c) shall survive the termination of the Commitments and the repayment of all other Secured Obligations hereunder.

Section 2.9 Illegality. If any Lender shall notify the Borrower that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central bank or other governmental authority asserts that it is unlawful, for such Lender or its applicable Lending Office to perform its obligations under this Agreement to make, maintain, or fund any Eurodollar Advances of such Lender then outstanding hereunder, (a) the Borrower shall, no later than 11:00 a.m. (Houston, Texas, time) (i) if not prohibited by law, on the last day of the Interest Period for each outstanding Eurodollar Advance or (ii) if required by such notice, on the second

Business Day following its receipt of such notice, prepay all of the Eurodollar Advances of such Lender then outstanding, together with accrued interest on the principal amount prepaid to the date of such prepayment and amounts, if any, required to be paid pursuant to Section 2.10 as a result of such prepayment being made on such date, (b) such Lender shall simultaneously make a Base Rate Advance to the Borrower on such date in an amount equal to the aggregate principal amount of the Eurodollar Advances prepaid to such Lender, and (c) the right of the Borrower to select Eurodollar Advances from such Lender for any subsequent Borrowing shall be suspended until such Lender shall notify the Borrower that the circumstances causing such suspension no longer exist. Each Lender agrees to use commercially reasonable efforts (consistent with its internal policies and legal and regulatory restrictions) to designate a different Lending Office if the making of such designation would avoid the effect of this paragraph and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

Section 2.10 Breakage Costs. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment (including any deemed payment or repayment and any reallocated repayment to Non-Defaulting Lenders provided for in Section 2.12(a) or Section 2.16) of any Advance other than a Base Rate Advance on a day other than the last day of the Interest Period for such Advance (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make an Advance) to prepay, borrow, continue or convert any Advance other than a Base Rate Advance on the date or in the amount notified by the Borrower; or

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(c) any assignment of an Eurodollar Advance on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 2.14;

including any loss of anticipated profits, any foreign exchange losses and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Advance, from fees payable to terminate the deposits from which such funds were obtained or from the performance of any foreign exchange contract. The Borrower shall also pay any reasonable and customary administrative fees charged by such Lender in connection with the foregoing. For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 2.10, the requesting Lender shall be deemed to have funded the Eurodollar Advances made by it at the Eurodollar Base Rate used in determining the Eurodollar Rate for such Advance by a matching deposit or other borrowing in the offshore interbank market for Dollars for a comparable amount and for a comparable period, whether or not such Eurodollar Advance was in fact so funded.

Section 2.11 Increased Costs.

(a) Eurodollar Advances. If any Change in Law shall:

(i) impose, modify, or deem applicable any reserve, special deposit, assessment, or similar requirement (other than by way of imposition or increase of reserve requirements included in the Eurodollar Rate Reserve Percentage) relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, financial institutions generally, including such Lender (or its applicable Lending Office), including the Commitments of such Lender hereunder;

(ii) subject any Lender to any Taxes (other than (A) Taxes subject to indemnification by the Borrower pursuant to Section 2.13(a) or (c) or (B) Taxes described in clauses (ii) through (iv) of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on financial institutions generally, including such Lender (or its applicable Lending Office), or on the London interbank market any other condition affecting this Agreement or its Notes or any of such extensions of credit or liabilities or commitments;

and the result of any of the foregoing is to increase the cost to such Lender (or its applicable Lending Office) of making, Converting into, continuing, or maintaining any Eurodollar Advances or to reduce any sum received or receivable by such Lender (or its applicable Lending Office) under this Agreement or its Notes with respect to any Eurodollar Advances, then the Borrower shall pay to such Lender within three Business Days after written demand made by such Lender such amount or amounts as such Lender determines in good faith to be necessary to compensate such Lender for such increased cost or reduction.

(b) Capital Adequacy. If, after the Effective Date, any Lender or the Issuing Lender shall have determined that any Change in Law affecting such Lender or Issuing Lender or any lending office of such Lender or such Lender's or Issuing Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the capital of financial institutions generally, including such Lender or the Issuing Lender or any corporation controlling such Lender or the Issuing Lender, as a consequence of such Lender's or the Issuing Lender's obligations hereunder to a level below that which such Lender or the Issuing Lender or such corporation could have achieved but for such Change in Law (taking into consideration its policies with respect to capital adequacy), then from time to time within three Business Days after written demand by such Lender or the

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Issuing Lender, as the case may be, the Borrower shall pay to such Lender or the Issuing Lender such additional amount or amounts as such Lender determines in good faith to be necessary to compensate such Lender or the Issuing Lender for such reduction.

(c) Mitigation. Each Lender shall promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the Effective Date, which will entitle such Lender to compensation pursuant to this Section 2.11 and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the reasonable judgment of such Lender, be otherwise disadvantageous to it. Any Lender claiming compensation under this Section 2.11 shall furnish to the Borrower and the Administrative Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be determined by such Lender in good faith and which shall be conclusive in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

(d) Delay in Requests. Failure or delay on the part of any Lender or Issuing Lender to demand compensation pursuant to this Section 2.11 shall not constitute a waiver of such Lender's or such Issuing Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or Issuing Lender pursuant to this Section 2.11 for any increased costs incurred or reductions suffered more than one year prior to the date that such Lender or Issuing Lender, as the case may be, notifies the Borrower and the Administrative Agent of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the one-year period referred to above shall be extended to include the period of retroactive effect thereof).

Section 2.12 Payments and Computations.

(a) Payments. All payments of principal, interest, and other amounts to be made by the Borrower under this Agreement and other Credit Documents shall be made to the Administrative Agent in the Agreed Currency and in immediately available Same Day Funds, without setoff, deduction, or counterclaim; provided that, (i) the Borrower shall only make payments in Canadian Dollars when making payments on Revolving Tranche A Advances funded in Canadian Dollars or Tranche A Letters of

Credit denominated in Canadian Dollars, and (ii) the Borrower may setoff amounts owing to any Lender that is at such time a Defaulting Lender against Advances that such Defaulting Lender failed to fund to the Borrower under this Agreement (the “Unfunded Advances”) so long as (A) the Borrower shall have delivered prior written notice of such setoff to the Administrative Agent and such Defaulting Lender, (B) the Advances made by the non-defaulting Lenders as part of the original Borrowing to which the Unfunded Advances applied shall still be outstanding, (C) if such Defaulting Lender failed to fund Advances under more than one Borrowing, such setoff shall be applied in a manner satisfactory to the Administrative Agent, and (D) upon the application of such setoff, the Unfunded Advances shall be deemed to have been made by such Defaulting Lender on the effective date of such setoff.

(b) Payment Procedures. The Borrower shall make each payment under this Agreement and under the Notes not later than 11:00 a.m. (Houston, Texas time) on the day when due in Dollars to the Administrative Agent at the location referred to in the Notes (or such other location as the Administrative Agent shall designate in writing to the Borrower) in Same Day Funds and, as to payments of principal, accompanied by a Notice of Optional Payment or Notice of Mandatory Payment, as applicable, from the Borrower, with appropriate insertions and executed by a Responsible Officer of the Borrower. The Administrative Agent will promptly thereafter, and in any event prior to the close of business on the day any timely payment is made, cause to be distributed like funds relating to the payment of principal, interest or fees ratably (other than amounts payable solely to the Administrative Agent or a specific

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Lender pursuant to Sections 2.9, 2.10, 2.11, 2.13, 2.14, and 9.2 but after taking into account payments effected pursuant to Section 9.1) in accordance with each Lender’s applicable pro rata share to the Lenders for the account of their respective applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon receipt of other amounts due solely to the Administrative Agent, the Issuing Lender, the Swing Line Lender, or a specific Lender, the Administrative Agent shall distribute such amounts to the appropriate party to be applied in accordance with the terms of this Agreement.

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

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

(e) Sharing of Payments, Etc.

(i) If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances made by it in excess of its ratable share of payments on account of the Advances or Letter of Credit Obligations obtained by the Lenders (other than as a result of a termination of a Defaulting Lender’s Revolving Commitment under Section 2.1(c)(iii)), the setoff right of the Borrower under clause (a) above, or the non-pro rata application of payments provided in the last sentence of this clause (e)), such Lender shall notify the other Lenders and forthwith purchase from the other Lenders such participations in the Advances made by it or the Letter of Credit Obligations held by it as shall be necessary to cause such purchasing Lender to share the excess payment ratably with the other Lenders; provided that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from the other Lenders shall be rescinded and each such Lender shall repay to the purchasing Lender the purchase price to the extent of such Lender’s ratable share, but without interest. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.12(e) may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

(ii) If a Lender fails to fund a Revolving Tranche A Advance with respect to a Borrowing as and when required hereunder and the Borrower subsequently makes a repayment of any Revolving Tranche A Advances, then, after taking into account any setoffs made pursuant to Section 2.12(a) above, such payment shall be applied among the non-defaulting Lenders ratably in accordance with their respective Revolving Tranche A Commitment percentages until each Revolving Tranche A Lender (including any Lender that is at such time a Defaulting Lender) has its percentage of all of the outstanding Revolving Tranche A Advances and the balance of such repayment shall be applied among the Lenders in accordance with their Revolving Tranche A Pro

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Rata Share. The provisions of this Section 2.12(e)(ii) shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Advances or participations in any Letter of Credit Exposure to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this Section 2.12(e) shall apply).

(iii) If a Lender fails to fund a Revolving Tranche B Advance with respect to a Borrowing as and when required hereunder and the Borrower subsequently makes a repayment of any Revolving Tranche B Advances, then, after taking into account any setoffs made pursuant to Section 2.12(a) above, such payment shall be applied among the non-defaulting Lenders ratably in accordance with their respective Revolving Tranche B Commitment percentages until each Revolving Tranche B Lender (including any Lender that is at such time a Defaulting Lender) has its percentage of all of the outstanding Revolving Tranche B Advances and the balance of such repayment shall be applied among the Lenders in accordance with their Revolving Tranche B Pro Rata Share. The provisions of this Section 2.12(e)(iii) shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Advances or participations in any Letter of Credit Exposure to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this Section 2.12(e) shall apply).

Section 2.13 Taxes.

(a) No Deduction for Certain Taxes. Any and all payments by any Credit Party under any of the Credit Documents to the Administrative Agent, Issuing Lender or a Lender shall be made, in accordance with Section 2.12, free and clear of and without deduction for any and all Taxes, excluding, in the case of the Administrative Agent, Issuing Lender or a Lender, (i) taxes imposed on its income, franchise (or margin) taxes and branch profits taxes, in each case, (A) imposed on it by the jurisdiction (or any political subdivision thereof) under (1) the laws of which (or under the laws of a political subdivision of which) the Administrative Agent or such Lender is organized or in which its principal executive office is located, and (2) in the case of each Lender, the laws of which (or under the laws of a political subdivision of which) such Lender’s applicable Lending Office is located; or (B) that are Other Connection Taxes, (ii) any U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in an Advance or Commitment pursuant to a law in effect on the date on which (A) such Lender acquires such interest in the Advance or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.14) or (B) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 2.13(a) or (c), 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, (iii) Taxes attributable to such recipient’s failure to comply with Section 2.13(e) or

(f); and (iv) any U.S. federal withholding Taxes imposed under FATCA (Taxes described in clauses (i) through (iv) are referred to as “Excluded Taxes” and all such Taxes other than Excluded Taxes referred to as “Indemnified Taxes”). If the Borrower shall be required by law to deduct any Indemnified Taxes from or in respect of any sum payable to the Administrative Agent or any Lender, (i) the sum payable shall be increased as may be necessary so that, after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13), such Lender receives an amount equal to the sum it would have received had no such deductions been made; (ii) the Borrower shall make such deductions; and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority or other authority in accordance with applicable law.

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(b) Other Taxes. In addition, the Borrower agrees to pay any present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.14).

(c) Indemnification. THE BORROWER INDEMNIFIES EACH LENDER, THE ISSUING LENDER, AND THE ADMINISTRATIVE AGENT FOR THE FULL AMOUNT OF INDEMNIFIED TAXES OR OTHER TAXES (INCLUDING, WITHOUT LIMITATION, ANY INDEMNIFIED TAXES OR OTHER TAXES IMPOSED ON AMOUNTS PAYABLE UNDER THIS SECTION 2.13) PAID BY SUCH LENDER, THE ISSUING LENDER, OR THE ADMINISTRATIVE AGENT (AS THE CASE MAY BE) AND ANY REASONABLE EXPENSES ARISING THEREFROM OR WITH RESPECT THERETO, WHETHER OR NOT SUCH INDEMNIFIED TAXES OR OTHER TAXES WERE CORRECTLY OR LEGALLY ASSERTED.

(d) Evidence of Tax Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Credit Party to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of any receipt issued by such Governmental Authority evidencing such payment.

(e) Withholding Exemption and FATCA.

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

(ii) Each Lender that is not a U.S. Person and that is entitled to an exemption from, or reduction of, U.S. federal withholding tax with respect to payments under this Agreement under applicable law or any treaty to which the United States is a party shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by applicable law, such properly completed and executed documentation (including Internal Revenue Service Forms W-8BEN, W-8BEN-E or W-8ECI, or successor form, as applicable) prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate.

(iii) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower 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 Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (e), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

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

(f) Status of Administrative Agent. On or prior to the date of the Amendment No. 15 Effective Date, Wells Fargo shall (and any successor or replacement Administrative Agent shall, on or before the date on which it becomes the Administrative Agent hereunder), deliver to the Borrower two duly executed copies of either (i) IRS Form W-9, or (ii) IRS Form W-8ECI or IRS Form W-8BEN-E (with respect to any payments to be received on its own behalf) and IRS Form W-8IMY (for all other payments), establishing that the Borrower can make payments to the Administrative Agent without deduction or withholding of any Taxes imposed by the United States, including Taxes imposed under FATCA.

(g) Mitigation. Each Lender shall use reasonable efforts (consistent with its internal policies and legal and regulatory restrictions) to select a jurisdiction for its applicable Lending Office or change the jurisdiction of its applicable Lending Office, as the case may be, so as to avoid the imposition of any Indemnified Taxes or Other Taxes or to eliminate or reduce the payment of any additional sums under this Section 2.13; provided, that no such selection or change of jurisdiction for its applicable Lending Office shall be made if, in the reasonable judgment of such Lender, such selection or change would be disadvantageous to such Lender.

(h) Tax Credits and Refunds. If the Administrative Agent, any Lender or the Issuing Lender determines, in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent, such Lender or the Issuing Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Administrative Agent, such Lender or the Issuing Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent, such Lender or the Issuing Lender in the event the Administrative Agent, such Lender or the Issuing Lender is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the Administrative Agent, any Lender or the Issuing Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Borrower or any other Person.

(i) Payment. If the Administrative Agent or any Lender becomes entitled to receive payment of Indemnified Taxes, Other Taxes or additional sums pursuant to this Section 2.13, it shall give notice and demand thereof to the Borrower, and the Borrower (unless the Administrative Agent or Lender shall withdraw such notice and demand or the Borrower is not obligated to pay such amounts) shall pay such Taxes, Other Taxes or additional sums within 30 days after the Borrower’s receipt of such notice and demand.

(j) Defined Terms. For purposes of this Section 2.13, the term “Lender” includes any Issuing Lender and the term “applicable law” includes FATCA.

Section 2.14 Replacement of Lenders. If (a) the Borrower is required pursuant to Section 2.11 or 2.13 to make any additional payment to any Lender, (b) any Lender’s obligation to make or continue, or to convert Base Rate Advances into, Eurodollar Advances shall be suspended pursuant to 2.4(c)(iii) or

2.9, (c) any Revolving Lender is a Defaulting Lender, or (d) in connection with any consent to or approval of any proposed amendment, waiver, consent, or release with respect to any Credit Document that requires the consent of each Lender or the consent of each Lender affected thereby, the consent of the Required Lenders shall have been obtained but any Lender has not so consented to or approved such proposed amendment, waiver, consent, or release (any such Lender described in any of the preceding clauses (a) – (d), being a “Subject Lender”), then (i) in the case of a Defaulting Lender, the Administrative Agent may, upon notice to the Subject Lender and the Borrower, require such Defaulting Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.7), all of its interests, rights and obligations under this Agreement and the related Credit Documents as a Revolving Lender to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment) and (ii) in the case of any Subject Lender, the Borrower may, upon notice to the Subject Lender and the Administrative Agent and at the Borrower’s sole cost and expense, require such Subject Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.7), all of its interests, rights and obligations under this Agreement and the related Credit Documents to an Eligible Assignee that shall assume such obligations (which Eligible Assignee may be another Lender, if a Lender accepts such assignment), provided that, in any event

- (A) as to assignments required by the Borrower, the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 9.7;
- (B) such Subject Lender shall have received payment of an amount equal to the outstanding principal of its applicable Advances and participations in outstanding Letter of Credit Obligations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Credit Documents (including any amounts under Section 2.10) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);
- (C) in the case of any such assignment resulting from a claim for compensation under Section 2.13, such assignment will result in a reduction in such compensation or payments thereafter;
- (D) such assignment does not conflict with applicable Legal Requirements; and
- (E) if such Subject Lender is being replaced solely as a result of it being a Defaulting Lender, then such Lender may only be replaced in its capacity as a Revolving Lender and not in its capacity as a Term Lender.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Solely for purposes of effecting any assignment involving a Defaulting Lender under this Section 2.14 and to the extent permitted under applicable Legal Requirements, **each Lender hereby designates and appoints the Administrative Agent as true and lawful agent and attorney-in-fact, with full power and authority, for and on behalf of and in the name of such Lender to execute, acknowledge and deliver the Assignment and Acceptance required hereunder if such Lender is a Defaulting Lender and such Lender shall be bound thereby as fully and effectively as if such Lender had personally executed, acknowledged and delivered the same.** In lieu of the Borrower or the Administrative Agent replacing a Defaulting Lender as provided in this Section 2.14, the Borrower may terminate such Defaulting Lender’s applicable Commitment as provided in Section 2.1(c)(iii).

Section 2.15 Increase in Commitments.

(a) At any time after the Amendment No. 4 Effective Date but prior to the Revolving Maturity Date and with the consent of the Administrative Agent, the Borrower may effectuate one or more increases in the aggregate Revolving Commitments and/or increases in the aggregate Term Commitments (each such increase being a “Commitment Increase”), by designating either one or more of the existing Lenders (each of which, in its sole discretion, may determine whether and to what degree to participate in such Commitment Increase) or one or more other Eligible Assignees that at the time agree, in the case of any such Eligible Assignee that is an existing Lender to increase its Revolving Tranche A Commitment, its Revolving Tranche B Commitment, or its Term Commitment, as applicable, as such Lender shall so select (an “Increasing Lender”) and, in the case of any other Eligible Assignee that is not an existing Lender (an “Additional Lender”), to become a party to this Agreement as a Revolving Tranche A Lender, Revolving Tranche B Lender, or Term Lender, as applicable; provided, however, that (i) each such Commitment Increase shall be equal to at least \$5,000,000, (ii) all Commitments and Advances provided pursuant to a Commitment Increase shall be available on the same terms as those applicable to the existing Revolving Tranche A Commitments and Revolving Tranche A Advances, the existing Revolving Tranche B Commitments and Revolving Tranche B Advances, and the existing Term Commitments and Term Advances, as applicable, and (iii) the aggregate of all such Commitment Increases shall not exceed \$10,000,000. The Borrower shall provide prompt notice of such proposed Commitment Increase pursuant to this Section 2.15 to the Administrative Agent and the Lenders. This Section 2.15 shall not be construed to create any obligation on the Administrative Agent or any of the Lenders to advance or to commit to advance any credit to the Borrower or to arrange for any other Person to advance or to commit to advance any credit to the Borrower.

(b) The Commitment Increase shall become effective on the date (the “Increase Date”) on or prior to which the following conditions shall have been satisfied: (i) the receipt by the Administrative Agent of (A) an agreement in form and substance reasonably satisfactory to the Administrative Agent signed by the Borrower, each Increasing Lender and each Additional Lender, setting forth the Commitments, if any, of each such Lender and setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof binding upon each Lender, (B) if Commitment Increase involves an increase of Term Commitments, an amendment to this Agreement signed by the Borrower and the Administrative Agent to amend the necessary provisions of this Article II to account for such increase in Term Commitments, and (C) such evidence of appropriate authorization on the part of the Borrower with respect to such Commitment Increase as the Administrative Agent may reasonably request, (ii) the funding by each Increasing Lender and Additional Lender of the Advances to be made by each such Lender to effect the prepayment requirement set forth in Section 2.5(c)(iv), Section 2.5(c)(v), and Section 2.5(c)(vi), as applicable, and (iii) receipt by the Administrative Agent of a certificate of an authorized officer of the Borrower stating that, both before and after giving effect to such Commitment Increase, no Default has occurred and is continuing, and that all representations and warranties made by the Borrower in this Agreement are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), unless such representation or warranty relates to an earlier date which remains true and correct in all material respects as of such earlier date (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof).

(c) Notwithstanding any provision contained herein to the contrary, from and after the date of such Commitment Increase, all calculations and payments of interest on the Advances shall take into account the actual Commitments of each Lender and the principal amount outstanding of each Advance made by such Lender during the relevant period of time.

(d) On such Increase Date if such Commitment Increase involves an increase in the aggregate Revolving Tranche A Commitments, each Revolving Tranche A Lender’s share of the Tranche

A Letter of Credit Exposure on such date shall automatically be deemed to equal such Lender's applicable pro rata share of such Tranche A Letter of Credit Obligations (such pro rata share for such Lender to be determined as of the Increase Date in accordance with its Revolving Tranche A Commitment on such date as a percentage of the aggregate Revolving Tranche A Commitment on such date) without further action by any party.

(c) On such Increase Date if such Commitment Increase involves an increase in the aggregate Revolving Tranche B Commitments, each Revolving Tranche B Lender's share of the Tranche B Letter of Credit Exposure on such date shall automatically be deemed to equal such Lender's applicable pro rata share of such Tranche B Letter of Credit Obligations (such pro rata share for such Lender to be determined as of the Increase Date in accordance with its Revolving Tranche B Commitment on such date as a percentage of the aggregate Revolving Tranche B Commitment on such date) without further action by any party.

Section 2.16 Payments and Deductions to a Defaulting Lender.

(a) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.1(a), Section 2.1(b), Section 2.2, or Section 2.12 then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid in cash.

(b) If a Defaulting Lender as a result of the exercise of a set-off shall have received a payment in respect of its outstanding applicable Revolving Tranche A Advances, Revolving Tranche B Advances, or Term Advances, as applicable, or pro rata share of Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure, as applicable, which results in its outstanding applicable Revolving Tranche A Advances, Revolving Tranche B Advances, or Term Advances, as applicable, and share of Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure, as applicable, being less than its pro rata share of the aggregate outstanding applicable Revolving Tranche A Advances, Revolving Tranche B Advances, or Term Advances, as applicable, and Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure, as applicable, then no payments will be made to such Defaulting Lender until such time as all amounts due and owing to the Lenders have been equalized in accordance with each Lender's respective pro rata share of the aggregate outstanding applicable Revolving Tranche A Advances, Revolving Tranche B Advances, or Term Advances, as applicable, and Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure, as applicable. Further, if at any time prior to the acceleration or maturity of the Revolving Tranche A Advances, the Revolving Tranche B Advances, or the Term Advances, the Administrative Agent shall receive any payment in respect of principal of an applicable Revolving Tranche A Advance, Revolving Tranche B Advance or Term Advance or an applicable Tranche A Letter of Credit Obligation or Tranche B Letter of Credit Obligation while one or more Defaulting Lenders shall be party to this Agreement, the Administrative Agent shall apply such payment first to the Revolving Tranche A Borrowings, Revolving Tranche B Borrowings, or Term Borrowings, as applicable, for which such Defaulting Lender(s) shall have failed to fund its pro rata share until such time as such Revolving Tranche A Borrowing(s), Revolving Tranche B Borrowing(s), or Term Borrowing, as applicable, are paid in full or each Lender (including each Defaulting Lender) is owed its pro rata share of all Revolving Tranche A Advances, Revolving Tranche B Advances, or Term Advances, as applicable, then outstanding. After acceleration or maturity of the Revolving Tranche A Advances, the Revolving Tranche B Advances, or the Term Advances, subject to the first sentence of this Section 2.16(b), all principal will be paid ratably as provided in Section 2.12(e).

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(c) If any Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure exists at the time a Revolving Tranche A Lender or Revolving Tranche B Lender, as applicable, becomes a Defaulting Lender then:

(i) such Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure, as applicable, shall be automatically reallocated among the applicable Non-Defaulting Lenders in accordance with their respective pro rata share of such Defaulting Lender's share of such Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure (and each applicable Lender is deemed to have purchased and assigned such participation interest in such reallocated portion of such Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure) but only to the extent that (A) the sum of each applicable Non-Defaulting Lender's outstanding Revolving Tranche A Advances or outstanding Revolving Tranche B Advances, as applicable, plus its share of the Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure, as applicable and after giving effect to the reallocation provided herein, does not exceed the lesser of such Non-Defaulting Lender's Revolving Tranche A Commitment or Revolving Tranche B Commitment, as applicable, and (B) the conditions set forth in Section 3.2 are satisfied at such time; provided that, subject to Section 9.20, such reallocation shall not constitute a waiver or release of any claim the Borrower, the Administrative Agent, the Issuing Lender or any other Lender may have against such Defaulting Lender or cause such Defaulting Lender to be a Non-Defaulting Lender;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, then the Borrower shall, within one Business Day following notice by the Administrative Agent, cash collateralize such Defaulting Lender's share of such Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure (as applicable and after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.2(h) for so long as such Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure pursuant to this Section 2.16, then the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.7(b)(i) or (iii) with respect to such Defaulting Lender's Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure during the period such Defaulting Lender's Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure, as applicable, is cash collateralized;

(iv) if the Tranche A Letter of Credit Exposure or the Tranche B Letter of Credit Exposure, as applicable, of the Non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.7(b)(i) and (iii) shall be adjusted in accordance with such Non-Defaulting Lenders' pro rata share;

(v) if any Defaulting Lender's share of the Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure, as applicable, is neither cash collateralized nor reallocated pursuant to the preceding provisions, then, without prejudice to any rights or remedies of the Issuing Lender or any Lender hereunder, all letter of credit fees payable under Section 2.7(b)(i) and (iii) with respect to such Defaulting Lender's share of the Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure, as applicable, shall be payable to the Issuing Lender until such Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure is cash collateralized and/or reallocated.

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In the event that the Administrative Agent, the Borrower 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 (i) the Tranche A Letter of Credit Exposure or the Tranche B Letter of Credit Exposure of the applicable Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Tranche A Commitment or Revolving Tranche B Commitment, as applicable, and on such date such Lender shall be deemed to have purchased at par such of the Revolving Tranche A Advances or Revolving Tranche B Advances, as applicable, or participations in Tranche A Letters of Credit or Tranche B Letters of Credit, as applicable, of the other applicable Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Revolving Tranche A Advances or Tranche B Advances and such Tranche A Letter of Credit Exposure or Tranche B Letter of Credit Exposure in accordance with its pro rata share, and (ii) if no Default exists, then any cash collateral posted by the Borrower pursuant to clause (c)(ii) above with respect to such Lender shall be returned to the Borrower.

CONDITIONS

Section 3.1 Conditions Precedent to Effectiveness. The Restated Agreement shall be amended and restated in its entirety as set forth herein upon the occurrence of the following conditions precedent on or before the Effective Date:

- (a) Documentation. The Administrative Agent shall have received the following, duly executed by all the parties thereto, in form and substance reasonably satisfactory to the Administrative Agent and the Lenders:
- (i) this Agreement and all attached Exhibits and Schedules and the Notes payable to the order of each applicable Lender;
 - (ii) the Guaranty executed by all Subsidiaries of the Borrower existing on the Effective Date;
 - (iii) the Security Agreement executed by each Credit Party, together with appropriate UCC-3 or UCC-1 financing statements, if any, necessary or desirable for filing with the appropriate authorities and any other documents, agreements, or instruments necessary to create, perfect or maintain an Acceptable Security Interest in the Collateral described in the Security Agreement;
 - (iv) Custodial Agreements executed by the Borrower, the applicable Subsidiary of the Borrower and each employee of the Borrower serving as custodian thereunder;
 - (v) certificates of insurance naming the Administrative Agent as loss payee with respect to property insurance, or additional insured with respect to liability insurance, and covering the Borrower's or its Subsidiaries Properties with such insurance carriers, for such amounts and covering such risks that are acceptable to the Administrative Agent;
 - (vi) a certificate from an authorized officer of the Borrower dated as of the Effective Date stating that as of such date (A) all representations and warranties of the Borrower set forth in this Agreement are true and correct, (B) no Default has occurred and is continuing; and (C) all conditions precedent set forth in this Section 3.1 have been met;
 - (vii) a secretary's certificate from each Credit Party certifying such Person's (A) officers' incumbency, (B) authorizing resolutions, (C) organizational documents, and (D)

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governmental approvals, if any, with respect to the Credit Documents to which such Person is a party;

(viii) certificates of good standing for each Credit Party in each state in which each such Person is organized (and as requested by the Administrative Agent, in each state in which such Person is qualified to do business), which certificate shall be (A) dated a date not earlier than 30 days prior to Effective Date or (B) otherwise effective on the Effective Date;

(ix) legal opinions of Hughes Arrell Kinchen LLP and Andrews Kurth LLP as outside counsels to the Credit Parties, in form and substance reasonably acceptable to the Administrative Agent; and

(x) such other documents, governmental certificates, agreements, and lien searches as the Administrative Agent or any Lender may reasonably request.

(b) Consents; Authorization; Conflicts. The Borrower shall have received any consents, licenses and approvals required in accordance with applicable law, or in accordance with any document, agreement, instrument or arrangement to which the Borrower, or any Subsidiary is a party, in connection with the execution, delivery, performance, validity and enforceability of this Agreement and the other Credit Documents. In addition, the Borrower and the Subsidiaries shall have all such material consents, licenses and approvals required in connection with the continued operation of the Borrower and the Subsidiaries, and such approvals shall be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose adverse conditions on this Agreement and the actions contemplated hereby.

(c) Representations and Warranties. The representations and warranties contained in Article 4 and in each other Credit Document shall be true and correct on and as of the Effective Date before and after giving effect to the initial Borrowings or issuance (or deemed issuance) of Letters of Credit and to the application of the proceeds from such Borrowing, as though made on and as of such date.

(d) Payment of Fees. The Borrower shall have paid the fees and expenses required to be paid as of the Effective Date by Sections 2.7(c) and 9.1 or any other provision of a Credit Document.

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

(f) Other Reports. The Administrative Agent shall have received, in form and substance reasonably satisfactory to it, all environmental reports, and such other reports, audits or certifications as it may reasonably request.

(g) Material Adverse Change. Since December 31, 2010, there shall not have occurred any event or circumstance that could reasonably be expected to result in a material adverse change in the business, condition (financial or otherwise), prospects, or results of operations of the Borrower and its Subsidiaries, taken as a whole. Furthermore, the Administrative Agent shall not have become aware since March 23, 2011 of any material information or other matter that is inconsistent in a material and adverse manner with any due diligence, information or matter (including any financial information and

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projections previously delivered to the Administrative Agent) disclosed or known to the Administrative Agent prior to March 23, 2011.

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

(i) Solvency. The Administrative Agent shall have received a certificate in form and substance reasonably satisfactory to the Administrative Agent from a senior financial officer of the Borrower and each Guarantor certifying that, before and after giving effect to the initial Borrowings made hereunder on the Effective Date, the Borrower and each such other Guarantor is Solvent (assuming with respect to each Guarantor, that the fraudulent conveyance savings language contained in the Guaranty applicable to such Guarantor will be given full effect).

(j) Delivery of Financial Statements. The Administrative Agent shall have received true and correct copies of (i) satisfactory audited consolidated financial statements for the Borrower and its Subsidiaries for the fiscal year 2008, satisfactory audited consolidated financial statements for the Parent Company and its Subsidiaries for the fiscal year 2009, and satisfactory audited consolidated financial statements for the Borrower and its Subsidiaries for the fiscal year 2010, (ii) satisfactory unaudited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal quarter ended March 31, 2011, and (iii) projections prepared by management of balance sheets, income statements and cashflow statements of the Borrower and its Subsidiaries, covering the first three full years after the Effective Date (and which projections shall not be inconsistent with information provided to the Administrative Agent prior to March 23, 2011).

(k) Notices of Borrowing. The Administrative Agent shall have received Notices of Borrowing from the Borrower, with appropriate insertions and executed by a duly authorized officer of the Borrower.

(l) Real Estate Due Diligence. The Administrative Agent shall have received or completed, and be satisfied with the result of, a completed Schedule 3.1 which shall list all real property owned or leased by the Credit Parties and including a notation as to all locations where any equipment of any Credit Party is kept.

(m) USA Patriot Act. The Administrative Agent shall have received all documentation and other information that is required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act.

(n) Pro Forma Compliance Certificate. The Administrative Agent shall have received a Compliance Certificate executed by the chief executive officer, chief financial officer, treasurer or controller of the Borrower, reflecting the Borrower's pro forma compliance with the financial covenants in Sections 6.18, 6.19 and 6.20 as of the fiscal quarter ended March 31, 2011, assuming that such financial covenants applied as of such fiscal quarter end and after giving pro forma effect to the Advances made hereunder on the Effective Date.

(o) Capital Structure. The capital and ownership structure and the equityholder arrangements of the Borrower and its subsidiaries (and all agreements relating thereto) will be reasonably satisfactory to the Agent.

(p) Due Diligence. The Administrative Agent shall have completed and be satisfied in its sole discretion with the corporate (or other organizational), environmental and financial due diligence of the Credit Parties and their Affiliates.

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Section 3.2 Conditions Precedent to Each Borrowing and to Each Issuance, Extension or Renewal of a Letter of Credit The obligation of each Lender to make an Advance on the occasion of each Borrowing (including the initial Borrowing), the obligation of the Issuing Lender to issue, increase, renew or extend a Letter of Credit (including the deemed issuance of Letters of Credit) and of any reallocation of Letter of Credit Exposure provided in Section 2.16, shall be subject to the further conditions precedent that on the date of such Borrowing or such issuance, increase, renewal or extension:

(a) Representations and Warranties. As of the date of the making of any Advance or issuance, increase, renewal or extension of any Letter of Credit or the reallocation of the Letter of Credit Exposure, the representations and warranties made by any Credit Party or any officer of any Credit Party contained in the Credit Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on such date, except that any representation and warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date and each request for the making of any Advance or issuance, increase, renewal or extension of any Letter of Credit and the making of such Advance or the issuance, increase, renewal or extension of such Letter of Credit shall be deemed to be a reaffirmation of such representations and warranties.

(b) Event of Default. As of the date of the making of any Advance, the issuance, increase, renewal or extension of any Letter of Credit, or the reallocation of the Letter of Credit Exposure, as applicable, no Default or Event of Default shall exist, and the making of such Advance or issuance, increase, renewal or extension of such Letter of Credit, or the relocation of the Letter of Credit Exposure would not cause a Default or Event of Default.

(c) Compliance with Covenants. As of the date of the making of any Advance, or the issuance, increase, renewal or extension of any Letter of Credit, as applicable, and after giving effect to the making of such Advance or such issuance, increase, renewal or extension of any Letter of Credit, the Borrower would be in compliance with the covenants in (i) Section 6.17 as of such date, and (ii) Sections 6.18 and 6.19 as of the most recent fiscal quarter end for which financial statements have been delivered to the Administrative Agent (which, for the avoidance of doubt, (A) calculates EBITDA as of such fiscal quarter end calculated on a pro forma basis in a manner acceptable to the Administrative Agent (the "Measurement Period"), (B) for purposes of Section 6.19, calculates Interest Expense (1) using outstanding total Debt on the date of such Advance or issuance, increase, renewal or extension of such Letter of Credit and assuming that all such total Debt was incurred on the first day of such Measurement Period, (2) for such Debt accruing a fixed rate of interest, applying such fixed rate of interest, and (3) for such Debt accruing a floating or formula rate of interest, applying an implied rate of interest for the Measurement Period based on the rate which is or would be in effect with respect to such total Debt on the date such Advance or issuance, increase, renewal or extension of such Letter of Credit is made, and (C) for purposes of Section 6.18, utilizes Debt outstanding on the proposed date of such Advance or such issuance, increase, renewal or extension of any Letter of Credit (including such Advance and such issuance, increase, renewal or extension of any Letter of Credit).

Each of the giving of the applicable Notice of Borrowing or Letter of Credit Application, the acceptance by the Borrower of the proceeds of such Borrowing, the issuance, increase, renewal or extension of such Letter of Credit, and the reallocation of the Letter of Credit Exposure, shall constitute a representation and warranty by the Borrower that on the date of such Borrowing, such issuance, increase, renewal or extension of such Letter of Credit or such reallocation, as applicable, the foregoing conditions in this Section 3.2 have been met.

Section 3.3 Determinations Under Sections 3.1 and 3.2 For purposes of determining compliance with the conditions specified in Sections 3.1 and 3.2 each Lender shall be deemed to have

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consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by the Credit Documents shall have received written notice from such Lender prior to the Borrowings hereunder specifying its objection thereto and such Lender shall not have made available to the Administrative Agent such Lender's ratable portion of such Borrowings.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

Each Credit Party hereto represents and warrants as follows:

Section 4.1 Organization. Each Credit Party is duly and validly organized and existing and in good standing under the laws of its jurisdiction of incorporation or formation and is authorized to do business and is in good standing in all jurisdictions in which such qualifications or authorizations are necessary, except where the failure

to be so qualified or authorized could not reasonably be expected to result in a Material Adverse Change. As of the Effective Date, each Credit Party's type of organization and jurisdiction of incorporation or formation are set forth on Schedule 4.1.

Section 4.2 Authorization. The execution, delivery, and performance by each Credit Party of each Credit Document to which such Credit Party is a party and the consummation of the transactions contemplated thereby (a) are within such Credit Party's powers, (b) have been duly authorized by all necessary corporate, limited liability company or partnership action, (c) do not contravene any articles or certificate of incorporation or bylaws, partnership or limited liability company agreement binding on or affecting such Credit Party, (d) do not contravene any law or any contractual restriction binding on or affecting such Credit Party, (e) do not result in or require the creation or imposition of any Lien prohibited by this Agreement, and (f) do not require any authorization or approval or other action by, or any notice or filing with, any Governmental Authority. At the time of each Advance or the issuance, renewal, extension or increase of each Letter of Credit, such Advance and the use of the proceeds of such Advance or the issuance, renewal, extension or increase of such Letter of Credit are within the Borrower's limited liability powers, have been duly authorized by all necessary action, do not contravene (i) the Borrower's certificate of formation, operating agreement or limited liability company agreement, or (ii) any Legal Requirement or any contractual restriction binding on or affecting the Borrower, will not result in or require the creation or imposition of any Lien prohibited by this Agreement, and do not require any authorization or approval or other action by, or any notice or filing with, any Governmental Authority.

Section 4.3 Enforceability. The Credit Documents have each been duly executed and delivered by each Credit Party that is a party thereto and each Credit Document constitutes the legal, valid, and binding obligation of each Credit Party that is a party thereto enforceable against such Credit Party in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws at the time in effect affecting the rights of creditors generally and by general principles of equity whether applied by a court of law or equity.

Section 4.4 Financial Condition.

(a) The Borrower has delivered to the Administrative Agent the unaudited financial statements for the Parent Company and its Subsidiaries dated as of September 30, 2016 for the three-fiscal quarter period then ended. The financial statements referred to in the preceding sentence have been prepared in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes, and present fairly the consolidated financial condition of the aforementioned Persons as of the

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respective dates thereof. As of the date of the aforementioned financial statements, there were no material contingent obligations, liabilities for taxes, unusual forward or long-term commitments, or unrealized or anticipated losses of the applicable Persons, except as disclosed therein and adequate reserves for such items have been made in accordance with GAAP.

(b) Since September 30, 2016, no event or condition has occurred that could reasonably be expected to result in Material Adverse Change. Before and after giving effect to the making of each Advance, the Credit Parties, taken as a whole, are Solvent.

Section 4.5 Ownership and Liens: Real Property. Each Credit Party (a) has good and marketable title to, or a valid and subsisting leasehold interest in, all real property (other than rights under water well agreements which rights, if lost, could not reasonably be expected to result in a Material Adverse Change), and good title to all personal Property, used in its business, and (b) none of the Property owned by the Borrower or any Credit Party is subject to any Lien except Permitted Liens. As of the Effective Date, the Credit Parties own no real property other than that listed on Schedule 3.1.

Section 4.6 True and Complete Disclosure. All written factual information (whether delivered before or after the date of this Agreement) prepared by or on behalf of the Credit Parties and furnished to the Administrative Agent or the Lenders for purposes of or in connection with this Agreement, any other Credit Document or any transaction contemplated hereby or thereby does not contain any material misstatement of fact or omits to state any material fact necessary to make the statements therein not misleading. There is no fact known to any officer of any Credit Party on the date of this Agreement that has not been disclosed to the Administrative Agent that could reasonably be expected to result in a Material Adverse Change. All projections, estimates, budgets, and pro forma financial information furnished by the Credit Parties (or on behalf of the Credit Parties) previously or in the future, were or will be prepared on the basis of assumptions, data, information, tests, or conditions (including current and reasonably foreseeable business conditions) believed to be reasonable at the time such projections, estimates, and pro forma financial information were furnished; provided however, that such projections are or will be based only on management's reasonable belief at the time that such projections were prepared and in no case shall any of such projections be considered to be representations or assurances with respect to future performance.

Section 4.7 Litigation. There are no actions, suits, or proceedings pending or, to any Credit Party's knowledge, threatened against the Parent Company, the Borrower or any Subsidiary, at law, in equity, or in admiralty, or by or before any Governmental Authority, which could reasonably be expected to result in a Material Adverse Change. Additionally, except as disclosed in writing to the Administrative Agent and the Lenders, there is no pending or, to the knowledge of any Credit Party, threatened action or proceeding instituted against the Parent Company, the Borrower or any Subsidiary which seeks to adjudicate the Parent Company, the Borrower or any Subsidiary as bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its Property.

Section 4.8 Compliance with Agreements.

(a) Neither the Parent Company nor any of its Subsidiaries is a party to any indenture, loan or credit agreement or any lease or any other types of agreement or instrument or subject to any charter or corporate restriction or provision of applicable law or governmental regulation the performance of or compliance with which could reasonably be expected to cause a Material Adverse Change. Neither the Parent Company nor any of its Subsidiaries is in default under or with respect to any contract, agreement,

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lease or any other types of agreement or instrument to which the Parent Company or such Subsidiary is a party and which could reasonably be expected to cause a Material Adverse Change. To the best knowledge of the Credit Parties, neither the Parent Company nor any of its Subsidiaries is in default under, or has received a notice of default under, any contract, agreement, lease or any other document or instrument to which the Parent Company or its Subsidiaries is a party which is continuing and which, if not cured, could reasonably be expected to cause a Material Adverse Change.

(b) No Default has occurred and is continuing.

Section 4.9 Pension Plans. (a) Except for matters that could not reasonably be expected to result in a Material Adverse Change, all Plans are in compliance with all applicable provisions of ERISA, (b) no Termination Event has occurred with respect to any Plan that would result in an Event of Default under Section 7.1(i), and, except for matters that could not reasonably be expected to result in a Material Adverse Change, each Plan has complied with and been administered in accordance with applicable provisions of ERISA and the Code, (c) no "accumulated funding deficiency" (as defined in Section 302 of ERISA) has occurred, and for plan years after December 31, 2007, no unpaid minimum required contribution exists, and there has been no excise tax imposed under Section 4971 of the Code, (d) other than as disclosed on Schedule 4.9, to the knowledge of Credit Parties, no Reportable Event has occurred with respect to any Multiemployer Plan, and each Multiemployer Plan has complied

with and been administered in accordance with applicable provisions of ERISA and the Code, (e) the present value of all benefits vested under each Plan (based on the assumptions used to fund such Plan) did not, as of the last annual valuation date applicable thereto, exceed the value of the assets of such Plan allocable to such vested benefits in an amount that could reasonably be expected to result in a Material Adverse Change, (f) neither the Parent Company, nor the Borrower nor any member of the Controlled Group has had a complete or partial withdrawal from any Multiemployer Plan for which there is any unsatisfied withdrawal liability that could reasonably be expected to result in a Material Adverse Change or an Event of Default under Section 7.1(j), and (g) except for matters that could not reasonably result in a Material Adverse Change, as of the most recent valuation date applicable thereto, neither the Parent Company, nor the Borrower nor any member of the Controlled Group would become subject to any liability under ERISA if the Parent Company, the Borrower or any Subsidiary has received notice that any Multiemployer Plan is insolvent or in reorganization. Based upon GAAP existing as of the date of this Agreement and current factual circumstances, no Credit Party has any reason to believe that the annual cost during the term of this Agreement to the Parent Company, the Borrower or any Subsidiary for post-retirement benefits to be provided to the current and former employees of the Parent Company, the Borrower or any Subsidiary under Plans that are welfare benefit plans (as defined in Section 3(1) of ERISA) could, in the aggregate, reasonably be expected to cause a Material Adverse Change.

Section 4.10 Environmental Condition.

(a) Permits, Etc. Each Credit Party (i) has obtained all material Environmental Permits necessary for the ownership and operation of its Properties and the conduct of its businesses; (ii) other than a disclosed on Schedule 4.10, has at all times been and is in material compliance with all terms and conditions of such Permits and with all other material requirements of applicable Environmental Laws; (iii) has not received written notice of any violation or alleged violation of any Environmental Law or Environmental Permit which could reasonably be expected to result in a material liability against any Credit Party; and (iv) is not subject to any actual or contingent Environmental Claim which could reasonably be expected to cause a Material Adverse Change.

(b) Certain Liabilities. To the Credit Parties' best knowledge, none of the present or previously owned or operated Property of any Credit Party or of any Subsidiary thereof, wherever located, (i) has been placed on or proposed to be placed on the National Priorities List, the

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Comprehensive Environmental Response Compensation Liability Information System list, or their state or local analogs, or have been otherwise investigated, designated, listed, or identified as a potential site for removal, remediation, cleanup, closure, restoration, reclamation, or other response activity under any Environmental Laws; (ii) is subject to a Lien, arising under or in connection with any Environmental Laws, that attaches to any revenues or to any Property owned or operated by any Credit Party, wherever located, which could reasonably be expected to cause a Material Adverse Change; or (iii) has been the site of any Release of Hazardous Substances or Hazardous Wastes from present or past operations which has caused at the site or at any third-party site any condition that has resulted in or could reasonably be expected to result in the need for Response that could cause a Material Adverse Change.

(c) Certain Actions. Without limiting the foregoing, (i) all necessary material notices have been properly filed, and no further action is required under current applicable Environmental Law as to each Response or other restoration or remedial project undertaken by the Parent Company, any of its Subsidiaries or any of the Parent Company's or such Subsidiary's former Subsidiaries on any of their presently or formerly owned or operated Property and (ii) the present and, to the Credit Parties' best knowledge, future liability, if any, of the Parent Company or of any Subsidiary which could reasonably be expected to arise in connection with requirements under Environmental Laws will not result in a Material Adverse Change.

Section 4.11 Subsidiaries. As of the Amendment No. 14 Effective Date (a) the Borrower has no Subsidiaries other than any Non-Obligor Entity and the Guarantors that are parties to the Amendment No. 11 (other than Affirm and Peak) and (b) the Parent Company has no Subsidiaries other than the Borrower, Affirm, Peak, and the Subsidiaries of the Borrower. Each Subsidiary of the Borrower (including any such Subsidiary formed or acquired subsequent to the Amendment No. 11 Effective Date) has complied with the requirements of Section 5.6.

Section 4.12 Investment Company Act. No Credit Party is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended. Neither the Parent Company, the Borrower nor any Subsidiary is subject to regulation under any Federal or state statute, regulation or other Legal Requirement which limits its ability to incur Debt.

Section 4.13 Taxes. Proper and accurate (in all material respects), U.S. federal, state, local and foreign tax returns, reports and statements required to be filed (after giving effect to any extension granted in the time for filing) by the Parent Company, the Borrower and each Subsidiary or any member of the affiliate group, if any, of which the Parent Company, Borrower, or a Subsidiary is a member, as determined under Section 1504 of the Code (hereafter collectively called the "Tax Group") have been filed with the appropriate Governmental Authorities, and all taxes (which are material in amount) and other impositions due and payable have been timely paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for non-payment thereof except where contested in good faith and by appropriate proceeding. Neither the Parent Company, the Borrower nor any member of the Tax Group has given, or been requested to give, a waiver of the statute of limitations relating to the payment of any U.S. federal, state, local or foreign taxes or other impositions. Proper and accurate amounts have been withheld by the Parent Company, the Borrower and all other members of the Tax Group from their employees for all periods to comply in all material respects with the tax, social security and unemployment withholding provisions of applicable federal, state, local and foreign law.

Section 4.14 Permits, Licenses, etc. Each of the Parent Company and its Subsidiaries possesses all permits, licenses, patents, patent rights or licenses, trademarks, trademark rights, trade names rights, and copyrights which are material to the conduct of its business. Each of the Parent Company and its Subsidiaries manages and operates its business in accordance with all applicable Legal

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Requirements except where the failure to so manage or operate could not reasonably be expected to result in a Material Adverse Change; provided that this Section 4.14 does not apply with respect to Environmental Permits.

Section 4.15 Use of Proceeds. The proceeds of the Advances will be used by the Borrower for the purposes described in Section 6.6. No Credit Party is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U). No proceeds of any Advance will be used to purchase or carry any margin stock in violation of Regulation T, U or X, to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is itself, or whose government is itself, the subject of Sanctions or Anti-Corruption Laws or in any other manner that would result in a violation of Sanctions or Anti-Corruption Laws by any Person (including any Person participating in the Advances, whether as underwriter, advisor, investor, or otherwise).

Section 4.16 Condition of Property: Casualties. The material Properties used or to be used in the continuing operations of the Parent Company and each Subsidiary, are in good working order and condition, normal wear and tear excepted. Neither the business nor the material Properties of the Parent Company or any Subsidiary has been affected as a result of any fire, explosion, earthquake, flood, drought, windstorm, accident, strike or other labor disturbance, embargo, requisition or taking of Property or cancellation of contracts, permits or concessions by a Governmental Authority, riot, activities of armed forces or acts of God or of any public enemy, which effect could reasonably be expected to cause a Material Adverse Change.

Section 4.17 Insurance. Each of the Parent Company and its Subsidiaries carry insurance (which may be carried by the Parent Company on a consolidated basis) with reputable insurers in respect of such of their respective Properties, in such amounts and against such risks as is customarily maintained by other Persons of similar

size engaged in similar businesses or, self-insure to the extent that is customary for Persons of similar size engaged in similar businesses.

Section 4.18 Security Interest. Each Credit Party has authorized the filing of financing statements sufficient when filed to perfect the Lien created by the Security Documents to the extent such Lien can be perfected by filing financing statements. Assuming such financing statements are correctly prepared, when such financing statements are filed in the offices noted therein, the Administrative Agent will have a valid and perfected security interest in all Collateral that is capable of being perfected by filing financing statements.

Section 4.19 Anti-Corruption Laws and Sanctions.

(a) No Credit Party, nor any of their respective Subsidiaries nor any director, officer, or employee nor, to the knowledge of the Credit Parties, any agent or other person acting on behalf of the Credit Parties or any of their Subsidiaries has taken any action, directly or indirectly, that could result in a violation by such persons of the FCPA or any other applicable Anti-Corruption Law; and the Credit Parties have instituted and maintain policies and procedures designed to promote and achieve continued compliance therewith.

(b) No Credit Party, nor any of their respective Subsidiaries nor any director, officer, or employee, nor, to the knowledge of the Credit Parties, any agent or affiliate of any Credit Party or any of their respective Subsidiaries is a Person that is, or is owned or controlled by Persons that are (i) the subject or target of any sanctions administered or enforced by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority, including any imposed pursuant to Canadian Anti-Terrorism Laws (collectively,

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“Sanctions”) or (ii) located, organized or resident in a country or territory that is itself, or whose government is itself, the subject of Sanctions.

(c) No Credit Party will, directly or indirectly, use the proceeds of the Advances or any Letter of Credit, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is itself, or whose government is itself, the subject of Sanctions or Anti-Corruption Laws or (ii) in any other manner that would result in a violation of Sanctions or Anti-Corruption Laws by any Person (including any Person participating in the Revolving Advances or Term Advances, whether as underwriter, advisor, investor, or otherwise).

Section 4.20 Anti-Hoarding. After giving effect to each Advance, the aggregate amount of all cash and cash equivalents held in deposit accounts or securities accounts owned by any Credit Party (other than the Cash Collateral Account) will not exceed \$20,000,000, and the Borrower reasonably believes that the aggregate amount of all cash and cash equivalents held in deposit accounts or securities accounts owned by any Credit Party (other than the Cash Collateral Account) at the end of the week in which such Advance is being made will not exceed \$20,000,000 after giving effect to such Advance and cash inflows and outflows for such week).

ARTICLE 5 AFFIRMATIVE COVENANTS

So long as any Obligation shall remain unpaid, any Lender shall have any Commitment hereunder, or there shall exist any Letter of Credit Exposure, each Credit Party agrees to comply with the following covenants.

Section 5.1 Organization. Each Credit Party shall, and shall cause each of its respective Subsidiaries to, preserve and maintain its partnership, limited liability company or corporate existence, rights, franchises and privileges in the jurisdiction of its organization, and qualify and remain qualified as a foreign business entity in each jurisdiction in which qualification is necessary or desirable in view of its business and operations or the ownership of its Properties and where failure to qualify could reasonably be expected to cause a Material Adverse Change; provided, however, that nothing herein contained shall prevent any transaction permitted by Section 6.7 or Section 6.8.

Section 5.2 Reporting.

(a) Annual Financial Reports. The Borrower shall provide, or shall cause to be provided, to the Administrative Agent, as soon as available, but in any event within 120 days after the end of each fiscal year of the Parent Company (commencing with the fiscal year ended December 31, 2011), (i) the Financial Statements for such fiscal year, such Financial Statements to be audited (other than as to any consolidating statements which are to be attached to the audited consolidated statements) and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any “going concern” or like qualification or exception or any qualification or exception as to the scope of such audit; and (ii) summary statements of income or operations for such fiscal year broken out by geographic region or such other manner reported internally to management of the Borrower or the Parent Company, all in reasonable detail and form acceptable to the Administrative Agent or in such form and substance required to be filed with the SEC, and, in the case of clause (i) above, such balance sheet and statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower or the Parent Company to the effect that such statements fairly present the financial condition, results of

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operations, shareholders' equity and cash flows of the Parent Company and its Subsidiaries in accordance with GAAP.

(b) Quarterly Financials. The Borrower shall provide, or shall cause to be provided, to the Administrative Agent, as soon as available, but in any event within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Parent Company (commencing with the fiscal quarter ending March 31, 2012), (i) the Financial Statements for such fiscal quarter and for the portion of the Parent Company's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail; and (ii) summary statements of income or operations for such fiscal year (to date) of the Parent Company and its Subsidiaries broken out by geographic region or such other manner reported internally to management of the Borrower, all in reasonable detail and form acceptable to the Administrative Agent or in such form and substance required to be filed with the SEC, and, in the case of clause (i) above, such balance sheet and statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower or the Parent Company as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Parent Company and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

(c) Monthly Financials. The Borrower shall provide, or shall cause to be provided, to the Administrative Agent, as soon as available, but in any event within 30 days after the end of each month, (i) the Financial Statement for such month and for the portion of the Parent Company's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding month of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail; and (ii) summary statements of income or operations for such fiscal year (to date) of the Parent Company and its Subsidiaries broken out by geographic region or such other manner reported internally to management of the Borrower, all in reasonable detail and form acceptable to the Administrative Agent or in such form and substance required to be filed with the SEC, and, in the case of clause (i) above, such balance sheet and statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower or the Parent Company as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Parent

Company and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

(d) Monthly Asset Sale Reports. Concurrently with the delivery of the financial statements referred to in Section 5.2(c) above, the Borrower shall provide to the Administrative Agent a report in form and detail satisfactory to the Administrative Agent (together with supporting evidence satisfactory to the Administrative Agent) setting forth all sales, conveyances, and other transfers of Property by any Credit Party and any Subsidiary of a Credit Party that occurred during such month and confirming how the proceeds thereof have been applied.

(e) Compliance Certificate. Concurrently with the delivery of the financial statements referred to in Section 5.2(a) and (b) above, the Borrower shall provide to the Administrative Agent a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of the Borrower.

(f) Certificated Equipment. Concurrently with the delivery of the Financial Statements referred to in Section 5.2(a), the Borrower shall provide to the Administrative Agent a report or reports listing all of the Credit Parties' Certificated Equipment as of such date, and setting forth (i) the state or province in which such Certificated Equipment is titled, (ii) the VIN or Serial Number, as applicable, of such Certificated Equipment, (iii) the net book value of such Certificated Equipment, (iv) the net book

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value of all Certificated Equipment of the Credit Parties, and (v) a notation of any third-party interest on or encumbering such Certificated Equipment.

(g) Annual Budget. As soon as available and in any event within 60 days after the end of each fiscal year of the Parent Company, the Borrower shall provide to the Administrative Agent an annual operating, capital and cash flow budget for the immediately following fiscal year and detailed on a quarterly basis.

(h) Defaults. The Credit Parties shall provide to the Administrative Agent promptly, but in any event within three Business Days after the occurrence thereof, a notice of each Default or Event of Default known to the Borrower or to any of its Subsidiaries or the Parent Company, together with a statement of an officer of the Borrower setting forth the details of such Default or Event of Default and the actions which the Credit Parties have taken and proposes to take with respect thereto.

(i) Other Creditors. The Credit Parties shall provide to the Administrative Agent promptly after the giving or receipt thereof, copies of any default notices given or received by the Borrower or by any of its Subsidiaries or the Parent Company pursuant to the terms of any indenture, loan agreement, credit agreement, or similar agreement.

(j) Litigation. The Credit Parties shall provide to the Administrative Agent promptly after the commencement thereof, prompt notices of all actions, suits, and proceedings before any Governmental Authority, affecting the Borrower or any of its Subsidiaries or the Parent Company that could reasonably be expected to result in a Material Adverse Change.

(k) Environmental Notices. Promptly upon, and in any event no later than 45 days after, the receipt thereof, or the acquisition of knowledge thereof, by any Credit Party, the Credit Parties shall provide the Administrative Agent with a copy of any form of request, claim, complaint, order, notice, summons or citation received from any Governmental Authority or any other Person, (i) concerning violations or alleged violations of Environmental Laws, which seeks to impose liability therefore in excess of \$1,000,000, (ii) concerning any action or omission on the part of any of the Credit Parties or any of their former Subsidiaries in connection with Hazardous Waste or Hazardous Substances which could reasonably result in the imposition of liability in excess of \$1,000,000 or requiring that action be taken to respond to or clean up a Release of Hazardous Substances or Hazardous Waste into the environment and such action or clean-up could reasonably be expected to exceed \$1,000,000, including without limitation any information request related to, or notice of, potential responsibility under CERCLA, or (iii) concerning the filing of a Lien upon, against or in connection with the Borrower, the Parent Company or any Subsidiary, or any of their respective former Subsidiaries, or any of their leased or owned Property, wherever located.

(l) Material Adverse Changes. The Credit Parties shall provide to the Administrative Agent prompt written notice of any condition or event of which the Parent Company or any of its Subsidiaries has knowledge, which condition or event has resulted or may reasonably be expected to result in (i) a Material Adverse Change or (ii) a breach of or noncompliance with any material term, condition, or covenant of any material contract to which the Parent Company or any of its Subsidiaries is a party or by which their Properties may be bound which breach or noncompliance could reasonably be expected to result in a Material Adverse Change.

(m) Termination Events. As soon as possible and in any event (i) within 30 days after the Borrower or any member of the Controlled Group knows or has reason to know that any Termination Event described in clause (a) of the definition of Termination Event with respect to any Plan has occurred, and (ii) within 10 days after the Borrower or any member of the Controlled Group knows or has reason to

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know that any other Termination Event with respect to any Plan has occurred, the Credit Parties shall provide to the Administrative Agent a statement of an authorized officer of the Borrower describing such Termination Event and the action, if any, which the Borrower or any Affiliate of the Borrower proposes to take with respect thereto;

(n) Termination of Plans. Promptly and in any event within five Business Days after receipt thereof by the Borrower or any member of the Controlled Group from the PBGC, the Credit Parties shall provide to the Administrative Agent copies of each notice received by the Borrower or any such member of the Controlled Group of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(o) Other ERISA Notices. Promptly and in any event within five Business Days after receipt thereof by the Borrower or any member of the Controlled Group from a Multiemployer Plan sponsor, the Credit Parties shall provide to the Administrative Agent a copy of each notice received by the Borrower or any member of the Controlled Group concerning the imposition or amount of withdrawal liability imposed on the Borrower or any member of the Controlled Group pursuant to Section 4202 of ERISA;

(p) Other Governmental Notices. Promptly and in any event within five Business Days after receipt thereof by the Borrower or the Parent Company or any Subsidiary, the Credit Parties shall provide to the Administrative Agent a copy of any notice, summons, citation, or proceeding seeking to modify in any material respect, revoke, or suspend any material contract, license, permit, or agreement with any Governmental Authority;

(q) Disputes; etc. The Credit Parties shall provide to the Administrative Agent prompt written notice of (i) any claims, legal or arbitration proceedings, proceedings before any Governmental Authority, or disputes, or to the knowledge of any Credit Party, any such actions threatened, or affecting the Borrower or the Parent Company or any Subsidiary, which, if adversely determined, could reasonably be expected to cause a Material Adverse Change, or any material labor controversy of which the Borrower or any of its Subsidiaries or the Parent Company has knowledge resulting in or reasonably considered to be likely to result in a strike against the Borrower or the Parent Company or any Subsidiary, and (ii) any claim, judgment, Lien or other encumbrance (other than a Permitted Lien) affecting any Property of the Borrower or the Parent Company or any Subsidiary, if the value of the claim, judgment, Lien, or other encumbrance affecting such Property shall exceed \$1,000,000;

(r) Management Letters; Other Accounting Reports. Promptly upon receipt thereof, a copy of each other report or letter submitted to the Parent Company, the Borrower or any Subsidiary by independent accountants in connection with any annual, interim or special audit made by them of the books of the Parent Company, the Borrower and its Subsidiaries, and a copy of any response by the Parent Company, the Borrower or any Subsidiary of the Borrower, or the board of directors or managers (or other applicable governing body) of the Parent Company, the Borrower or any Subsidiary of the Borrower, to such letter or report;

(s) Insurance Reports; Information to Insurer. Promptly and in any event no later than the earlier of (i) fifteen Business Days after each fiscal quarter end and (ii) delivery thereof to the insurance companies, the Credit Parties shall provide to the Administrative Agent all notices of claims and such other information requested or required by the insurer or the Administrative Agent.

(t) Account Reports. Promptly and in any event no later 30 days after the end of each month, the Credit Parties shall provide to the Administrative Agent a monthly accounts receivable aging report of the Credit Parties and a monthly accounts payable aging report of the Credit Parties, each certified as true and correct by a Responsible Officer of the Borrower.

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(u) Other Information. Subject to the confidentiality provisions of Section 9.8, the Credit Parties shall provide to the Administrative Agent such other information respecting the business, operations, or Property of the Parent Company the Borrower or any Subsidiary, financial or otherwise, as any Lender through the Administrative Agent may reasonably request.

Section 5.3 Insurance.

(a) Each Credit Party shall, and shall cause each of the Parent Company and its Subsidiaries to, carry and maintain all such other insurance in such amounts and against such risks as is customarily maintained by other Persons of similar size engaged in similar businesses and acceptable to the Administrative Agent and with reputable insurers acceptable to the Administrative Agent.

(b) Copies of all policies of insurance or certificates thereof covering the property or business of the Credit Parties, and endorsements and renewals thereof, certified as true and correct copies of such documents by a Responsible Officer of the Borrower shall be delivered by Borrower to and retained by the Administrative Agent. All policies of property insurance with respect to the Collateral either shall have attached thereto a lender's loss payable endorsement in favor of the Administrative Agent for its benefit and the ratable benefit of the Secured Parties or name the Administrative Agent as loss payee for its benefit and the ratable benefit of the Secured Parties, in either case, in form reasonably satisfactory to the Administrative Agent, and all policies of liability insurance shall name the Administrative Agent for its benefit and the ratable benefit of the Secured Parties as an additional insured. All policies or certificates of insurance shall set forth the coverage, the limits of liability, the name of the carrier, the policy number, and the period of coverage. All such policies shall contain a provision that notwithstanding any contrary agreements between the Borrower, the Parent Company and its Subsidiaries, and the applicable insurance company, such policies will not be canceled or allowed to lapse without renewal without at least 30 days' prior written notice to the Administrative Agent.

(c) If at any time the area in which any real property constituting Collateral is located is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency) as indicated in flood certificates provided by the Administrative Agent to the Borrower, the Borrower shall, and shall cause each of the Parent Company and its Subsidiaries to, obtain flood insurance in such total amount as required by Regulation H of the Federal Reserve Board, as from time to time in effect and all official rulings and interpretations thereunder or thereof, and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as it may be amended from time to time.

(d) Prior to the occurrence and continuance of an Event of Default but subject to any existing rights of third parties which are permitted pursuant to this Agreement, (i) all proceeds of property insurance received by a Credit Party for the loss of Property which occurred prior to the Effective Date and of which such Credit Party has notified the Administrative Agent prior to the Effective Date and up to \$10,000,000, in the aggregate, of all other proceeds of any property insurance policy shall be paid directly to the applicable Credit Party to repair or replace the damaged or destroyed Property covered by such policy; provided that such Credit Party shall make such repair or replace such Property within 180 days from the receipt of such proceeds and (ii) the remaining amount of such proceeds and any amount of proceeds that were paid to such Credit Party as permitted under clause (i) above and not used toward the repair or replacement of such Property within the 180 days required under such clause (i), shall be paid directly to the Administrative Agent and if necessary, assigned to the Administrative Agent to be, at the election of the Administrative Agent, (A) applied in accordance with Section 7.6 of this Agreement, whether or not the Secured Obligations are then due and payable, or (B) returned to such Credit Party to repair or replace the damaged or destroyed Property covered by such policy or to make such other investments permitted under Section 6.3 of this Agreement.

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(e) After the occurrence and during the continuance of an Event of Default but subject to any existing rights of third parties which are permitted pursuant to this Agreement, all proceeds of insurance, including any casualty insurance proceeds, property insurance proceeds, proceeds from actions, and any other proceeds, shall be paid directly to the Administrative Agent and if necessary, assigned to the Administrative Agent, to be applied in accordance with Section 7.6 of this Agreement, whether or not the Secured Obligations are then due and payable.

(f) In the event that any insurance proceeds are paid to any Credit Party in violation of clause (d) or clause (e), such Credit Party shall hold the proceeds in trust for the Administrative Agent, segregate the proceeds from the other funds of such Credit Party, and promptly pay the proceeds to the Administrative Agent with any necessary endorsement. Upon the request of the Administrative Agent, each of the Borrower and the Parent Company and its Subsidiaries shall execute and deliver to the Administrative Agent any additional assignments and other documents as may be necessary or desirable to enable the Administrative Agent to directly collect the proceeds as set forth herein.

Section 5.4 Compliance with Laws. Each Credit Party shall, and shall cause each of its Subsidiaries to, comply with all federal, state, and local laws and regulations (including Environmental Laws) which are applicable to the operations and Property of any Credit Party and maintain all related permits necessary for the ownership and operation of each Credit Party's Property and business, except in any case where the failure to so comply or the failure to so maintain could not reasonably be expected to result in a Material Adverse Change.

Section 5.5 Taxes. Each Credit Party shall, and shall cause each of its Subsidiaries to pay and discharge all material taxes, assessments, and other charges and claims related thereto imposed on the Parent Company or any of its Subsidiaries prior to the date on which penalties attach other than any tax, assessment, charge, or claims which is being contested in good faith and for which adequate reserves have been established in compliance with GAAP.

Section 5.6 New Subsidiaries. The Borrower shall deliver to the Administrative Agent each of the items set forth in Part A of Schedule III attached hereto with respect to each Subsidiary created or acquired after the Effective Date (other than any Non-Obligor Entity) and within the time requirements set forth in Schedule III.

Section 5.7 Security.

(a) Each Credit Party agrees that at all times before the termination of this Agreement, payment in full of the Obligations, the termination and return of all Letters of Credit and termination in full of the Commitments, the Administrative Agent shall have an Acceptable Security Interest in the Collateral to secure the performance and payment of the Secured Obligations. Each Credit Party shall, and shall cause each of its Subsidiaries (other than, subject to clause (c) of this Section 5.7, any Non-Obligor Entity) to, grant to the Administrative Agent a Lien in any Property of such Credit Party or such Subsidiary now owned or hereafter acquired promptly and to take such actions as may be required under the Security Documents to ensure that the Administrative Agent has an Acceptable Security Interest in such Property,

(b) Notwithstanding the generality of the foregoing and subject to clause (c) of this Section 5.7, each Credit Party shall, and shall cause each of its Subsidiaries (other than, subject to clause (c) of this Section 5.7, any Non-Obligor Entity) to take such actions, including execution and delivery of any Security Documents necessary to create, perfect and maintain an Acceptable Security Interest in favor of the Administrative Agent in the following Properties, whether now owned or hereafter acquired: (a) all

Equity Interests issued by any Subsidiary; and (b) all other Properties of the Credit Parties and their respective Subsidiaries other than Excluded Properties.

(c) If, at any time, (i) the EBITDA of the Credit Parties is less than 92% of the consolidated EBITDA of the Parent Company and its Subsidiaries, or (ii) the net book value of all assets of the Credit Parties is less than 92% of the aggregate consolidated net book value of all assets of the Parent Company and its Subsidiaries, in each case, as established in accordance with GAAP and as reflected in the financial statements most recently delivered to the Administrative Agent pursuant to the terms hereof, then within 14 days after the date that such financial statements are required to be delivered (or such later date as may be agreed upon by the Administrative Agent) the Parent Company and the Borrower shall cause any or all of the Non-Obligor Entities to deliver the items set forth in Part A of Schedule III attached hereto so that, after giving effect to the delivery of such items by such Non-Obligor Entities, (x) the EBITDA of the Credit Parties is equal to or greater than 92% of the consolidated EBITDA of the Parent Company and its Subsidiaries, and (ii) the net book value of all assets of the Credit Parties is equal to or greater than 92% of the aggregate consolidated net book value of all assets of the Parent Company and its Subsidiaries, in each case, as established in accordance with GAAP;

(d) Notwithstanding the generality of the foregoing clause (a), (x) with respect to each real property (other than Excluded Property) owned by a Credit Party on the Amendment No. 11 Effective Date, the Credit Parties shall provide the following to the Administrative Agent on or prior to August 15, 2016 (or such later date as may be agreed by the Administrative Agent in its sole discretion), and (y) with respect to each real property (other than Excluded Property) acquired by a Credit Party after the Amendment No. 11 Effective Date, the Credit Parties shall provide the following to the Administrative Agent within 30 days after such acquisition (or such later date as may be agreed by the Administrative Agent in its sole discretion):

(i) a fully executed Mortgage covering such real properties; provided that, the Administrative Agent may, in its sole discretion, elect to exclude from any Mortgage, any "building" or "mobile home" (each as defined under the applicable laws referred to in clause (iii) below) if the Administrative Agent determines, in its sole discretion, that the cost of perfecting a security interest in such Property (including the costs of flood insurance) is excessive in relation to the value of the Lien to be afforded thereby;

(ii) with respect to such property located in the United States, a flood determination certificate issued by the appropriate Governmental Authority or third party indicating whether such property is located in an area designated as a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency) (which certificate shall also be promptly delivered to the Lenders);

(iii) with respect to such property located in the United States, if such property is located in an area designated to be in a "flood hazard area" evidence of flood insurance on such property obtained by the applicable Credit Party in such total amount as required by Regulation H of the Federal Reserve Board, and all official rulings and interpretations thereunder or thereof, and otherwise in compliance with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as it may be amended from time to time (which evidence shall also be promptly delivered to the Lenders);

(iv) such evidence of corporate authority to enter into such Mortgage as the Administrative Agent may reasonably request;

(v) if requested by the Administrative Agent, a customary opinion of counsel for the Credit Parties in form and substance reasonably satisfactory to the Administrative Agent related to such Mortgage (but not including title matters);

(vi) if requested by the Administrative Agent, with respect to each Mortgage, a mortgagee policy of title insurance or marked unconditional binder of title insurance, fully paid for by the Borrower, insuring such Mortgage as a valid first priority Lien on the Property described therein in favor of Administrative Agent, free of all Liens other than the Permitted Liens, and otherwise reasonably acceptable to the Administrative Agent, which policy of title insurance shall be issued by a nationally recognized title insurance company reflecting a coverage amount at least equal to the fair market value (as reasonably determined by the Borrower and approved by the Administrative Agent in its sole discretion) of such real property; it being understood that (x) such mortgagee policy title insurance shall have been issued at the Borrower's expense by a title insurance company reasonably acceptable to the Administrative Agent, (y) shall show a state of title and exceptions thereto, if any, reasonably acceptable to the Administrative Agent and (z) shall contain such customary endorsements as may be reasonably required by the Administrative Agent; and

(vii) all material environmental reports and such other reports, audits or certifications as the Administrative Agent may reasonably request with respect to such real property; and

(e) Notwithstanding the generality of the foregoing clause (a), within 120 days following the Amendment No. 11 Effective Date (or such later date as may be agreed by the Administrative Agent in its sole discretion), with respect to all Certificated Equipment owned by any Credit Party on the Amendment No. 11 Effective Date (to the extent such equipment is not subject to a Permitted Lien securing purchase money Debt or Capital Leases which are permitted hereunder), the aggregate net book value of which comprises no less than 90% of the net book value of all Certificated Equipment owned by the Credit Parties on the Amendment No. 11 Effective Date, each applicable Credit Party shall cause the original certificate of title for such Certificated Equipment to name the Administrative Agent as the holder of the first priority Lien thereon and shall deliver a copy of such certificate of title to the Administrative Agent with such notation. As to each Certificated Equipment purchased by a Credit Party after Amendment No. 11 Effective Date (to the extent such equipment is not subject to a Permitted Lien securing purchase money Debt or Capital Leases which are permitted hereunder), each applicable Credit Party shall cause the original certificate of title for such Certificated Equipment to name the Administrative Agent as the holder of the first priority Lien thereon within 30 days after such purchase and shall deliver a copy of such certificate of title to the Administrative Agent with such notation within such 30-day period.

Section 5.8 Accounts. Each Credit Party shall, and shall cause each of its Subsidiaries to, from and after the fifteenth Business Day following the Amendment No. 11 Effective Date (or such later date as may be agreed by the Administrative Agent in its sole discretion), (a) maintain all deposit accounts with Wells Fargo or with any other Lender, in any case, subject to Account Control Agreements (b) deposit all proceeds into such accounts that are subject to Account Control Agreements, and (c) subject all securities accounts to Account Control Agreements; provided that, the requirements of the preceding clause (a) and (b) of this Section 5.8 shall not apply to deposit accounts that are designated solely as accounts for, and are used solely for, payroll funding or petty cash so long as such accounts that are designated for petty cash do not hold funds more than \$250,000 in the aggregate at any time.

Section 5.9 Records; Inspection. Each Credit Party shall, and shall cause each of its Subsidiaries to maintain proper, complete and consistent books of record with respect to such Person's operations, affairs, and financial condition. From time to time upon reasonable prior notice, each Credit

Party shall permit any Lender and shall cause each of its Subsidiaries to permit any Lender, at such reasonable times and intervals and to a reasonable extent and under the reasonable guidance of officers of or employees delegated by officers of such Credit Party or such Subsidiary, to, subject to any applicable confidentiality considerations, examine and copy the books and records of such Credit Party or such Subsidiary, to visit and inspect the Property of such Credit Party or such Subsidiary, and to discuss the business operations and Property of such Credit Party or such Subsidiary with the officers and directors thereof.

Section 5.10 Maintenance of Property. Each Credit Party shall, and shall cause each of its Subsidiaries to, maintain their owned, leased, or operated Property in good condition and repair, normal wear and tear excepted; and shall abstain from, and cause each of its Subsidiaries to abstain from, knowingly or willfully permitting the commission of waste or other injury, destruction, or loss of natural resources, or the occurrence of pollution, contamination, or any other condition in, on or about the owned or operated Property involving the Environment that could reasonably be expected to result in Response activities and that could reasonably be expected to cause a Material Adverse Change.

Section 5.11 Inspection and Visitation Rights. The Parent Company shall, and shall cause each of its Subsidiaries to, permit the Administrative Agent to, at any reasonable time and upon request by the Administrative Agent with reasonable notice, inspect and review the books and records of the Credit Parties.

Section 5.12 FCPA; Sanctions. The Parent Company shall, and shall cause each of its Subsidiaries to, maintain in effect policies and procedures designed to promote compliance by each Credit Party and their respective directors, officers, employees, and agents with the FCPA and any other applicable Anti-Corruption Laws and applicable Sanctions.

Section 5.13 Appraisals; Field Exams.

(a) Post-Closing Appraisal. Within 30 days following the Amendment No. 11 Effective Date (or such later date as may be agreed by the Administrative Agent in its sole discretion), the Borrower shall deliver to the Administrative Agent a written appraisal conducted at the Borrower's sole cost and expense by an industry recognized third party appraiser acceptable to the Administrative Agent stating, among other things, a detailed NOLV of the machinery, parts, equipment and other fixed assets, of the Borrower and the other Credit Parties, together with a specified procedures letter from such appraiser reasonably satisfactory to the Administrative Agent, dated as of a date acceptable to, and otherwise in form and substance satisfactory to, the Administrative Agent.

(b) Requested Appraisals. Within 30 days after request thereof by the Administrative Agent, the Borrower shall deliver or caused to be delivered to the Administrative Agent, a written appraisal conducted at the Borrower's sole cost and expense by an industry recognized third party appraiser acceptable to the Administrative Agent stating, among other things, a detailed NOLV for machinery, parts, equipment and other fixed assets, of the Borrower and the other Credit Parties, together with a specified procedures letter from such appraiser satisfactory to the Administrative Agent; provided that, unless a Default has occurred and is continuing, no more than one request per fiscal year may be made.

(c) Field Exams. The Borrower shall, and shall cause each of its Subsidiaries to, permit the Administrative Agent to, at any reasonable time and upon reasonable prior notice, and from time to time upon request by the Administrative Agent with reasonable notice, perform a field inspection of the books, records and asset value of the accounts receivable and inventory of the Borrower and its Subsidiaries, and including an audit, verification and inspection of the accounts receivable and inventory of the Borrower and its Subsidiaries and, in any event, conducted by the Administrative Agent or any other Person

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selected by the Administrative Agent; provided that, unless a Default has occurred and is continuing, the Borrower shall bear the cost of only one such field exam per fiscal year.

(d) Default; Beneficiaries. If a Default has occurred and is continuing, the Administrative Agent may perform any additional collateral audits, appraisals and field exams, and all such collateral audits, appraisals and field exams shall be performed at the Borrower's sole cost and expense. Notwithstanding anything herein to the contrary, (i) no Credit Party nor any Affiliate thereof nor any of the foregoing's respective equity holders are intended to, and no such Person shall be, third party beneficiaries of any audits, appraisals, field exams or collateral audit conducted by any Secured Party or any other Person at the direction of any Secured Party, (ii) no Secured Party is obligated to share any such material or information with any Person other than the directly intended and express beneficiary thereof and (iii) as a condition to any disclosure of such material or information which a Secured Party may, but is not obligated to, provide, the applicable Secured Party may require that the Borrower execute and deliver a confidential, non-reliance, or other disclosure agreement in form and substance acceptable to the disclosing Secured Party (which agreement would not go into effect until the delivery of the applicable audit, appraisal or field exam).

ARTICLE 6 NEGATIVE COVENANTS

So long as any Obligation shall remain unpaid, any Lender shall have any Commitment hereunder, or there shall exist any Letter of Credit Exposure, each Credit Party agrees to comply with the following covenants.

Section 6.1 Debt. No Credit Party shall, nor shall it permit any of its Subsidiaries to, create, assume, incur, suffer to exist, or in any manner become liable, directly, indirectly, or contingently in respect of, any Debt other than the following (collectively, the "Permitted Debt"):

(a) the Obligations;

(b) intercompany Debt owed by any Credit Party to any other Credit Party provided that, if applicable, such Debt as an investment is also permitted in Section 6.3;

(c) Debt in the form of accounts payable to trade creditors for goods or services and current operating liabilities (other than for borrowed money) which in each case are not more than 90 days past due, in each case incurred in the ordinary course of business, as presently conducted, unless contested in good faith and by appropriate proceedings;

(d) [Intentionally Omitted];

(e) (i) purchase money indebtedness, (ii) Debt used to finance the construction or improvement of equipment or other assets, or (iii) Capital Leases; provided that all such Debt described in clauses (i) through (iii) is in an aggregate outstanding principal amount not to exceed \$10,000,000 at any time; provided further, no Credit Party may enter into additional indebtedness of the type described in this clause (e) if a Default is continuing or entering into the additional indebtedness could reasonably be expected to cause a Default; provided further, that all Debt described in clause (ii) shall be nonrecourse Debt with respect to any Credit Party or any of its assets (other than the assets financed by the Debt described in clause (ii));

(f) Permitted Subordinated Debt; provided that, the Debt Incurrence Proceeds thereof are applied as a prepayment of outstanding Term Advances in the inverse order of maturity (including, for the

avoidance of doubt, the installment due at maturity) until the Term Advances are repaid in full, and, thereafter, to the Revolving Advances with a corresponding permanent reduction in the Revolving Commitments;

- (g) Hedging Arrangements permitted under Section 6.16;
- (h) Debt arising from the endorsement of instruments for collection in the ordinary course of business;
- (i) earnouts payable by the Borrower pursuant to Acquisitions completed prior to the Amendment No. 6 Effective Date and earnouts payable by the Borrower pursuant to Acquisitions permitted under Section 6.4 below;
- (j) [Intentionally Omitted]; and
- (k) (i) secured Debt incurred by a Non-Obligor Entity, less than 100% of the Voting Securities of which are owned, directly or indirectly, by the Parent Company (such Debt being hereinafter referred to as "Joint Venture Debt") and (ii) unsecured Debt not otherwise permitted under the preceding provisions of this Section 6.1; provided that all such Debt described in clauses (i) and (ii) is in an aggregate outstanding principal amount not to exceed \$5,000,000 at any time; provided further, that (x) no Non-Obligor Entity shall incur Joint Venture Debt if a Default is continuing or entering incurring such Joint Venture Debt could reasonably be expected to cause a Default; and (y) all Joint Venture Debt shall be nonrecourse Debt with respect to any Credit Party and any Non-Obligor Entity or any of their respective assets (other than the assets of the Non-Obligor Entity financed by the Joint Venture Debt).

Section 6.2 Liens. No Credit Party shall, nor shall it permit any of its Subsidiaries to, create, assume, incur, or suffer to exist any Lien on the Property of any Credit Party or any Subsidiary, whether now owned or hereafter acquired, or assign any right to receive any income, other than the following (collectively, the "Permitted Liens"):

- (a) Liens securing the Secured Obligations pursuant to the Security Documents;
- (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's liens, and other similar liens arising in the ordinary course of business securing obligations which are not overdue for a period of more than 30 days or are being contested in good faith by appropriate procedures or proceedings and for which adequate reserves have been established;
- (c) Liens arising in the ordinary course of business out of pledges or deposits under workers compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation to secure public or statutory obligations;
- (d) Liens for taxes, assessment, or other governmental charges which are not yet due and payable or which are being actively contested in good faith by appropriate proceedings;
- (e) Liens securing (i) purchase money debt or Capital Lease obligations permitted under Section 6.1(e); provided that each such Lien encumbers only the Property purchased in connection with the creation of any such purchase money debt or the subject of any such Capital Lease, and all proceeds thereof (including insurance proceeds), and the amount secured thereby is not increased and (ii) Joint Venture Debt permitted under Section 6.1(k); provided that each such Lien encumbers only the Property of the applicable Non-Obligor Entity which is financed by such Joint Venture Debt, and all proceeds thereof (including insurance proceeds);

- (f) Liens arising from precautionary UCC financing statements regarding operating leases to the extent such operating leases are permitted hereby;
- (g) encumbrances consisting of minor easements, zoning restrictions, or other restrictions on the use of real property that do not (individually or in the aggregate) materially affect the value of the assets encumbered thereby or materially impair the ability of any Credit Party to use such assets in its business, and none of which is violated in any material aspect by existing or proposed structures or land use;
- (h) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a depository institution;
- (i) Liens on cash or securities pledged to secure performance of tenders, surety and appeal bonds, government contracts, performance and return of money bonds, bids, trade contracts, leases, statutory obligations, regulatory obligations and other obligations of a like nature incurred in the ordinary course of business;
- (j) judgment and attachment Liens not giving rise to an Event of Default, provided that (i) any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired and (ii) no action to enforce such Lien has been commenced; and
- (k) [Intentionally Omitted].

Section 6.3 Investments. No Credit Party shall, nor shall it permit any of its Subsidiaries to, make or hold any direct or indirect investment in any Person, including capital contributions to the Person, investments in or the acquisition of the debt or equity securities of the Person, or any loans, guaranties, trade credit, or other extensions of credit to any Person, other than the following (collectively, the "Permitted Investments"):

- (a) investments in the form of trade credit to customers of a Credit Party arising in the ordinary course of business and represented by accounts from such customers;
- (b) Liquid Investments;
- (c) loans, advances, or capital contributions to, or investments in, or purchases or commitments to purchase any stock or other securities or evidences of indebtedness of or interests in any Person and existing on the Effective Date, in each case as specified in the attached Schedule 6.3; provided that, the respective amounts of such loans, advances, capital contributions, investments, purchases and commitments shall not be increased (other than appreciation);
- (d) loans and advances by a Credit Party to any other Credit Party;
- (e) investments in the form of Permitted Acquisitions;
- (f) creation of any additional Subsidiaries domiciled in the U.S. in compliance with Section 5.6;

(g) loans or advances to affiliates, officers and employees of any Credit Party for expenses or other payments incident to such Person's affiliation, employment or association with any Credit Party;

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provided that the aggregate outstanding amount of such advances and loans shall not exceed \$1,000,000; and

(h) [Intentionally Omitted];

(i) investments (other than Equity Funded Investments) made prior to the Amendment No. 11 Effective Date in the form of Equity Interests in Persons that are not, and after giving effect to such investments will not be, Guarantors so long as (A) such Persons are engaged in business that is reasonably related to the Borrower's and its Subsidiaries collective business as presently and normally conducted, including the water solutions business, and (B) the aggregate amount of such investments does not exceed \$50,000,000; provided that, any investments in Equity Interests of Persons which, subsequent to such investment, become Guarantors and comply with Section 5.6 above, shall be disregarded for purposes of calculating the foregoing \$50,000,000 limitation;

(j) Equity Funded Investments made prior to the Amendment No. 11 Effective Date in Persons that are not, and after giving effect to such Equity Funded Investments will not be, Guarantors so long as (A) such Persons are engaged in business that is reasonably related to the Borrower's and its Subsidiaries collective business as presently and normally conducted, including the water solutions business and (B) each such Equity Funded Investment was made within six months from the date of the Qualified Equity Issuance from which the Qualified Equity Issuance Proceeds utilized in the Equity Funded Investment were derived;

(k) Equity Funded Investments made on or after the Amendment No. 11 Effective Date in Persons that are not, and after giving effect to such Equity Funded Investments will not be, Guarantors so long as (A) such Persons are engaged in business that is reasonably related to the Borrower's and its Subsidiaries collective business as presently and normally conducted, including the water solutions business, (B) each such Equity Funded Investment is made within six months from the date of the Qualified Equity Issuance from which the Qualified Equity Issuance Proceeds utilized in the Equity Funded Investment were derived, and (C) the aggregate amount of all such Equity Funded Investments does not exceed \$10,000,000; and

(l) Equity Funded Investments not otherwise permitted under the preceding provisions of this Section 6.3; provided that the aggregate outstanding amount thereof shall not exceed \$5,000,000.

Section 6.4 Acquisitions. No Credit Party shall, nor shall it permit any of its Subsidiaries to, make an Acquisition in a transaction or related series of transactions other than any Acquisition that meets each of the following conditions:

(a) no Default exists both before and after giving effect to such Acquisition;

(b) such Acquisition is substantially related to the business of the Borrower and Subsidiaries, taken as a whole, and is not hostile;

(c) (i) prior to the satisfaction of the Covenant Changeover Condition: (A) such Acquisition is an Equity Funded Acquisition or a Pipeline Acquisition, and (B) other than with respect to a Pipeline Acquisition, the Borrower demonstrates, in form and substance reasonably satisfactory to the Administrative Agent, that the business, division or enterprise to be acquired had positive EBITDA for the four fiscal quarter period ended immediately prior to the proposed closing date of such Acquisition and has a positive EBITDA for the same four fiscal quarter period after giving pro forma effect to such Acquisition; and

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(ii) after the satisfaction of the Covenant Changeover Condition: (A) either (x) such Acquisition is an Equity Funded Acquisition or a Pipeline Acquisition, or (y) before and after giving effect to such Acquisition, Availability is no less than \$25,000,000, and (B) other than with respect to a Pipeline Acquisition, the Borrower demonstrates, in form and substance reasonably satisfactory to the Administrative Agent, that the business, division or enterprise to be acquired had positive EBITDA for the four fiscal quarter period ended immediately prior to the proposed closing date of such Acquisition and has a positive EBITDA for the same four fiscal quarter period after giving pro forma effect to such Acquisition.

(c) if such Acquisition is an Acquisition of the Equity Interests of a Person (other than the minority investment permitted under Section 6.3(i) above), the Acquisition is structured so that the acquired Person (or its successor in interest) shall become a direct or indirect Subsidiary of the Borrower and the Borrower shall have delivered to the Administrative Agent each of the items required under Part A of Schedule III attached hereto; and if such Acquisition is an Acquisition of assets, the Acquisition is structured so that the Borrower or one of its direct or indirect Subsidiaries shall acquire such assets;

(d) all assets or operations purchased pursuant to such Acquisitions are held by (i) a Credit Party or (ii) if the Borrower is in compliance with Section 5.7(d) and Section 6.21 on a pro-forma basis after giving effect to such Acquisition, a Non-Obligor Entity, 100% of the Voting Securities of which are owned, directly or indirectly, by the Borrower; and

(e) each of the conditions set forth in Part B of Schedule III attached has been met.

For purposes of clause (c) of this Section, the EBITDA of the business, division or enterprise to be acquired shall be calculated using the definition of "EBITDA" used in this Agreement as applied to such business, division or enterprise, *mutatis mutandis*.

Section 6.5 Agreements Restricting Liens. No Credit Party shall, nor shall it permit any of its Subsidiaries to, create, incur, assume or permit to exist any contract, agreement or understanding (other than this Agreement, the Security Documents and agreements governing Debt permitted by Sections 6.1(e) to the extent such restrictions govern only the asset financed pursuant to such Debt) which in any way prohibits or restricts the granting, conveying, creation or imposition of any Lien on any of its Property, whether now owned or hereafter acquired, to secure the Secured Obligations or restricts any Subsidiary from paying Restricted Payments to the Parent Company, or which requires the consent of or notice to other Persons in connection therewith.

Section 6.6 Use of Proceeds; Use of Letters of Credit

(a) No Credit Party shall, nor shall it permit any of its Subsidiaries to: (i) use the proceeds of the Term Advances funded on the Effective Date for any purpose other than to refinance the advances outstanding under the Restated Agreement; (ii) use the proceeds of the Revolving Advances for any purposes other than (x) to refinance the advances and other obligations outstanding under the Restated Agreement, (y) working capital purposes of any Credit Party, or (z) other general corporate purposes of any Credit Party, including funding Permitted Acquisitions or Permitted Investments and the payment of fees and expenses related to the entering into of this Agreement and the other Credit Documents; or (iii) use the proceeds of the Swing Line Advances or the Letters of Credit for any purposes other than (x) working capital purposes of any Credit Party or (y) other general corporate purposes of any Credit Party. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, use any part of the proceeds of Advances or Letters of Credit for purchasing or carrying margin stock or for any purpose which violates, or is inconsistent with, Regulations T, U, or X. No Credit Party nor any Subsidiary thereof is engaged principally or as one of its activities in the business of extending credit for the purpose

of “purchasing” or “carrying” any “margin stock” (as each such term is defined or used, directly or indirectly, in Regulation U of the Federal Reserve Board). Following the application of the proceeds of each Advance and Letter of Credit, not more than twenty-five percent (25%) of the value of the assets (either of the Borrower only or of Parent Company and its Subsidiaries on a consolidated basis) will be “margin stock”.

(b) No proceeds of any Advance or Letter of Credit shall be used in any manner that could, after giving effect to such use, prevent the Borrower from making the representations and warranties provided in Section 4.19. No part of the proceeds of the Advances shall be used, directly or indirectly, 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 the FCPA or any other applicable Anti-Corruption Law. The Credit Parties shall not, directly or indirectly, use the proceeds of the Advances, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Advances, whether as underwriter, advisor, investor, or otherwise).

Section 6.7 Corporate Actions; Accounting Changes.

(a) No Credit Party shall, nor shall it permit any of its Subsidiaries to, merge or consolidate with or into any other Person, except that the Borrower may merge with any of its wholly-owned Subsidiaries and any Credit Party may merge or be consolidated with or into any other Credit Party; provided that immediately after giving effect to any such proposed transaction no Default would exist and, in the case of any such merger to which the Borrower is a party, the Borrower is the surviving entity.

(b) No Credit Party shall, nor shall it permit any of its Subsidiaries to, (i) without prior written notice to, and prior consent of, the Administrative Agent (such consent not to be unreasonably withheld or delayed), change its name, change its state of incorporation, formation or organization, change its organizational identification number or reorganize in another jurisdiction, (ii) create or suffer to exist any Subsidiary not existing on the date of this Agreement, provided that, the Borrower may create or acquire new Subsidiaries (other than Foreign Subsidiaries) if such new Subsidiaries comply with Section 5.6 and such transactions otherwise comply with the terms of this Agreement, (iii) sell or otherwise dispose of any of its ownership interest in any of its Subsidiaries (other than as permitted by Section 6.8), or in any manner rearrange its business structure as it exists on the date of this Agreement (other than as permitted by Section 6.7(a)), (iv) without prior written notice to, and prior consent of, the Administrative Agent, amend, supplement, modify or restate their articles or certificate of incorporation or formation, limited partnership agreement, bylaws, limited liability company agreements, or other equivalent organizational documents in any manner that could be adverse to any Secured Party, or (v) a change in the method of accounting employed in the preparation of the financial statements referred to in Section 4.4 or change the fiscal year end of the Borrower or the Parent Company unless required to conform to GAAP or approved in writing by the Administrative Agent.

Section 6.8 Sale of Property. No Credit Party shall, nor shall it permit any of its Subsidiaries to, sell, convey, or otherwise transfer any of its Property except that:

(a) any Credit Party may sell, convey, dispose or otherwise transfer any of its assets to any other Credit Party so long as no Default or Event of Default has occurred and is continuing or would be caused thereby; provided that the receiving Credit Party shall ratify, grant and confirm the Liens on such assets (and any other related Collateral) pursuant to documentation satisfactory to the Administrative Agent; provided further that (i) on or prior to December 31, 2016, neither Affirm nor Peak may convey,

dispose or otherwise transfer any of its assets to any other Credit Party, or be the transferee to any other Credit Party’s conveyance, disposition, and (ii) after December 31, 2016, neither Affirm nor Peak may convey, dispose or otherwise transfer any of its assets to any other Credit Party, or be the transferee to any other Credit Party’s conveyance, disposition other transfer of its assets, or thereafter without the Administrative Agent’s prior written consent;

(b) the Parent Company and its Subsidiaries may sell inventory in the ordinary course of business;

(c) the Parent Company and its Subsidiaries may sell, convey, dispose or otherwise transfer any Properties not otherwise permitted under the preceding clauses (a) or (b) (other than to Affirm or Peak); provided that (i) at the time of, and after giving pro forma effect to, such sale, conveyance, disposal or transfer, the aggregate amount of all such sales, conveyances, dispositions and transfers consummated on or after October 30, 2015 (and if the Covenant Changeover Condition has been satisfied, on or after the date the Covenant Changeover Condition has been satisfied), does not exceed 5% of the Tangible Net Assets as reflected in the financial statements most recently delivered to the Administrative Agent pursuant to the terms hereof, and (ii) no Default or Event of Default has occurred and is continuing or would be caused thereby; provided further that, for the avoidance of doubt, neither the Affirm Disposition nor the Peak Disposition is permitted under this clause (c).

(d) any Credit Party may consummate any transaction permitted under Section 6.14;

(e) the Affirm Disposition may be effected; provided that (i) no Default or Event of Default has occurred and is continuing or would be caused thereby, (ii) 100% of the consideration therefor consists of cash and cash equivalents and the proceeds from such disposition are applied in accordance with Section 2.5(c)(vii), (iii) such disposition is to a Person other than a Credit Party, (iv) 100% of the consideration received in respect thereof is comprised of cash, (v) if such disposition is a sale of all or substantially all the assets of Affirm, then Affirm shall have been released from all material liabilities (other than the Secured Obligations), (vi) all intercompany Debt and investments made or incurred on or after June 30, 2016 between or among Affirm and the Credit Parties shall have been paid or returned in full prior to, or concurrent with, the consummation of such Affirm Disposition and (vii) the consideration received for such disposition is equal to or greater than the fair market value (as reasonably determined by the board of directors or the equivalent governing body of the Borrower or the Parent Company, as applicable, and, if requested by the Administrative Agent, the Borrower or the Parent Company, as applicable, shall deliver a certificate of a Responsible Officer of the Borrower or the Parent Company, as applicable, certifying to that effect);

(f) the Peak Disposition may be effected; provided that (i) no Default or Event of Default has occurred and is continuing or would be caused thereby, (ii) 100% of the consideration therefor consists of cash and cash equivalents and the proceeds from such disposition are applied in accordance with Section 2.5(c)(vii), (iii) such disposition is to a Person other than a Credit Party, (iv) 100% of the consideration received in respect thereof is comprised of cash, (v) if such disposition is a sale of all or substantially all the assets of Peak, then Peak shall have been released from all material liabilities (other than the Secured Obligations), (vi) all intercompany Debt and investments made or incurred on or after October 29, 2015, between or among Peak and the Credit Parties shall have been paid or returned in full prior to, or concurrent with, the consummation of such Peak Disposition and (vii) the consideration received for such disposition is equal to or greater than (A) \$30,000,000 if such disposition is consummated prior to December 31, 2016, or (B) such other amount determined by the Majority Lenders if such disposition is consummated on or after January 1, 2017; and

(g) the Parent Company and its Subsidiaries may sell, convey, dispose or otherwise transfer equipment that is obsolete, worn-out or otherwise not

economically viable in its then current condition; provided that (i) the aggregate amount of all such sales, conveyances, dispositions and transfers permitted under this clause (g) shall not exceed \$2,000,000 per fiscal year, and (ii) no Default or Event of Default has occurred and is continuing or would be caused thereby.

Section 6.9 Restricted Payments. No Credit Party shall, nor shall it permit any of its Subsidiaries to make any Restricted Payments except that so long as no Default exists or would result from the making of such Restricted Payment:

- (a) the Subsidiaries of the Borrower may make Restricted Payments to the Borrower or any other Subsidiary that is a Credit Party (other than Affirm or Peak),
- (b) the Borrower may make Restricted Payments to the Parent Company,
- (c) the Parent Company may make Permitted Tax Distributions,
- (d) the Credit Parties may make payments of principal, interest, fees and other amounts owing in respect of Permitted Subordinated Debt to the extent permitted by the subordination documentation referenced in the definition of "Permitted Subordinated Debt" (which may include restrictions on the payment of interest and fees), and
- (e) the Parent Company may make Restricted Payments to the extent funded with the Qualified Equity Proceeds of an Equity Issuance of Qualified Equity Interests effected concurrently with, or immediately prior to, such Restricted Payments.

Section 6.10 Affiliate Transactions. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of transactions (including, but not limited to, the purchase, sale, lease or exchange of Property, the making of any investment, the giving of any guaranty, the assumption of any obligation or the rendering of any service) with any of their Affiliates which are not Credit Parties unless such transaction or series of transactions is on terms no less favorable to the applicable Credit Party than those that could be obtained in a comparable arm's length transaction with a Person that is not such an affiliate. Notwithstanding anything herein to the contrary, Affirm shall not, Peak shall not, and the Parent Company shall not permit Affirm or Peak to, directly or indirectly, enter into or permit to exist any transaction or series of transactions (including, but not limited to, the purchase, sale, lease or exchange of Property, the making of any investment, the giving of any guaranty, the assumption of any obligation or the rendering of any service) with any other Credit Party unless such transaction or series of transactions is on terms no less favorable to such other Credit Party, as applicable, than those that could be obtained in a comparable arm's length transaction with a Person that is not a Credit Party or an Affiliate thereof and such transaction is not otherwise prohibited under this Agreement; provided that, so long as the purchase price Peak receives in connection with such transaction or series of transactions satisfies the requirements set forth in Section 6.8(f)(vii), such purchase price shall be deemed to be no less favorable to such other Credit Party than the purchase price that such Credit Party could have obtained in a comparable arm's length transaction with a Person that is not a Credit Party or an Affiliate thereof.

Section 6.11 Line of Business. No Credit Party shall, and shall not permit any of its Subsidiaries to, change the character of the Parent Company's, the Borrower's or the Subsidiaries' collective business as conducted on August 14, 2012, or engage in any type of business not reasonably related to the Borrower's and its Subsidiaries collective business as presently and normally conducted.

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Section 6.12 Hazardous Materials. No Credit Party (a) shall, nor shall it permit any of its Subsidiaries to, create, handle, transport, use, or dispose of any Hazardous Substance or Hazardous Waste, except in the ordinary course of its business and except in compliance with Environmental Law other than to the extent that such non-compliance could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change or in any liability on the Lenders or the Administrative Agent, and (b) shall, nor shall it permit any of its Subsidiaries to, release any Hazardous Substance or Hazardous Waste into the environment and shall not permit any Credit Party's or any Subsidiary's Property to be subjected to any release of Hazardous Substance or Hazardous Waste, except in compliance with Environmental Law other than to the extent that such non-compliance could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change or in any liability on the Lenders or the Administrative Agent.

Section 6.13 Compliance with ERISA. Except for matters that individually or in the aggregate could not reasonably be expected to cause a Material Adverse Change, no Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly: (a) engage in any transaction in connection with which the Parent Company or any Subsidiary could be subjected to either a civil penalty assessed pursuant to section 502(c), (i) or (l) of ERISA or a tax imposed by Chapter 43 of Subtitle D of the Code; (b) terminate, or permit any member of the Controlled Group to terminate, any Plan in a manner, or take any other action with respect to any Plan, which could result in any liability to the Parent Company, any Subsidiary or any member of the Controlled Group to the PBGC; (c) fail to make, or permit any member of the Controlled Group to fail to make, full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable law, the Parent Company, a Subsidiary or member of the Controlled Group is required to pay as contributions thereto; (d) permit to exist, or allow any Subsidiary or any member of the Controlled Group to permit to exist, any accumulated funding deficiency (or unpaid minimum required contribution for plan years after December 31, 2007) within the meaning of Section 302 of ERISA or section 412 of the Code, whether or not waived, with respect to any Plan; (e) permit, or allow any member of the Controlled Group to permit, the actuarial present value of the benefit liabilities (as "actuarial present value of the benefit liabilities" shall have the meaning specified in section 4041 of ERISA) under any Plan that is regulated under Title IV of ERISA to exceed the current value of the assets (computed on a plan termination basis in accordance with Title IV of ERISA) of such Plan allocable to such benefit liabilities; (f) contribute to or assume an obligation to contribute to, or permit any member of the Controlled Group to contribute to or assume an obligation to contribute to, any Multiemployer Plan; (g) acquire, or permit any member of the Controlled Group to acquire, an interest in any Person that causes such Person to become a member of the Controlled Group if such Person sponsors, maintains or contributes to, or at any time in the six-year period preceding such acquisition has sponsored, maintained, or contributed to, (1) any Multiemployer Plan, or (2) any other Plan that is subject to Title IV of ERISA under which the actuarial present value of the benefit liabilities under such Plan exceeds the current value of the assets (computed on a plan termination basis in accordance with Title IV of ERISA) of such Plan allocable to such benefit liabilities; (h) incur, or permit any member of the Controlled Group to incur, a liability to or on account of a Plan under sections 515, 4062, 4063, 4064, 4201 or 4204 of ERISA; (i) contribute to or assume an obligation to contribute to any employee welfare benefit plan, as defined in section 3(1) of ERISA, including, without limitation, any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by such entities in their sole discretion at any time without any liability; or (j) amend or permit any member of the Controlled Group to amend, a Plan resulting in an increase in current liability such that the Parent Company, any Subsidiary or any member of the Controlled Group is required to provide security to such Plan under section 401(a)(29) of the Code.

Section 6.14 Sale and Leaseback Transactions. No Credit Party shall, nor shall it permit any of its Subsidiaries to, sell or transfer to a Person any Property, whether now owned or hereafter acquired, if at the time or thereafter the Parent Company or a Subsidiary shall lease as lessee such Property or any

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part thereof or other Property which the Parent Company or a Subsidiary intends to use for substantially the same purpose as the Property sold or transferred; provided that, on or after the Amendment No. 6 Effective Date, the Credit Parties may effect such transactions with Property that is not Collateral so long as the aggregate purchase price for all such transactions does not exceed \$1,000,000.

Section 6.15 Operating Leases. No Credit Party shall, nor shall it permit any of its Subsidiaries to, enter into or be party to any lease that constitutes an operating lease under GAAP if the obligations of such Credit Party or such Subsidiary as lessee under such lease would cause its lease payments (excluding (a) payments for taxes, insurance, and other non-rental expenses to the extent not included within the stated amount of the rental payments under such lease and (b) payments made after the

Amendment No. 6 Effective Date in respect of leases permitted under Section 6.14) in respect of all such leases entered into by the Parent Company and its Subsidiaries to exceed \$50,000,000 during any fiscal year of the Parent Company.

Section 6.16 Limitation on Hedging. No Credit Party shall, nor shall it permit any of its Subsidiaries to, (a) purchase, assume, or hold a speculative position in any commodities market or futures market or enter into any Hedging Arrangement for speculative purposes; or (b) be party to or otherwise enter into any Hedging Arrangement which (i) is entered into for reasons other than as a part of its normal business operations as a risk management strategy and/or hedge against changes resulting from market conditions related to the Borrower's or its Subsidiaries' operations, (ii) is longer than the term of the Term Loans, or (iii) obligates the Borrower or any of its Subsidiaries to any margin call requirements.

Section 6.17 Minimum Liquidity. The Borrower shall not permit Liquidity at any fiscal quarter end ending after the Amendment No. 14 Effective Date but prior to the Amendment No. 15 Effective Date, to be less than \$10,000,000. Furthermore, the Borrower shall not permit Liquidity on the date of any Advance or any issuance, increase or extension of a Letter of Credit (after giving effect to such Advance and such issuance, increase or extension of a Letter of Credit) occurring on or after the Amendment No. 14 Effective Date but prior to Amendment No. 15 Effective Date to be less than \$10,000,000.

Section 6.18 Leverage Ratio. Borrower shall, at all times, not permit the Leverage Ratio as of each fiscal quarter end set forth below to be more than the corresponding maximum Leverage Ratio set forth below next to such fiscal quarter:

<u>Fiscal Quarter End</u>	<u>Maximum Leverage Ratio</u>
Fiscal quarter ending September 30, 2017	4.00 to 1.00
Fiscal quarter ending December 31, 2017	3.50 to 1.00
Fiscal quarters ending March 31, 2018, June 30, 2018 and September 30, 2018	3.25 to 1.00
Fiscal quarter ending December 31, 2018	3.00 to 1.00
Fiscal quarters ending on or after March 31, 2019	2.75 to 1.00

Section 6.19 Interest Coverage Ratio. Borrower shall not permit the Interest Coverage Ratio as of each fiscal quarter end to be less than (a) 1.10 to 1.00 for the fiscal quarter ending December 31,

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2016, (b) 1.25 to 1.00 for the fiscal quarter ending March 31, 2017, (c) 1.50 to 1.00 for the fiscal quarter ending June 30, 2017, (d) 2.50 to 1.00 for the fiscal quarter ending September 30, 2017, and (e) 3.00 to 1.00 for each fiscal quarter ending on or after December 31, 2017.

Section 6.20 Capital Expenditures. No Credit Party shall, nor shall it permit any of its Subsidiaries to, incur Capital Expenditures (other than Capital Expenditures that are Equity Funded Capital Expenditures) other than: (a) for the period of time commencing on the Amendment No. 14 Effective Date and ending on December 31, 2016, Capital Expenditures in the aggregate not in excess of the Capital Expenditures Basket Amount for such period, and (b) for each fiscal quarter ending after December 31, 2016, Capital Expenditures in the aggregate not in excess of the Capital Expenditures Basket Amount for such fiscal quarter; provided that, the dollar limitation in this clause (b) shall not apply for any fiscal quarter if the Covenant Changeover Condition has been satisfied for the immediately preceding fiscal quarter.

Section 6.21 Ring Fence Test. No Credit Party shall permit, nor shall it permit any of its Subsidiaries to permit (i) the EBITDA of the Credit Parties as of each fiscal quarter end, commencing with the fiscal quarter ending December 31, 2015, to be less than 92% of the consolidated EBITDA of the Parent Company and its Subsidiaries, and (ii) the net book value of all assets of the Credit Parties as of each fiscal quarter end, commencing with the fiscal quarter ending December 31, 2015, to be less than 92% of the aggregate consolidated net book value of all assets of the Parent Company and its Subsidiaries, in each case, as established in accordance with GAAP.

Section 6.22 Equipment Maintenance and Storage. No Credit Party shall, nor shall it permit any of its Subsidiaries to from and after the Effective Date, store or otherwise maintain any equipment that is intended to constitute Collateral pursuant to the Security Documents at premises within the U.S. which are not owned by a Credit Party unless (a) such equipment is in transit or located at the job site under which such equipment is then currently under contract, (b) such equipment is located at premises within the U.S. that are leased by a Credit Party, (c) such equipment is office equipment located at any Credit Party's regional corporate headquarters or sales offices, or (d) the aggregate value of all equipment which are not otherwise covered under the preceding clauses (a) – (d) and which are not covered by a lien waiver or subordination agreement in form and substance satisfactory to the Administrative Agent does not exceed \$5,000,000 (or such larger amount up to \$15,000,000 as may be set from time to time by the Administrative Agent in its sole discretion so long as such larger amount is only in effect for a period of no greater than three months at any one time).

Section 6.23 Non-Obligor Entities. Notwithstanding anything to the contrary contained herein, including any provision of this Article 6, no Credit Party shall, nor shall it permit any of its Subsidiaries to, (a) create, assume, incur or suffer to exist any Lien on or in respect of any of its Property for the benefit of any Non-Obligor Entity, Affirm, or Peak, (b) sell, assign, pledge, or otherwise transfer any of its Properties to any Non-Obligor Entity, to Affirm, or to Peak other than to the extent such transaction would be permitted with a Person that is not a Credit Party, or (c) make or permit to exist any loans, advances, or capital contributions to, or make any investment in, or purchase or commit to purchase any stock or other securities or evidences of indebtedness of or interests in, any Non-Obligor Entity, Affirm, or Peak, or in any Properties of any Non-Obligor Entity, of Affirm, or of Peak other than, without duplication, the following: (i) the loans, advances, capital contributions, investments, and commitments made prior to the date hereof in any Non-Obligor Entity; provided that, the respective amounts of such loans, advances, capital contributions, investments, and commitments shall not be increased (other than by appreciation), (ii) the loans, advances, capital contributions, investments, and commitments made prior to the Amendment No. 11 Effective Date in Affirm and Peak; provided that, the respective amounts of such loans, advances, capital contributions, investments, and commitments shall not be increased (other than by appreciation), (iii) such other loans, advances, capital contributions, investments and

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commitments permitted under Sections 6.3(g), (j), (k), and (l) above, and (iv) with respect to Peak and Affirm to the extent such Person is a Credit Party, such loans, advances, capital contributions, investments and commitments permitted under Sections 6.3(d).

ARTICLE 7 DEFAULT AND REMEDIES

Section 7.1 Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement and any other Credit Document:

(a) Payment Failure. Any Credit Party (i) fails to pay any principal or interest when due under this Agreement or (ii) fails to pay, within three Business Days of when due, any other amount due under this Agreement or any other Credit Document, including payments of fees, reimbursements, and indemnifications;

(b) False Representation or Warranties. Any representation or warranty made or deemed to be made by any Credit Party or any officer thereof in this Agreement, in any other Credit Document or in any certificate delivered in connection with this Agreement or any other Credit Document is incorrect, false or otherwise misleading in any material respect (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) at the time it was made or deemed made;

(c) **Breach of Covenant.** (i) Any breach by any Credit Party of any of the covenants in Section 5.2(c), Section 5.2(h), Section 5.3(a), Section 5.6 or Article 6 of this Agreement or the corresponding covenants in any Guaranty or (ii) any breach by any Credit Party of any other covenant contained in this Agreement or any other Credit Document and such breach shall remain unremedied for a period of thirty days after the occurrence of such breach (such grace period to be applicable only in the event such Default can be remedied by corrective action of a Credit Party or any of its Subsidiaries);

(d) **Guaranties.** Any provisions in the Guaranties shall at any time (before its expiration according to its terms) and for any reason cease to be in full force and effect and valid and binding on the Guarantors party thereto or shall be contested by any party thereto; any Guarantor shall deny it has any liability or obligation under such Guaranties; or any Guarantor shall cease to exist other than as expressly permitted by the terms of this Agreement;

(e) **Credit Documents.** Any Security Document shall at any time and for any reason cease to create an Acceptable Security Interest in the Property purported to be subject to such agreement in accordance with the terms of such agreement or any material provisions of any Credit Document shall cease to be in full force and effect and valid and binding on the Credit Party that is a party thereto or any such Person shall so state in writing;

(f) **Cross-Default.** (i) The Borrower or any Guarantor shall fail to pay any principal of or premium or interest on its Debt which is outstanding in a principal amount of at least \$7,500,000 individually or when aggregated with all such Debt of the Borrower and the Guarantors so in default (but excluding Debt evidenced by the Notes) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; (ii) any other event shall occur or condition shall exist under any agreement or instrument relating to Debt which is outstanding in a principal amount of at least \$7,500,000 individually or when aggregated with all such Debt of the Credit Parties so in default (other than Debt evidenced by the Notes), and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event

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or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt prior to the stated maturity thereof; or (iii) any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment); provided that, for purposes of this paragraph (f), the "principal amount" of the obligations in respect of Hedging Arrangements at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that would be required to be paid if such Hedging Arrangements were terminated at such time;

(g) **Bankruptcy and Insolvency.** (i) Except in connection with a transaction permitted under Section 6.7 above, any Credit Party or any Subsidiary shall terminate its existence or dissolve or (ii) any Credit Party or any Subsidiary (A) admits in writing its inability to pay its debts generally as they become due; makes an assignment for the benefit of its creditors; consents to or acquiesces in the appointment of a receiver, liquidator, fiscal agent, or trustee of itself or any of its Property; files a petition under bankruptcy or other laws for the relief of debtors; or consents to any reorganization, arrangement, workout, liquidation, dissolution, or similar relief or (B) shall have had, without its consent: any court enter an order appointing a receiver, liquidator, fiscal agent, or trustee of itself or any of its Property; any petition filed against it seeking reorganization, arrangement, workout, liquidation, dissolution or similar relief under bankruptcy or other laws for the relief of debtors and such petition shall not be dismissed, stayed, or set aside for an aggregate of 60 days, whether or not consecutive;

(h) **Adverse Judgment.** The Parent Company, the Borrower or any Subsidiary suffers final judgments against any of them since the date of this Agreement in an aggregate amount, less any insurance proceeds covering such judgments which are received or as to which the insurance carriers admit liability, greater than \$7,500,000 and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgments or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgments, by reason of a pending appeal or otherwise, shall not be in effect;

(i) **Termination Events.** Any Termination Event with respect to a Plan shall have occurred, and, 30 days after notice thereof shall have been given to the Borrower by the Administrative Agent, such Termination Event shall not have been corrected and shall have created and caused to be continuing a material risk of Plan termination or liability for withdrawal from the Plan as a "substantial employer" (as defined in Section 4001(a)(2) of ERISA), which termination could reasonably be expected to result in a liability of, or liability for withdrawal could reasonably be expected to be, greater than \$2,000,000;

(j) **Plan Withdrawals.** The Borrower or any member of the Controlled Group as employer under a Multiemployer Plan shall have made a complete or partial withdrawal from such Multiemployer Plan and such withdrawing employer shall have incurred a withdrawal liability in an annual amount exceeding \$2,000,000; or

(k) **Change in Control.** The occurrence of a Change in Control.

Section 7.2 **Optional Acceleration of Maturity.** If any Event of Default (other than an Event of Default pursuant to Section 7.1(g)) shall have occurred and be continuing, then, and in any such event,

(a) the Administrative Agent (i) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare that the obligation of each Lender to make Advances and the obligation of the Issuing Lender to issue Letters of Credit shall be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Majority Lenders, by notice to the Borrower, declare the Notes, all interest thereon, and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest, and all such amounts shall become and be forthwith due and payable in full, without presentment, demand, protest or further

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notice of any kind (including, without limitation, any notice of intent to accelerate or notice of acceleration), all of which are hereby expressly waived by each of the Credit Parties,

(b) the Borrower shall, on demand of the Administrative Agent (i) at the request or with the consent of the Majority Revolving Tranche A Lenders, deposit with the Administrative Agent into the Cash Collateral Account an amount of cash equal to 105% of the outstanding Tranche A Letter of Credit Exposure as security for the Secured Obligations to the extent the Tranche A Letter of Credit Obligations are not otherwise paid or cash collateralized at such time, and (ii) at the request or with the written consent of the Majority Revolving Tranche B Lenders, deposit with the Administrative Agent into the Cash Collateral Account an amount of cash equal to 105% of the outstanding Tranche B Letter of Credit Exposure as security for the Secured Obligations to the extent the Tranche B Letter of Credit Obligations are not otherwise paid or cash collateralized at such time, and

(c) the Administrative Agent shall at the request of, or may with the consent of, the Majority Lenders proceed to enforce its rights and remedies under the Security Documents, the Guaranties, or any other Credit Document for the ratable benefit of the Secured Parties by appropriate proceedings.

Section 7.3 **Automatic Acceleration of Maturity.** If any Event of Default pursuant to Section 7.1(g) shall occur,

(a) the obligation of each Lender to make Advances and the obligation of the Issuing Lender to issue Letters of Credit shall immediately and automatically be terminated and the Notes, all interest on the Notes, and all other amounts payable under this Agreement shall immediately and automatically become and be due and payable in full, without presentment, demand, protest or any notice of any kind (including, without limitation, any notice of intent to accelerate or notice of acceleration), all of which

are hereby expressly waived by each of the Credit Parties,

(b) the Borrower shall, on demand of the Administrative Agent at the request or with the consent of the Majority Lenders, (i) deposit with the Administrative Agent into the Cash Collateral Account an amount of cash equal to 105% of the outstanding Tranche A Letter of Credit Exposure as security for the Secured Obligations to the extent the Tranche A Letter of Credit Obligations are not otherwise paid or cash collateralized at such time, and (ii) deposit with the Administrative Agent into the Cash Collateral Account an amount of cash equal to 105% of the outstanding Tranche B Letter of Credit Exposure as security for the Secured Obligations to the extent the Tranche B Letter of Credit Obligations are not otherwise paid or cash collateralized at such time, and

(c) the Administrative Agent shall at the request of, or may with the consent of, the Majority Lenders proceed to enforce its rights and remedies under the Security Documents, the Guaranties, or any other Credit Document for the ratable benefit of the Secured Parties by appropriate proceedings.

Section 7.4 Set-off. If an Event of Default shall have occurred and be continuing, each Lender, Issuing Lender, the Swing Line Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Legal Requirements, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the Issuing Lender, the Swing Line Lender or any such Affiliate to or for the credit or the account of the Borrower or any other Credit Party against any and all of the obligations of the Borrower or such Credit Party now or hereafter existing under this Agreement or any other Credit Document to such Lender, the Issuing Lender or the Swing Line Lender or any of their respective Affiliates, irrespective of whether or not such Lender, the Issuing Lender, the Swing Line Lender or any such Affiliate shall have made any demand under this Agreement or any other Credit Document and

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although such obligations of the Borrower or such Credit Party may be contingent or unmatured or are owed to a branch or office of such Lender, the Issuing Lender, the Swing Line Lender or such Affiliate different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lender, the Swing Line Lender and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, Issuing Lender, the Swing Line Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Issuing Lender, the Swing Line Lender or their respective Affiliates may have. Each Lender, the Issuing Lender and the Swing Line Lender agree to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 7.5 Remedies Cumulative, No Waiver. No right, power, or remedy conferred to any Lender in this Agreement or the Credit Documents, or now or hereafter existing at law, in equity, by statute, or otherwise shall be exclusive, and each such right, power, or remedy shall to the full extent permitted by law be cumulative and in addition to every other such right, power or remedy. No course of dealing and no delay in exercising any right, power, or remedy conferred to any Lender in this Agreement and the Credit Documents or now or hereafter existing at law, in equity, by statute, or otherwise shall operate as a waiver of or otherwise prejudice any such right, power, or remedy. Any Lender may cure any Event of Default without waiving the Event of Default. No notice to or demand upon the Borrower or any other Credit Party shall entitle the Borrower or any other Credit Party to similar notices or demands in the future.

Section 7.6 Application of Payments. Prior to an Event of Default, all payments made hereunder shall be applied by the Administrative Agent as directed by the Borrower, but subject to the terms of this Agreement, including the application of prepayments according to Section 2.5 and Section 2.12. During the existence of an Event of Default, all payments and collections received by the Administrative Agent shall be applied to the Secured Obligations in accordance with Section 2.12 and otherwise in the following order:

FIRST, to the payment of all costs and expenses incurred by the Administrative Agent (in its capacity as such hereunder or under any other Credit Document) in connection with this Agreement or any of the Secured Obligations, including all court costs and the fees and expenses of its agents and legal counsel, the repayment of all advances made by the Administrative Agent as secured party hereunder or under any other Credit Document on behalf of any Credit Party and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Credit Document;

SECOND, to the payment of all accrued interest constituting part of the Secured Obligations (the amounts so applied to be distributed ratably among the Lenders (and to the extent applicable to Hedging Arrangements, the Swap Counterparties and to the extent applicable to Banking Services Obligations, the Lenders or their Affiliates that are owed such obligations) pro rata in accordance with the amounts of the Secured Obligations owed to them on the date of any such distribution);

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THIRD, to the payment of any then due and owing principal constituting part of the Secured Obligations (the amounts so applied to be distributed ratably among the Lenders (and to the extent applicable to Hedging Arrangements, the Swap Counterparties and to the extent applicable to Banking Services Obligations, the Lenders or its Affiliate that is owed such obligations) pro rata in accordance with the principal amounts of the Obligations owed to them on the date of any such distribution), and when applied to make distributions by the Administrative Agent to pay the principal amount of the outstanding Borrowings, pro rata to the Lenders;

FOURTH, to the payment of any then due and owing other amounts (including fees and expenses) constituting part of the Secured Obligations (the amounts so applied to be distributed ratably among the Lenders (and to the extent applicable to Hedging Arrangements, the Swap Counterparties and to the extent applicable to Banking Services Obligations, the Lenders or its Affiliate that is owed such obligations) pro rata in accordance with such amounts owed to them on the date of any such distribution), and when applied to make distributions by the Administrative Agent to pay such amounts payable to the Lenders under this Credit Agreement, pro rata to the Lenders; and

FIFTH, to the Credit Parties, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

Section 7.7 Equity Right to Cure.

(a) Notwithstanding anything to the contrary contained in Section 7.1, in the event of any Event of Default under the covenant set forth in Section 6.18 or Section 6.19, and until the expiration of the tenth (10th) Business Day after the date on which financial statements are required to be delivered pursuant to Section 5.2(a) or Section 5.2(b) with respect to the applicable fiscal quarter hereunder, the Parent Company may sell or issue common Equity Interests of the Parent Company to any of its Equity Interest holders or existing Equity Interest holders may make cash contributions on account of common Equity Interests of the Parent Company (in any event, to the extent such transaction would not result in a Change in Control) and apply the Equity Issuance Proceeds thereof (or the cash contribution thereof) to increase EBITDA with respect to such applicable quarter (and include it as EBITDA in such quarter for any four fiscal quarter period included in such calculation) (such application, a "Covenant Cure Payment"); provided that (i) such Equity Issuance Proceeds or cash contribution, as applicable, are actually received by the Borrower no later than ten (10) Business Days after the date on which financial statements are required to be delivered pursuant to Section 5.2(a) or Section 5.2(b) with respect to such fiscal quarter hereunder, (ii) the amount of such Equity Issuance Proceeds or cash contribution, as applicable, included as EBITDA for any such fiscal quarter shall not exceed the amount necessary to cause the Interest Coverage Ratio or the Leverage Ratio, as applicable, on a pro forma basis after giving effect to the cure provided herein, for any applicable period to be less than

the then required levels under Section 6.18 or Section 6.19, as applicable, plus \$4,000,000, (iii) such Equity Issuance Proceeds or cash contribution, as applicable, must be applied as a prepayment to the scheduled principal installments of outstanding Term Advances in the inverse order of maturity, and if no Term Advances are outstanding, then applied as a prepayment of the outstanding Revolving Advances with a corresponding permanent reduction in the Revolving Commitments, and (iv) concurrent with the delivery of the applicable financial statements, the Borrower shall have delivered a written notice of its election to exercise the rights under this Section 7.7. Subject to the terms set forth above and the terms in clause (b) and (c) below, upon (A) application of the Equity Issuance Proceeds or cash contribution as provided above within the ten (10) Business Day period described above in such amounts sufficient to cure the Events of Default under the covenant set forth in Section 6.18 or Section 6.19, as applicable, and (B) delivery of an updated Compliance Certificate executed by a Responsible Officer of the Borrower to the Administrative Agent reflecting compliance with Section 6.18 or Section 6.19, as applicable, such Events of Default shall be

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deemed cured and no longer in existence and any optional acceleration initiated pursuant to Section 7.2 solely as a result of such Event of Default shall be void provided, however, that nothing in this Section 7.7(a) shall affect any optional acceleration initiated in connection with any other Event of Default. For the avoidance of doubt, until such an Event of Default is cured in accordance with this Section 7.7 or otherwise waived in accordance with this Agreement, the Lenders shall have no obligation to make an Advance and the Issuing Lender shall have no obligation to issue, increase, renew or extend a Letter of Credit.

(b) The parties hereby acknowledge and agree that this Section 7.7 may not be relied on for purposes of calculating any financial ratios or other conditions or compliances other than the Interest Coverage Ratio or the Leverage Ratio covenant set forth in Section 6.18 or Section 6.19, as applicable, and shall not result in any adjustment to any amounts (including, for the avoidance of doubt, any Debt that is prepaid or repaid with the Equity Issuance Proceeds or cash contribution) other than the amount of EBITDA referred to in clause (a) above for purposes of determining the Borrower's compliance with Section 6.18 or Section 6.19. For the avoidance of doubt, with respect to calculating Leverage Ratio for any four-quarter period in which the EBITDA is increased pursuant to clause (a) above, the amount of Debt outstanding shall be calculated without giving effect to any reduction thereof resulting from the prepayments required under clause (a)(iii) above (i.e. the amount of such prepayments shall be added back to the numerator of Leverage Ratio).

(c) In each period of four fiscal quarters, there shall be at least two (2) fiscal quarters in which no cure set forth in this Section 7.7 is made. Furthermore, no more than three cures provided in this Section 7.7 may be utilized and no cures may be utilized in consecutive fiscal quarters.

ARTICLE 8 THE ADMINISTRATIVE AGENT

Section 8.1 Appointment, Powers, and Immunities. Each Lender hereby irrevocably appoints and authorizes the Administrative Agent to act as its agent under this Agreement and the other Credit Documents with such powers and discretion as are specifically delegated to the Administrative Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. The Administrative Agent (which term as used in this sentence and in Section 8.5 and the first sentence of Section 8.6 shall include its Affiliates and its own and its Affiliates' officers, directors, employees, and agents): (a) shall not have any duties or responsibilities except those expressly set forth in this Agreement and shall not be a trustee or fiduciary for any Lender; (b) shall not be responsible to the Lenders for any recital, statement, representation, or warranty (whether written or oral) made in or in connection with any Credit Document or any certificate or other document referred to or provided for in, or received by any of them under, any Credit Document, or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of any Credit Document, or any other document referred to or provided for therein or for any failure by any Credit Party or any other Person to perform any of its obligations thereunder; (c) shall not be responsible for or have any duty to ascertain, inquire into, or verify the performance or observance of any covenants or agreements by any Credit Party or the satisfaction of any condition or to inspect the Property (including the books and records) of any Credit Party or any of its Subsidiaries or Affiliates; (d) shall not be required to initiate or conduct any litigation or collection proceedings under any Credit Document unless requested by the Majority Lenders in writing and it receives indemnification satisfactory to it from the Lenders; and (e) shall not be responsible for any action taken or omitted to be taken by it under or in connection with any Credit Document, except for its own gross negligence or willful misconduct. The Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by the Administrative Agent with reasonable care.

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Section 8.2 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon any certification, notice, instrument, writing, or other communication (including, without limitation, any thereof by telephone or telecopy) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Credit Party), independent accountants, and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Notes as the holder thereof for all purposes hereof unless and until the Administrative Agent receives and accepts an Assignment and Acceptance executed in accordance with Section 9.7. As to any matters not expressly provided for by this Agreement, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding on all of the Lenders; provided, however, that the Administrative Agent shall not be required to take any action that exposes the Administrative Agent to personal liability or that is contrary to any Credit Document or applicable law or unless 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 any such action.

Section 8.3 Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or Event of Default unless the Administrative Agent has received written notice from a Lender or the Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice of the occurrence of a Default or Event of Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall (subject to Section 8.2) take such action with respect to such Default or Event of Default as shall reasonably be directed by the Majority Lenders, provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Lenders.

Section 8.4 Rights as Lender. With respect to its Commitments and the Advances made by it, Wells Fargo (and any successor acting as Administrative Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as the Administrative Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. Wells Fargo (and any successor acting as Administrative Agent) and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make investments in, provide services to, and generally engage in any kind of lending, trust, or other business with any Credit Party or any of its Subsidiaries or Affiliates as if it were not acting as Administrative Agent, and Wells Fargo (and any successor acting as Administrative Agent) and its Affiliates may accept fees and other consideration from any Credit Party or any of its Subsidiaries or Affiliates for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

Section 8.5 Indemnification

(a) THE LENDERS SEVERALLY AGREE TO INDEMNIFY THE ADMINISTRATIVE AGENT AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS (TO THE EXTENT NOT REIMBURSED BY THE BORROWER), RATABLY ACCORDING TO THE RESPECTIVE PRINCIPAL AMOUNTS OF THE ADVANCES THEN HELD BY EACH OF THEM (OR IF NO PRINCIPAL OF THE ADVANCES IS AT THE TIME OUTSTANDING, RATABLY ACCORDING TO THE RESPECTIVE COMMITMENTS HELD BY EACH OF THEM IMMEDIATELY PRIOR TO THE TERMINATION, EXPIRATION OR FULL

REDUCTION OF EACH SUCH COMMITMENT), FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE ADMINISTRATIVE AGENT IN ANY WAY RELATING TO OR ARISING OUT OF THIS AGREEMENT OR ANY ACTION TAKEN OR OMITTED BY THE ADMINISTRATIVE AGENT UNDER THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT (**INCLUDING THE ADMINISTRATIVE AGENT'S OWN NEGLIGENCE**), AND INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL LIABILITIES, **PROVIDED** THAT NO LENDER SHALL BE LIABLE FOR ANY PORTION OF SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS RESULTING FROM THE ADMINISTRATIVE AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WITHOUT LIMITATION OF THE FOREGOING, EACH LENDER AGREES TO REIMBURSE THE ADMINISTRATIVE AGENT PROMPTLY UPON DEMAND FOR ITS RATABLE SHARE (DETERMINED AS SET FORTH ABOVE IN THIS PARAGRAPH) OF ANY OUT-OF-POCKET EXPENSES (INCLUDING COUNSEL FEES) INCURRED BY THE ADMINISTRATIVE AGENT IN CONNECTION WITH THE PREPARATION, EXECUTION, DELIVERY, ADMINISTRATION, MODIFICATION, AMENDMENT, OR ENFORCEMENT (WHETHER THROUGH NEGOTIATIONS, LEGAL PROCEEDINGS, OR OTHERWISE) OF, OR LEGAL ADVICE IN RESPECT OF RIGHTS OR RESPONSIBILITIES UNDER, THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT, TO THE EXTENT THAT THE ADMINISTRATIVE AGENT IS NOT REIMBURSED FOR SUCH BY THE BORROWER.

(b) THE REVOLVING LENDERS SEVERALLY AGREE TO INDEMNIFY THE ISSUING LENDER AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS (TO THE EXTENT NOT REIMBURSED BY THE BORROWER), RATABLY ACCORDING TO THE RESPECTIVE PRINCIPAL AMOUNTS OF THE REVOLVING ADVANCES THEN HELD BY EACH OF THEM (OR IF NO PRINCIPAL OF THE REVOLVING ADVANCES IS AT THE TIME OUTSTANDING, RATABLY ACCORDING TO THE RESPECTIVE AMOUNTS OF THE REVOLVING COMMITMENTS THEN HELD BY EACH OF THEM, OR, IF NO SUCH PRINCIPAL AMOUNTS ARE THEN OUTSTANDING AND NO REVOLVING COMMITMENTS ARE THEN EXISTING, RATABLY ACCORDING TO THE REVOLVING COMMITMENTS HELD BY EACH OF THEM IMMEDIATELY PRIOR TO THE TERMINATION OR EXPIRATION THEREOF), FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE ISSUING LENDER IN ANY WAY RELATING TO OR ARISING OUT OF THIS AGREEMENT OR ANY ACTION TAKEN OR OMITTED BY THE ISSUING LENDER UNDER THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT (**INCLUDING THE ISSUING LENDER'S OWN NEGLIGENCE**), AND INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL LIABILITIES, **PROVIDED** THAT NO REVOLVING LENDER SHALL BE LIABLE FOR ANY PORTION OF SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS RESULTING FROM THE ISSUING LENDER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WITHOUT LIMITATION OF THE FOREGOING, EACH REVOLVING LENDER AGREES TO REIMBURSE THE ISSUING LENDER PROMPTLY UPON DEMAND FOR ITS RATABLE SHARE (DETERMINED AS SET FORTH ABOVE IN THIS PARAGRAPH) OF ANY OUT-OF-POCKET EXPENSES (INCLUDING COUNSEL FEES) INCURRED BY THE ISSUING LENDER IN CONNECTION WITH THE PREPARATION, EXECUTION, DELIVERY, ADMINISTRATION, MODIFICATION, AMENDMENT, OR ENFORCEMENT (WHETHER THROUGH NEGOTIATIONS, LEGAL PROCEEDINGS, OR

OTHERWISE) OF, OR LEGAL ADVICE IN RESPECT OF RIGHTS OR RESPONSIBILITIES UNDER, THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT, TO THE EXTENT THAT THE ISSUING LENDER IS NOT REIMBURSED FOR SUCH BY THE BORROWER.

Section 8.6 Non-Reliance on Administrative Agent and Other Lenders. Each Lender agrees that it has, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Borrower and the other Credit Parties and decision to enter into this Agreement and that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under the Credit Documents. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by the Administrative Agent hereunder and for other information in the Administrative Agent's possession which has been requested by a Lender and for which such Lender pays the Administrative Agent's expenses in connection therewith, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of any Credit Party or any of its Subsidiaries or Affiliates that may come into the possession of the Administrative Agent or any of its Affiliates.

Section 8.7 Resignation of Administrative Agent and Issuing Lender. The Administrative Agent or the Issuing Lender may resign at any time by giving written notice thereof to the Lenders and the Borrower. Upon receipt of notice of any such resignation, the Majority Lenders shall have the right to appoint a successor Administrative Agent or Issuing Lender with, so long as no Event of Default has occurred and is continuing, the consent of the Borrower, which consent shall not be unreasonably withheld. If no successor Administrative Agent or Issuing Lender shall have been so appointed by the Majority Lenders with the consent of the Borrower, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's or Issuing Lender's giving of notice of resignation, then the retiring Administrative Agent or Issuing Lender may, on behalf of the Lenders and the Borrower, appoint a successor Administrative Agent or Issuing Lender, which shall be, in the case of a successor agent, a bank with an office in the United States or an Affiliate of any such bank with an office in the United States and, in the case of the Issuing Lender, a Lender; **provided that**, if the Administrative Agent or Issuing Lender shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent or Issuing Lender shall be discharged from its duties and obligations hereunder and under the other Credit Documents (except that (A) in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the Issuing Lender under any of the Credit Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed and (B) the retiring Issuing Lender shall remain the Issuing Lender with respect to any Letters of Credit outstanding on the effective date of its resignation or removal and the provisions affecting the Issuing Lender with respect to such Letters of Credit shall inure to the benefit of the retiring Issuing Lender until the termination of all such Letters of Credit) and (2) all payments, communications and determinations provided to be made by, to or through the retiring Administrative Agent shall instead be made by or to each Lender and the Issuing Lender directly, until such time as the Majority Lenders appoint a successor Administrative Agent or Issuing Lender, as applicable, as provided for above in this paragraph. Upon the acceptance of any appointment as Administrative Agent or Issuing Lender by a successor Administrative Agent or Issuing Lender, such successor Administrative Agent or Issuing Lender shall thereupon succeed to and become vested with all the rights, powers, privileges, and duties of the retiring Administrative Agent or Issuing Lender, and the retiring Administrative Agent or Issuing Lender shall be discharged from its duties and obligations under this Agreement and the other Credit Documents, except that the retiring Issuing Lender shall remain the Issuing Lender with respect to any Letters of Credit outstanding on the effective date of its resignation or

removal and the provisions affecting the Issuing Lender with respect to such Letters of Credit shall inure to the benefit of the retiring Issuing Lender until the termination of all such Letters of Credit. After any retiring Administrative Agent's or Issuing Lender's resignation as Administrative Agent or Issuing Lender, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent or Issuing Lender under this Agreement and the other Credit Documents.

Section 8.8 Collateral Matters.

(a) The Administrative Agent is authorized on behalf of the Secured Parties, without the necessity of any notice to or further consent from such Secured Parties, from time to time, to take any actions with respect to any Collateral or Security Documents which may be necessary to perfect and maintain the Liens upon the Collateral granted pursuant to the Security Documents. The Administrative Agent is further authorized (but not obligated) on behalf of the Secured Parties, without the necessity of any notice to or further consent from the Secured Parties, from time to time, to take any action in exigent circumstances as may be reasonably necessary to preserve any rights or privileges of the Secured Parties under the Credit Documents or applicable Legal Requirements. By accepting the benefit of the Liens granted pursuant to the Security Documents, each Secured Party hereby agrees to the terms of this paragraph (a).

(b) The Lenders hereby, and any other Secured Party by accepting the benefit of the Liens granted pursuant to the Security Documents, irrevocably authorize the Administrative Agent to (i) release any Lien granted to or held by the Administrative Agent upon any Collateral (a) upon termination of this Agreement, termination of all Hedging Agreements with such Persons, termination of all Letters of Credit, and the payment in full of all outstanding Advances, Letter of Credit Obligations and all other Secured Obligations payable under this Agreement and under any other Credit Document; (b) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted under this Agreement or any other Credit Document; (c) constituting property in which no Credit Party owned an interest at the time the Lien was granted or at any time thereafter; or (d) constituting property leased to any Credit Party under a lease which has expired or has been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by such Credit Party to be, renewed or extended; and (ii) release a Guarantor from its obligations under a Guaranty and any other applicable Credit Document if such Person ceases to be a Subsidiary as a result of a transaction permitted under this Agreement. Upon the request of the Administrative Agent at any time, the Secured Parties will confirm in writing the Administrative Agent's authority to release particular types or items of Collateral pursuant to this Section 8.8.

(c) Notwithstanding anything contained in any of the Credit Documents to the contrary, the Credit Parties, the Administrative Agent, and each Secured Party hereby agree that no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Guaranties, it being understood and agreed that all powers, rights and remedies under the Guaranties and under the Security Documents may be exercised solely by Administrative Agent on behalf of the Secured Parties in accordance with the terms hereof and the other Credit Documents. By accepting the benefit of the Liens granted pursuant to the Security Documents, each Secured Party not party hereto hereby agrees to the terms of this paragraph (c).

Section 8.9 Credit Bidding.

(a) The Administrative Agent, on behalf of itself and the Secured Parties, shall have the right to credit bid and purchase for the benefit of the Administrative Agent and the Secured Parties all or any portion of Collateral at any sale thereof conducted by the Administrative Agent under the provisions of

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the UCC, including pursuant to Sections 9-610 or 9-620 of the UCC, at any sale thereof conducted under the provisions of the United States Bankruptcy Code, including Section 363 thereof, or a sale under a plan of reorganization, or at any other sale or foreclosure conducted by the Administrative Agent (whether by judicial action or otherwise) in accordance with applicable Legal Requirements. Such credit bid or purchase may be completed through one or more acquisition vehicles formed by the Administrative Agent to make such credit bid or purchase and, in connection therewith, the Administrative Agent is authorized, on behalf of itself and the other Secured Parties, to adopt documents providing for the governance of the acquisition vehicle or vehicles, and assign the applicable Secured Obligations to any such acquisition vehicle in exchange for Equity Interests and/or debt issued by the applicable acquisition vehicle (which shall be deemed to be held for the ratable account of the applicable Secured Parties on the basis of the Secured Obligations so assigned by each Secured Party).

(b) Each Lender hereby agrees, on behalf of itself and each of its Affiliates that is a Secured Party, that, except as otherwise provided in any Credit Document or with the written consent of the Administrative Agent and the Majority Lenders, it will not take any enforcement action, accelerate obligations under any of the Credit Documents, or exercise any right that it might otherwise have under applicable Legal Requirements to credit bid at foreclosure sales, UCC sales or other similar dispositions of Collateral.

**ARTICLE 9
MISCELLANEOUS**

Section 9.1 Costs and Expenses. The Borrower agrees to pay on demand

(a) all reasonable out-of-pocket costs and expenses of Administrative Agent (but not of other Lenders) in connection with the preparation, execution, delivery, administration, modification, and amendment of this Agreement, the Notes, and the other Credit Documents including costs associated with field examinations, appraisals, and the reasonable fees and out-of-pocket expenses of outside counsel for Administrative Agent (but not of other Lenders), with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement, and

(b) all out-of-pocket costs and expenses, if any, of the Administrative Agent and each Lender (including outside counsel fees and expenses of each Lender) in connection with the enforcement (whether through negotiations, legal proceedings, or otherwise) of this Agreement, the Notes, and the other Credit Documents.

Section 9.2 Indemnification; Waiver of Damages.

(a) **INDEMNIFICATION.** EACH CREDIT PARTY HERETO AGREES TO, AND DOES HEREBY, JOINTLY AND SEVERALLY, INDEMNIFY AND HOLD HARMLESS THE ADMINISTRATIVE AGENT, THE ISSUING LENDER AND EACH LENDER AND EACH OF THEIR RESPECTIVE RELATED PARTIES (EACH, AN "INDEMNITTEE") FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES) THAT MAY BE INCURRED BY OR ASSERTED OR AWARDED AGAINST ANY INDEMNITTEE, IN EACH CASE ARISING OUT OF OR IN CONNECTION WITH OR BY REASON OF (INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH ANY INVESTIGATION, LITIGATION, OR PROCEEDING OR PREPARATION OF DEFENSE IN CONNECTION THEREWITH) (I) THE EXECUTION OR DELIVERY OF THIS AGREEMENT, ANY OTHER CREDIT DOCUMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE PERFORMANCE BY THE PARTIES HERETO OF THEIR RESPECTIVE OBLIGATIONS HEREUNDER OR THEREUNDER

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OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, (II) ANY ADVANCE OR LETTER OF CREDIT OR THE USE OR PROPOSED USE OF THE PROCEEDS THEREFROM (INCLUDING ANY REFUSAL BY THE ISSUING LENDER TO HONOR A DEMAND FOR PAYMENT UNDER A LETTER OF CREDIT IF THE DOCUMENTS PRESENTED IN CONNECTION WITH SUCH DEMAND DO NOT STRICTLY COMPLY WITH THE TERMS OF SUCH LETTER OF CREDIT), (III) ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS SUBSTANCE OR HAZARDOUS WASTE ON OR FROM ANY PROPERTY OWNED OR OPERATED BY ANY CREDIT PARTY OR ANY SUBSIDIARY THEREOF, OR ANY ENVIRONMENTAL CLAIM RELATED IN ANY WAY TO ANY CREDIT PARTY OR ANY SUBSIDIARY, (IV) ANY ACTUAL OR PROSPECTIVE CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY, WHETHER BROUGHT BY A THIRD PARTY OR BY ANY CREDIT PARTY OR ANY SUBSIDIARY THEREOF, AND REGARDLESS OF WHETHER

ANY INDEMNITEE IS A PARTY THERETO, OR (V) ANY CLAIM (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL CLAIMS), INVESTIGATION, LITIGATION OR OTHER PROCEEDING (WHETHER OR NOT THE ADMINISTRATIVE AGENT OR ANY LENDER IS A PARTY THERETO) AND THE PROSECUTION AND DEFENSE THEREOF, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE ADVANCES, THIS AGREEMENT, ANY OTHER CREDIT DOCUMENT, OR ANY DOCUMENTS CONTEMPLATED BY OR REFERRED TO HEREIN OR THEREIN OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING WITHOUT LIMITATION, REASONABLE ATTORNEYS AND CONSULTANT'S FEES, **(IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF ANY INDEMNITEE)**, PROVIDED THAT SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT SUCH CLAIM, DAMAGE, LOSS, LIABILITY, COST, OR EXPENSE IS FOUND IN A FINAL, NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH INDEMNITEE'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR MATERIAL BREACH IN BAD FAITH OF ITS FUNDING OBLIGATIONS HEREUNDER. IN THE CASE OF AN INVESTIGATION, LITIGATION OR OTHER PROCEEDING TO WHICH THE INDEMNITY IN THIS SECTION 9.2 APPLIES, SUCH INDEMNITY SHALL BE EFFECTIVE WHETHER OR NOT SUCH INVESTIGATION, LITIGATION OR PROCEEDING IS BROUGHT BY ANY CREDIT PARTY, ITS DIRECTORS, SHAREHOLDERS OR CREDITORS OR AN INDEMNITEE OR ANY OTHER PERSON OR ANY INDEMNITEE IS OTHERWISE A PARTY THERETO AND WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED HEREBY ARE CONSUMMATED. THIS SECTION 9.2(A) SHALL NOT APPLY WITH RESPECT TO TAXES OTHER THAN ANY TAXES THAT REPRESENT LOSSES, CLAIMS, DAMAGES, ETC. ARISING FROM ANY NON-TAX CLAIM.

(b) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, no Credit Party or Lender shall assert, agrees not to assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Advance or Letter of Credit or the use of the proceeds thereof (other than as to a Lender, to the extent expressly provided herein); provided that, the foregoing shall not limit the Credit Parties' indemnification or reimbursement obligations to the extent set forth in this Agreement or the other Credit Document to the extent such special, indirect, consequential or punitive damages are included in any third party claim in connection with which such Indemnitee is otherwise entitled to indemnification hereunder or thereunder. No Indemnitee referred to in subsection (a) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or

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other information transmission systems in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(c) Survival. Without prejudice to the survival of any other agreement of the Credit Parties hereunder, the agreements and obligations of the Credit Parties contained in this Section 9.2 shall survive the termination of this Agreement, the termination of all Commitments, and the payment in full of the Advances and all other amounts payable under this Agreement.

(d) Payments. All payments required to be made under this Section 9.2 shall be made within 30 days of demand from the Administrative Agent or such other Indemnitee.

Section 9.3 Waivers and Amendments. No amendment or waiver of any provision of this Agreement, the Notes, or any other Credit Document (other than the Fee Letter or any AutoBorrow Agreement), nor consent to any departure by the Borrower or any Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that:

(a) no amendment, waiver, or consent shall, unless in writing and signed by all the Term Lenders and the Borrower, do any of the following: (i) reduce the principal of, or interest on, the Term Notes, (ii) postpone or extend any date fixed for any payment of principal of, or interest on, the Term Notes, including, without limitation, the Term Maturity Date, or (iii) change the number of Term Lenders which shall be required for the Term Lenders to take any action hereunder or under any other Credit Document;

(b) an amendment to this Agreement solely to amend the necessary provisions of Article II (including an adjustment of the amortization schedule in Section 2.6(b)) to effect and account for an increase in the Term Commitments effected pursuant to Section 2.15 may be effected so long as such amendment is in writing and signed by the Borrower, the Administrative Agent and the applicable Increasing Lenders and Additional Lenders;

(c) no amendment, waiver, or consent shall, unless in writing and signed by all the Revolving Tranche A Lenders and the Borrower, do any of the following: (i) reduce the principal of, or interest on, the Revolving Tranche A Notes, (ii) postpone or extend any date fixed for any payment of principal of, or interest on, the Revolving Tranche A Notes, including, without limitation, the Revolving Tranche A Maturity Date, or (iii) change the number of Revolving Tranche A Lenders which shall be required for the Revolving Tranche A Lenders to take any action hereunder or under any other Credit Document;

(d) no amendment, waiver, or consent shall, unless in writing and signed by all the Revolving Tranche B Lenders and the Borrower, do any of the following: (i) reduce the principal of, or interest on, the Revolving Tranche B Notes, (ii) postpone or extend any date fixed for any payment of principal of, or interest on, the Revolving Tranche B Notes, including, without limitation, the Revolving Tranche B Maturity Date, or (iii) change the number of Revolving Tranche B Lenders which shall be required for the Revolving Tranche B Lenders to take any action hereunder or under any other Credit Document;

(e) no amendment, waiver, or consent shall, unless in writing and signed by all the Lenders and the Borrower, do any of the following: (i) waive any of the conditions specified in Section 3.1 or

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Section 3.2, (ii) reduce any fees or other amounts payable hereunder or under any other Credit Document (other than those specifically addressed above in this Section 9.3), (iii) increase the aggregate Commitments (except pursuant to Section 2.15), (iv) postpone or extend any date fixed for any payment of any fees or other amounts payable hereunder (other than those otherwise specifically addressed in this Section 9.3), (v) other than as a result of acceleration pursuant to Article 7, change the Term Maturity Date to a date that is earlier than one day after the then effective Revolving Maturity Date, amend the amortization schedule thereof to increase the principal prepayment amounts, or otherwise change any provision hereof which would have the effect of increasing the aggregate amount of Term Advances that are required to be paid in any given year, (vi) amend Section 2.12(e), Section 7.6, this Section 9.3 or any other provision in any Credit Document which expressly requires the consent of, or action or waiver by, all of the Lenders, (vii) release any Guarantor from its obligation under any Guaranty (unless, after giving effect to such release, the Borrower is in compliance with Section 5.7(d) and Section 6.21) or, except as specifically provided in the Credit Documents and as a result of transactions permitted by the terms of this Agreement, release all or a material portion of the Collateral except as permitted under Section 8.8(b); or (viii) amend the definitions of "Majority Lenders", "Majority Revolving Lenders", "Majority Revolving Tranche A Lenders", "Majority Revolving Tranche B Lenders", "Majority Term Lenders", or "Maximum Exposure Amount";

(f) no Commitment of a Lender or any obligations of a Lender may be increased without such Lender's written consent;

(g) no amendment, waiver, or consent shall, unless in writing and signed by the Majority Revolving Lenders and the Majority Term Lenders adversely affect the interests, rights or obligations of the Revolving Lenders in a manner substantially different from the effect of such amendment, waiver or consent on the Term Lenders, it being understood that, if the excess of the aggregate Revolving Commitments over the sum of (i) the aggregate outstanding amount of all Revolving Advances plus (ii) the Letter of Credit Exposure plus (iii) the aggregate outstanding amount of all Swing Line Advances, is greater than \$0, any amendment, waiver or consent that has the effect of curing or waiving any Default shall require the consent of the Majority Revolving Lenders in addition to all other consents required hereunder;

(h) [Intentionally Omitted];

(i) no amendment, waiver, or consent shall, unless in writing and signed by the Majority Revolving Lenders and the Majority Term Lenders, adversely affect the interests, rights or obligations of the Term Lenders in a manner substantially different from the effect of such amendment, waiver or consent on the Revolving Lenders;

(j) no amendment, waiver, or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement or any other Credit Document;

(k) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Lender in addition to the Lenders required above to take such action, affect the rights or duties of the Issuing Lender under this Agreement or any other Credit Document;

(l) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above to take such action, affect the rights or duties of the Swing Line Lender under this Agreement or any other Credit Document; and

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(m) the amendments of Schedule 3.1 of this Agreement and Schedule I to the Security Agreement, as contemplated by Section 5.13(b) and 5.13(c) herein, shall be effective simply by delivering to the Administrative Agent such replacement Schedule clearly marked as such and, upon receipt, the Administrative Agent will promptly deliver a copy thereof to the Lenders.

Section 9.4 Severability. In case one or more provisions of this Agreement or the other Credit Documents shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality, and enforceability of the remaining provisions contained herein or therein shall not be affected or impaired thereby.

Section 9.5 Survival of Representations and Obligations. All representations and warranties contained in this Agreement or made in writing by or on behalf of the Credit Parties in connection herewith shall survive the execution and delivery of this Agreement and the other Credit Documents, the making of the Advances or the issuance of any Letters of Credit and any investigation made by or on behalf of the Lenders, none of which investigations shall diminish any Lender's right to rely on such representations and warranties. All obligations of the Borrower or any other Credit Party provided for in Sections 2.10, 2.11, 2.13(c), 9.1 and 9.2 and all of the obligations of the Lenders in Section 8.5 shall survive any termination of this Agreement and repayment in full of the Obligations.

Section 9.6 Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower, and the Administrative Agent, and when the Administrative Agent shall have, as to each Lender, either received a counterpart hereof executed by such Lender or been notified by such Lender that such Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent, and each Lender and their respective successors and assigns, except that neither the Borrower nor any other Credit Party shall have the right to assign its rights or delegate its duties under this Agreement or any interest in this Agreement without the prior written consent of each Lender.

Section 9.7 Lender Assignments and Participations.

(a) Each Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Advances, its Notes, and its Commitments); provided, however, that (i) each such assignment shall be to an Eligible Assignee; (ii) except in the case of an assignment to another Lender or an assignment of all of a Lender's rights and obligations under this Agreement, any such partial assignment with respect to the Revolving Commitments shall be in an amount at least equal to \$5,000,000 and any such partial assignment with respect to the Term Commitments and Term Loans shall be in an amount at least equal to \$5,000,000; (iii) each assignment of a Lender's rights and obligations with respect to Revolving Tranche A Advances and its Revolving Tranche A Commitment shall be of a constant, and not varying percentage of all of its rights and obligations under this Agreement as a Revolving Tranche A Lender and the Revolving Tranche A Notes (other than rights of reimbursement and indemnity arising before the effective date of such assignment) and shall be of an equal pro rata share of the Assignor's interest in the Revolving Tranche A Advances and Revolving Tranche A Commitments; (iv) each assignment of a Lender's rights and obligations with respect to Revolving Tranche B Advances and its Revolving Tranche B Commitment shall be of a constant, and not varying percentage of all of its rights and obligations under this Agreement as a Revolving Tranche B Lender and the Revolving Tranche B Notes (other than rights of

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reimbursement and indemnity arising before the effective date of such assignment) and shall be of an equal pro rata share of the Assignor's interest in the Revolving Tranche B Advances and Revolving Tranche B Commitments; (v) each assignment of a Lender's rights and obligations with respect to Term Advances and its Term Commitment shall be of a constant, and not varying percentage of all of its rights and obligations under this Agreement as a Term Lender and the Term Notes (other than rights of reimbursement and indemnity arising before the effective date of such assignment) and shall be of an equal pro rata share of the Assignor's interest in the Term Advances and Term Commitments; and (vi) the parties to such assignment shall execute and deliver to the Administrative Agent for its acceptance an Assignment and Acceptance, together with any Notes subject to such assignment and the assignor or assignee Lender shall pay a processing fee of \$3,500.00; provided that such processing fee shall not be required for the initial assignments made by Wells Fargo as a Lender in connection with the initial syndication of its Commitments hereunder. Upon execution, delivery, and acceptance of such Assignment and Acceptance and payment of the processing fee, the assignee thereunder shall be a party hereto and, to the extent of such assignment, have the obligations, rights, and benefits of a Lender hereunder and the assigning Lender shall, to the extent of such assignment, relinquish its rights and be released from its obligations under this Agreement. Upon the consummation of any assignment pursuant to this Section 9.7, the assignor, the Administrative Agent and the Borrower shall make appropriate arrangements so that, if required, new Notes are issued to the assignor and the assignee. The assignee shall deliver to the Borrower and the Administrative Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section 2.13(e).

(b) The Administrative Agent shall maintain at its address referred to in Section 9.9 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitments of, and principal amount of the Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Credit Parties, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement.

(c) Upon its receipt of an Assignment and Acceptance executed by the parties thereto, together with any Notes subject to such assignment and payment of the processing fee, the Administrative Agent shall, if such Assignment and Acceptance has been completed, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register, and (iii) give prompt notice thereof to the parties thereto.

(d) Each Lender may sell participations to one or more Persons in all or a portion of its rights, obligations or rights and obligations under this Agreement (including all or a portion of its Commitments or its Advances) provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such

Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participant shall be entitled to the benefit of the yield protection provisions contained in Sections 2.10 and 2.11 and the right of set-off contained in Section 7.4, and (iv) the Borrower shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to its Advances and its Notes and to approve any amendment, modification, or waiver of any provision of this Agreement (other than amendments, modifications, or waivers decreasing the amount of principal or the rate at which interest is payable on such Advances or Notes, extending any scheduled principal payment date or date fixed for the payment of interest on such Advances or Notes, or extending its Commitment). The Borrower agrees that each participant shall be entitled to the benefits of Sections 2.11, 2.10 and 2.13 (subject to the requirements and limitations therein, including the requirements under Section 2.13(e) (it being understood that the documentation required under Section 2.13(e) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (a) of this Section; provided that such participant (A) agrees to be subject to the provisions of Sections 2.14 as if it were an assignee under paragraph (a) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.11 or 2.13, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive

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a greater payment results from a Change in Law that occurs after the participant acquired the applicable participation. Each Lender that sells a participation shall, acting for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Advance or other obligations under the Credit Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive, absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register. The Borrower hereby agrees that each Lender acting as its agent solely for the purpose set forth above in this clause (d), shall not subject such Lender to any fiduciary or other implied duties, all of which are hereby waived by the Borrower.

(e) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time assign and pledge all or any portion of its Advances and its Notes to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(f) Any Lender may furnish any information concerning the Parent Company, the Borrower or any Subsidiary in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants), subject, however, to the provisions of the following paragraph Section 9.8.

Section 9.8 Confidentiality. Each of the Administrative Agent, the Lenders and the Issuing Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Related Parties in connection with the credit facilities provided hereunder, this Agreement, the transactions contemplated hereby or in connection with marketing of services by such Affiliate or Related Party to the Parent Company or any of its Subsidiaries (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), (b) to the extent required or requested by, or required to be disclosed to, any regulatory or similar authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) as to the extent required by Legal Requirements or regulations or in any legal, judicial, administrative or other compulsory process, (d) to any other party hereto, (e) in connection with the exercise of any remedies under this Agreement, under any other Credit Document or under any Hedging Arrangements or agreements related to Banking Services Obligations, or any action or proceeding relating to this Agreement, any other Credit Document or any Hedging Arrangements or agreements related to Banking Services Obligations, or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the Parent Company or its Subsidiaries or the credit facilities under this Agreement, or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit

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facilities under this Agreement, (h) with the consent of the Borrower, (i) deal terms and other information customarily reported to Thomson Reuters, other bank market data collectors and similar service providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of the Credit Documents, (j) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Lender, the Issuing Lender or any of their respective Related Parties from a third party that is not, to such Person's knowledge, subject to confidentiality obligations to the Borrower, (k) to governmental regulatory authorities in connection with any regulatory examination of the Administrative Agent or any Lender or in accordance with the Administrative Agent's or any Lender's regulatory compliance policy if the Administrative Agent or such Lender deems necessary for the mitigation of claims by those authorities against the Administrative Agent or such Lender or any of its subsidiaries or affiliates, (l) to the extent that such information is independently developed by such Person, or (m) for purposes of establishing a "due diligence" defense. For purposes of this Section, "Information" means all information received from any Credit Party or any Subsidiary thereof relating to any Credit Party or any Subsidiary thereof or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender, the Issuing Lender or any Related Party of any of the foregoing on a nonconfidential basis prior to disclosure by any Credit Party or any Subsidiary thereof; provided that, in the case of information received from a Credit Party or any Subsidiary thereof after the date hereof, such information is clearly identified at the time of delivery as confidential. 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. **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, nothing in this Agreement shall (i) restrict any Secured Party or Related Party thereto from providing information to any banking or other regulatory or governmental authorities, including the Federal Reserve Board and its supervisory staff; (ii) require or permit any Secured Party or Related Party thereto to disclose to any Credit Party that any information will be or was provided to the Federal Reserve Board or any of its supervisory staff; or (iii) require or permit any Secured Party or Related Party thereto to inform any Credit Party of a current or upcoming Federal Reserve Board examination or any nonpublic Federal Reserve Board supervisory initiative or action.**

Section 9.9 Notices, Etc. All notices and other communications (other than Notices of Borrowing and Notices of Continuation or Conversion, which are governed by Article 2 of this Agreement) shall be in writing and hand delivered with written receipt, telecopied, sent by facsimile (with a hard copy sent as otherwise permitted in this Section 9.9), sent by a nationally recognized overnight courier, or sent by certified mail, return receipt requested as follows: if to a Credit Party, as specified on Schedule II, if to the Swing Line Lender, the Administrative Agent or the Issuing Lender, at its credit contact specified under its name on Schedule II, and if to any Lender at its credit contact specified in its Administrative Questionnaire. Each party may change its notice address by written notification to the other parties. All such notices and communications shall be effective when delivered, except that notices and communications to any Lender, Swing Line Lender, or the Issuing Lender pursuant to Article 2 shall not be effective until received and, in the case of telecopy, such receipt is confirmed by such Lender, Swing Line Lender or Issuing Lender, as applicable, verbally or in writing.

Section 9.10 Usury Not Intended. It is the intent of each Credit Party and each Lender in the execution and performance of this Agreement and the other Credit Documents to contract in strict compliance with applicable usury laws, including conflicts of law concepts, governing the Advances of each Lender including such applicable

Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the Maximum Rate and that for purposes of this Agreement "interest" shall include the aggregate of all charges which constitute interest under such laws that are contracted for, charged or received under this Agreement; and in the event that, notwithstanding the foregoing, under any circumstances the aggregate amounts taken, reserved, charged, received or paid on the Advances, include amounts which by applicable law are deemed interest which would exceed the Maximum Rate, then such excess shall be deemed to be a mistake and each Lender receiving same shall credit the same on the principal of its Notes (or if such Notes shall have been paid in full, refund said excess to the Borrower). In the event that the maturity of the Notes are accelerated by reason of any election of the holder thereof resulting from any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the Maximum Rate, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on the applicable Notes (or, if the applicable Notes shall have been paid in full, refunded to the Borrower of such interest). In determining whether or not the interest paid or payable under any specific contingencies exceeds the Maximum Rate, the Credit Parties and the Lenders shall to the maximum extent permitted under applicable law amortize, prorate, allocate and spread in equal parts during the period of the full stated term of the Notes all amounts considered to be interest under applicable law at any time contracted for, charged, received or reserved in connection with the Obligations. The provisions of this Section shall control over all other provisions of this Agreement or the other Credit Documents which may be in apparent conflict herewith.

Section 9.11 Usury Recapture. In the event the rate of interest chargeable under this Agreement at any time is greater than the Maximum Rate, the unpaid principal amount of the Advances shall bear interest at the Maximum Rate until the total amount of interest paid or accrued on the Advances equals the amount of interest which would have been paid or accrued on the Advances if the stated rates of interest set forth in this Agreement had at all times been in effect. In the event, upon payment in full of the Advances, the total amount of interest paid or accrued under the terms of this Agreement and the Advances is less than the total amount of interest which would have been paid or accrued if the rates of interest set forth in this Agreement had, at all times, been in effect, then the Borrower shall, to the extent permitted by applicable law, pay the Administrative Agent for the account of the Lenders an amount equal to the difference between (i) the lesser of (A) the amount of interest which would have been charged on its Advances if the Maximum Rate had, at all times, been in effect and (B) the amount of interest which would have accrued on its Advances if the rates of interest set forth in this Agreement had at all times been in effect and (ii) the amount of interest actually paid under this Agreement on its Advances. In the event the Lenders ever receive, collect or apply as interest any sum in excess of the Maximum Rate, such excess amount shall, to the extent permitted by law, be applied to the reduction of the principal balance of the Advances, and if no such principal is then outstanding, such excess or part thereof remaining shall be paid to the Borrower.

Section 9.12 Governing Law; Service of Process. This Agreement, the Notes and the other Credit Documents (unless otherwise expressly provided therein) shall be deemed a contract under, and shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without regard to conflicts of laws principles (other than Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York). Each Letter of Credit shall be governed by either (i) the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600, or (ii) the International Standby Practices (ISP98), International Chamber of Commerce Publication No. 590, in either case, including any subsequent revisions thereof approved by a Congress of the International Chamber of Commerce and adhered to by the Issuing Lender. The Borrower hereby agrees that service of copies of the summons and complaint and any other process which may be served in any such action or proceeding may be made by mailing or delivering a copy of

such process to such Borrower at its address set forth in this Agreement. Nothing in this Section shall affect the rights of any Lender to serve legal process in any other manner permitted by the law or affect the right of any Lender to bring any action or proceeding against the Borrower or its Property in the courts of any other jurisdiction.

Section 9.13 Submission to Jurisdiction; Waiver of Venue; Services of Process.

(a) Submission to Jurisdiction. The Borrower and each other Credit Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender, the Issuing Lender, the Swingline Lender, or any Related Party of the foregoing in any way relating to this Agreement or any other Credit Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Legal Requirements, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that the Administrative Agent, any Lender, the Issuing Lender or the Swing Line Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against the Borrower or any other Credit Party or its Properties in the courts of any jurisdiction.

(b) Waiver of Venue. The Borrower and each other Credit Party irrevocably and unconditionally waives, to the fullest extent permitted by applicable Legal Requirement, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in paragraph (a) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable Legal Requirement, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.9. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable Legal Requirement.

Section 9.14 Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Acceptance shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 9.15 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 this Agreement in respect of Hedging Arrangements (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 9.15 for the maximum amount of such liability that can be hereby incurred

Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the Issuing Lender have been made). Each Qualified ECP Guarantor intends that this Section 9.15 constitute, and this Section 9.15 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.

Section 9.16 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 9.17 Waiver of Jury. THE BORROWER, THE LENDERS, THE ISSUING LENDER, AND THE ADMINISTRATIVE AGENT HEREBY ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED BY AND HAVE CONSULTED WITH COUNSEL OF THEIR CHOICE, AND HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN RESPECT OF ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 9.18 USA Patriot Act. Each Lender that is subject to the Patriot Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Credit Party that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies such Credit Party, which information includes the name and address of such Credit Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Credit Party in accordance with the Patriot Act.

Section 9.19 Flood Regulations. Wells Fargo has adopted internal policies and procedures that address requirements placed on federally regulated lenders under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973, the National Flood Insurance Reform Act of 1994, the Biggert-Waters Flood Insurance Act of 2012, as such statutes may be amended or re-codified from time to time, any substitution therefor and any regulations promulgated thereunder (the “Flood Laws”). Wells Fargo, as Administrative Agent, will post on the applicable electronic platform (or otherwise distribute to each lender in the syndicate) documents that it receives in connection with the Flood Laws. However, Wells Fargo reminds each Lender and participant in under this Agreement that, pursuant to the Flood Laws, each federally regulated lender (whether acting as a Lender or participant in under this Agreement) is responsible for assuring its own compliance with the flood insurance requirements.

Section 9.20 Acknowledgement 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:

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- (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.

Section 9.21 No Advisory or Fiduciary Responsibility.

(a) In connection with all aspects of each transaction contemplated hereby, each Credit Party acknowledges and agrees, and acknowledges its Affiliates’ understanding, that (i) the facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Credit Document) are an arm’s-length commercial transaction between the Borrower and its Affiliates, on the one hand, and the Administrative Agent and the Lenders, on the other hand, and the Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents (including any amendment, waiver or other modification hereof or thereof), (ii) in connection with the process leading to such transaction, each of the Administrative Agent and the Lenders is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Borrower or any of its Affiliates, stockholders, creditors or employees or any other Person, (iii) none of the Administrative Agent or the Lenders has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Credit Document (irrespective of whether the Administrative Agent or any Lender has advised or is currently advising the Borrower or any of its Affiliates on other matters) and none of the Administrative Agent or the Lenders has any obligation to the Borrower or any of its Affiliates with respect to the financing transactions contemplated hereby except those obligations expressly set forth herein and in the other Credit Documents, (iv) the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from, and may conflict with, those of the Borrower and its Affiliates, and none of the Administrative Agent or the Lenders has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship and (v) the Administrative Agent and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Credit Document) and the Credit Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate.

(b) Each Credit Party acknowledges and agrees that each Lender, and any Affiliate thereof may lend money to, invest in, and generally engage in any kind of business with, any of the Borrower, the Parent, any Affiliate thereof or any other person or entity that may do business with or own securities of any of the foregoing, all as if such Lender or Affiliate thereof were not a Lender or an Affiliate thereof (or

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an agent or any other person with any similar role under the facilities hereunder) and without any duty to account therefor to any other Lender, the Parent Company, the Borrower or any Affiliate of the foregoing. Each Lender and any Affiliate thereof may accept fees and other consideration from the Parent Company, the Borrower or any Affiliate thereof for services in connection with this Agreement, the facilities hereunder or otherwise without having to account for the same to any other Lender, the Parent Company, the Borrower or any Affiliate of the foregoing.

Section 9.22 Inconsistencies with Other Documents. In the event there is a conflict or inconsistency between this Agreement and any other Credit Document, the terms of this Agreement shall control; provided that any provision of the Security Documents which imposes additional burdens on the Parent Company or any of its Subsidiaries or further restricts the rights of the Parent Company or any of its Subsidiaries or gives the Administrative Agent or Lenders additional rights shall not be deemed

to be in conflict or inconsistent with this Agreement and shall be given full force and effect.

Section 9.23 **Integration.** THIS WRITTEN AGREEMENT AND THE LOAN DOCUMENTS, AS DEFINED IN THIS AGREEMENT, REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND SUPERSEDE ALL PRIOR UNDERSTANDINGS AND AGREEMENTS, WHETHER WRITTEN OR ORAL, RELATING TO THE TRANSACTIONS PROVIDED FOR HEREIN AND THEREIN. ADDITIONALLY, THIS AGREEMENT AND THE LOAN DOCUMENTS MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

IN EXECUTING THIS AGREEMENT, THE BORROWER HEREBY WARRANTS AND REPRESENTS IT IS NOT RELYING ON ANY STATEMENT OR REPRESENTATION OTHER THAN THOSE IN THIS AGREEMENT AND IS RELYING UPON ITS OWN JUDGMENT AND ADVICE OF ITS ATTORNEYS.

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SCHEDULE I
Pricing Schedule

Subject to the penultimate sentence set forth in this paragraph, the Applicable Margin with respect to Commitment Fee, Revolving Advances, Term Advances and Swing Line Advances shall be determined in accordance with the following Table based on the Borrower's Leverage Ratio as reflected in the Compliance Certificate delivered in connection with the Financial Statements most recently delivered pursuant to Section 5.2. Adjustments, if any, to such Applicable Margin shall be effective on the first Business Day immediately following the date the Administrative Agent receives the applicable Financial Statements and corresponding Compliance Certificate as required by the terms of this Agreement. If the Borrower fails to deliver the Financial Statements and corresponding Compliance Certificate to the Administrative Agent at the time required pursuant to Section 5.2, then effective as of the date such Financial Statements and Compliance Certificate were required to be delivered pursuant to Section 5.2, the Applicable Margin with respect to Commitment Fee, Revolving Advances, Term Advances and Swing Line Advances shall be determined at the highest level and shall remain at such level until the date such Financial Statements and corresponding Compliance Certificate are so delivered by the Borrower. From and after the Amendment No. 15 Effective Date until the date the Administrative Agent receives the applicable Financial Statements and corresponding Compliance Certificate for the fiscal quarter ending September 30, 2017 due in accordance with Section 5.2, Level VI shall apply. For the avoidance of doubt, the levels on the pricing grid set forth below are set forth from lowest (Level I) to the highest (Level VI).

Applicable Margin	Leverage Ratio	Eurodollar Advances	Base Rate Advances	Commitment Fee
Level I	Is less than 2.00 to 1.00.	3.00 %	2.00 %	0.50 %
Level II	Is equal to or greater than 2.00 to 1.00 but less than 2.50 to 1.00.	3.25 %	2.25 %	0.50 %
Level III	Is equal to or greater than 2.50 to 1.00 but less than 3.00 to 1.00.	3.50 %	2.50 %	0.50 %
Level IV	Is equal to or greater than 3.00 to 1.00 but less than 3.50 to 1.00.	3.75 %	2.75 %	0.50 %
Level V	Is equal to or greater than 3.50 to 1.00 but less than 4.00 to 1.00.	4.00 %	3.00 %	0.50 %
Level VI	Is equal to or greater than 4.00 to 1.00.	4.50 %	3.50 %	0.50 %

SCHEDULE II
Commitments, Contact Information

ADMINISTRATIVE AGENT/ISSUING LENDER/SWING LINE LENDER

Wells Fargo Bank, National Association

Address: 1525 W WT Harris Blvd.
Mail Code NC0680
Charlotte, NC 28262
Attn: Syndication/Agency Services
Telephone: (704) 590-2760
Facsimile: (704) 590-2790

with a copy to:

Address: 1445 Ross Avenue, Suite 4560
Dallas, TX 75202
Attn: Whitney Wall, Director
Telephone: (214) 721-6455
Facsimile: (844) 879-8047

CREDIT PARTIES

Borrower/Guarantors

Address for Notices: c/o Select Energy Services, LLC
1820 N I-35
P.O. Box 1715
Gainesville, Texas 76241
Attn: Gary Gillette
Facsimile: (940) 612-2924

with a copy to:

Address: 1820 N I-35
P.O. Box 1715
Gainesville, Texas 76241
Attn: General Counsel
Facsimile: (940) 612-2924

Address: Vinson & Elkins LLP
1001 Fannin St., Suite 2500
Houston, Texas 77002
Attn: Brian Moss
Facsimile: 713-758-3370

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Lender	Revolving Tranche A Commitment	Revolving Tranche B Commitment	Term Advances
Wells Fargo Bank, National Association	\$ 0.00	\$ 12,158,702	\$ 0.00
Bank of America, N.A.	\$ 0.00	\$ 12,158,702	\$ 0.00
Royal Bank of Canada	\$ 0.00	\$ 8,871,738	\$ 0.00
Amegy Bank National Association	\$ 0.00	\$ 9,183,881	\$ 0.00
Citibank, N.A.	\$ 0.00	\$ 8,616,738	\$ 0.00
Comerica Bank	\$ 0.00	\$ 8,616,738	\$ 0.00
Deutsche Bank AG New York Branch	\$ 0.00	\$ 8,616,738	\$ 0.00
JPMorgan Chase Bank, N.A.	\$ 0.00	\$ 8,616,738	\$ 0.00
Regions Bank	\$ 0.00	\$ 8,616,738	\$ 0.00
UBS AG, Stamford Branch	\$ 0.00	\$ 4,654,924	\$ 0.00
Cadence Bank, N.A.	\$ 0.00	\$ 5,101,287	\$ 0.00
Credit Suisse AG, Cayman Islands Branch	\$ 0.00	\$ 4,787,076	\$ 0.00
Total:	\$ 0.00	\$ 100,000,000.00	\$ 0.00

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TAX RECEIVABLE AGREEMENT
by and among
SELECT ENERGY SERVICES, INC.,
SES LEGACY HOLDINGS, LLC,
and
CRESTVIEW PARTNERS II GP, L.P.
DATED AS OF DECEMBER 19, 2016

TAX RECEIVABLE AGREEMENT

This TAX RECEIVABLE AGREEMENT (this "Agreement"), dated as of December 19, 2016, is hereby entered into by and among Select Energy Services, Inc., a Delaware corporation (the "Corporate Taxpayer"), the TRA Holders and the Agents.

RECITALS

WHEREAS, the Corporate Taxpayer is the managing member of SES Holdings, LLC, a Delaware limited liability company ("SES LLC"), an entity classified as a partnership for U.S. federal income tax purposes, and holds limited liability company interests in SES LLC;

WHEREAS, SES LLC and each of its direct and indirect Subsidiaries that is treated as a partnership for U.S. federal income tax purposes will have in effect an election under Section 754 of the Internal Revenue Code of 1986, as amended (the "Code"), for each Taxable Year in which an Exchange occurs, which election is expected to result, with respect to the Corporate Taxpayer, in an adjustment to the Tax basis of the assets owned by SES LLC and such Subsidiaries;

WHEREAS, the TRA Holders currently hold (and their permitted transferees may in the future hold) Common Units and may transfer all or a portion of such Common Units in one or more Exchanges (as defined herein), and as a result of such Exchanges, the Corporate Taxpayer is expected to obtain or be entitled to certain Tax benefits as further described herein;

WHEREAS, each Blocker is taxable as a corporation for U.S. federal income tax purposes;

WHEREAS, the Blockers will enter into certain reorganization transactions with the Corporate Taxpayer in connection with the 144A Offering (the "Reorganization Transactions"), and as a result of such transactions, the Corporate Taxpayer will obtain or be entitled to certain Tax benefits as further described herein;

WHEREAS, the Corporate Taxpayer and the Blocker Holders will enter into the Blocker Holders TRA to set forth the agreements among the parties thereto regarding the sharing of the Tax benefits realized by the Corporate Taxpayer as a result of the Reorganization Transactions;

WHEREAS, this Agreement is intended to set forth the agreements among the parties hereto regarding the sharing of the Tax benefits realized by the Corporate Taxpayer as a result of Exchanges;

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

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ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the terms set forth in this Article I shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"144A Offering" means the initial offering under Rule 144A of the Securities Act of Class A Shares by the Corporate Taxpayer.

"144A Date" means the closing date of the 144A Offering.

"144A Date Attribute Schedule" has the meaning set forth in Section 2.1(a) of this Agreement.

"Accrued Amount" has the meaning set forth in Section 3.1(b) of this Agreement.

"Actual Tax Liability" means, with respect to any Taxable Year, the actual liability for U.S. federal income Taxes of the Corporate Taxpayer provided that the actual liability for U.S. federal income Taxes of the Corporate Taxpayer shall be calculated assuming deductions of (and other impacts of) state and local income and franchise Taxes are excluded.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

"Agent" means (i) with respect to Crestview, Crestview Partners II GP, L.P. or such other Person designated as such pursuant to Section 7.6(b) and (ii) with respect to any other TRA Holder, SES Legacy Holdings or such other Person designated as such pursuant to Section 7.6(b).

"Agreed Rate" means a per annum rate of LIBOR plus 100 basis points.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Amended Schedule" has the meaning set forth in Section 2.3(b) of this Agreement.

"Assumed State and Local Tax Rate" means (a) the sum of the products of (i) the Corporate Taxpayer's income and franchise tax apportionment rate(s) for each state and local jurisdiction in which SES LLC or the Corporate Taxpayer files an income or franchise tax return for the relevant Taxable Year and (ii) the highest corporate income

and franchise tax rate(s) for each state and local jurisdiction in which SES LLC or the Corporate Taxpayer files an income or franchise tax return for each relevant Taxable Year, reduced by (b) the product of (i) the Corporate Taxpayer's marginal U.S. federal income tax rate for the relevant Taxable Year and (ii) the rate calculated under clause (a).

"Attributable" has the meaning set forth in Section 3.1(b) of this Agreement.

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"Basis Adjustment" means any adjustment to the Tax basis of a Reference Asset as a result of an Exchange and the payments made pursuant to this Agreement with respect to such Exchange (as calculated under Section 2.1 of this Agreement), including, but not limited to: (i) under Sections 734(b) and 743(b) of the Code (in situations where, following an Exchange, SES LLC remains classified as a partnership for U.S. federal income tax purposes); and (ii) under Sections 732(b), 734(b) and 1012 of the Code (in situations where, as a result of one or more Exchanges, SES LLC becomes an entity that is disregarded as separate from its owner for U.S. federal income tax purposes). For the avoidance of doubt, the amount of any Basis Adjustment resulting from an Exchange of Common Units shall be determined without regard to any Section 743(b) adjustment attributable to such Common Units prior to such Exchange; and, further, payments made under this Agreement shall not be treated as resulting in a Basis Adjustment to the extent such payments are treated as Imputed Interest.

"Beneficial Owner" means, with respect to a security, a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security. The terms "Beneficially Own" and "Beneficial Ownership" shall have correlative meanings.

"Blocker Holders" has the meaning given to the term "TRA Holders" in the Blocker Holders TRA.

"Blocker Holders Agent" has the meaning given to the term "Agent" in the Blocker Holders TRA.

"Blocker Holders TRA" means the Tax Receivable Agreement dated as of December 19, 2016 by and among the Corporate Taxpayer, the Blocker Holders and the Blocker Holders Agent.

"Blocker NOLs" has the meaning set forth in the Blocker Holders TRA.

"Blockers" has the meaning set forth in the Blocker Holders TRA.

"Board" means the board of directors of the Corporate Taxpayer.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the City of New York.

"Call Right" has the meaning set forth in the SES LLC Agreement.

"Change of Control" means the occurrence of any of the following events after the 144A Date:

- (i) any Person or any group of Persons acting together which would constitute a "group" for purposes of Section 13(d) of the Securities and Exchange Act of 1934, or any successor provisions thereto (excluding (i) one or more members of the Legacy Group, whether individually or as a group and (ii) a corporation or other entity owned, directly or indirectly, by the stockholders of the Corporate Taxpayer

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in substantially the same proportions as their ownership of stock in the Corporate Taxpayer), is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporate Taxpayer representing more than 50% of the combined voting power of the Corporate Taxpayer's then outstanding voting securities; or

- (ii) the following individuals cease for any reason to constitute a majority of the number of directors of the Corporate Taxpayer then serving: individuals who, on the 144A Date, constitute the Board and any new director whose appointment or election by the Board or nomination for election by the Corporate Taxpayer's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the 144A Date or whose appointment, election or nomination for election was previously so approved or recommended by the directors referred to in this clause (ii); or
- (iii) there is consummated a merger or consolidation of the Corporate Taxpayer with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, either (A) the members of the Board immediately prior to the merger or consolidation does not constitute at least a majority of the members of the board of directors of the company surviving the merger or, if the surviving company is a Subsidiary, the ultimate parent thereof, or (B) the voting securities of the Corporate Taxpayer immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then-outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or
- (iv) the stockholders of the Corporate Taxpayer approve a plan of complete liquidation or dissolution of the Corporate Taxpayer or there is consummated an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Corporate Taxpayer of all or substantially all of the Corporate Taxpayer's assets, other than such sale or other disposition by the Corporate Taxpayer of all or substantially all of the Corporate Taxpayer's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Corporate Taxpayer in substantially the same proportions as their ownership of the Corporate Taxpayer immediately prior to such sale; or
- (v) the Corporate Taxpayer ceases to be the sole managing member of SES LLC.

Notwithstanding the foregoing, except with respect to clause (ii) and clause (iii)(A) above, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the shares of the Corporate Taxpayer immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in, and own substantially all of the shares of, an entity which owns, either directly or through a Subsidiary, all or substantially all of the assets of the Corporate Taxpayer immediately following such transaction or series of transactions.

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"Class A Shares" means shares of Class A common stock of the Corporate Taxpayer.

“Code” has the meaning set forth in the Recitals of this Agreement.

“Common Units” has the meaning set forth in the SES LLC Agreement.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Corporate Taxpayer” has the meaning set forth in the preamble to this Agreement.

“Corporate Taxpayer Return” means the U.S. federal income Tax Return of the Corporate Taxpayer (including any consolidated group of which the Corporate Taxpayer is a member, as further described in Section 7.12(a) of this Agreement) filed with respect to any Taxable Year.

“Crestview” means Crestview Partners II GP, L.P. and any Affiliate thereof that becomes a party to this Agreement as a result of a transfer of Common Units by SES Legacy Holdings.

“Cumulative Net Realized Tax Benefit” for a Taxable Year means the cumulative amount (but not less than zero) of Realized Tax Benefits for all Taxable Years of the Corporate Taxpayer, up to and including such Taxable Year, net of the cumulative amount of Realized Tax Detriments for the same period. The Realized Tax Benefit and Realized Tax Detriment for each Taxable Year shall be determined based on the most recent Tax Benefit Payment Schedule or Amended Schedule, if any, in existence at the time of such determination.

“Default Rate” means a per annum rate of (a) the sum of (i) the highest rate applicable at the time under the Select Credit Facility plus (ii) 200 basis points or (b) if there is no Select Credit Facility, LIBOR plus 550 basis points.

“Determination” shall have the meaning ascribed to such term in Section 1313(a) of the Code or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

“Dispute” has the meaning set forth in Section 7.9(a) of this Agreement.

“Disputing Party” has the meaning set forth in Section 7.10 of this Agreement.

“Early Termination” has the meaning set forth in Section 4.1 of this Agreement.

“Early Termination Date” means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

“Early Termination Effective Date” has the meaning set forth in Section 4.4 of this Agreement.

“Early Termination Notice” has the meaning set forth in Section 4.4 of this Agreement.

“Early Termination Payment” has the meaning set forth in Section 4.5(b) of this Agreement.

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“Early Termination Rate” means the lesser of (a) 6.50% per annum, compounded annually, or (b) the Agreed Rate.

“Early Termination Schedule” has the meaning set forth in Section 4.4 of this Agreement.

“Exchange” means any transfer of Common Units by a TRA Holder or by a permitted transferee of such TRA Holder pursuant to the SES LLC Agreement, other than any “SES Redeemed Legacy Holder” (as defined in the SES LLC Agreement), to SES LLC or to the Corporate Taxpayer in connection with the 144A Offering (including pursuant to the Unit Purchase Agreement) or pursuant to the Exchange Rights or the Call Right, as applicable.

“Exchange Date” means each date on which an Exchange occurs.

“Exchange Notice” has the meaning set forth in the SES LLC Agreement.

“Exchange Rights” means the exchange rights of holders of Common Units and of SES LLC set forth in Section 4.6, Section 4.7 and Section 4.8 of the SES LLC Agreement.

“Exchange Schedule” has the meaning set forth in Section 2.1(b) of this Agreement.

“Expert” means (i) one of Deloitte LLP, PricewaterhouseCoopers LLP, Ernst & Young LLP, KPMG LLP, or an Affiliate of any of the foregoing, so long as neither such Person nor any of its Affiliates is an auditor of the Corporate Taxpayer at the time it serves as Expert, or (ii) such nationally recognized expert in the particular area of disagreement as is mutually acceptable to the parties.

“Hypothetical Tax Liability” means, with respect to any Taxable Year, the liability for U.S. federal income Taxes of the Corporate Taxpayer (using the same methods, elections, conventions, U.S. federal income tax rate and similar practices used on the relevant Corporate Taxpayer Return), but without taking into account (i) any Basis Adjustments, (ii) Blocker NOLs, (iii) any deduction attributable to Imputed Interest for the Taxable Year, and (iv) any Post-144A TRA Benefits. For the avoidance of doubt, Hypothetical Tax Liability shall be determined without taking into account the carryover or carryback of any U.S. federal income Tax item (or portions thereof) that is attributable to any Basis Adjustments, Blocker NOLs, Imputed Interest, and any Post-144A TRA Benefits. Furthermore, the Hypothetical Tax Liability shall be calculated assuming deductions of (and other impacts of) state and local income and franchise Taxes are excluded.

“Imputed Interest” means any interest imputed under Section 1272, 1274 or 483 or other provision of the Code with respect to the Corporate Taxpayer’s payment obligations under this Agreement.

“IRS” means the U.S. Internal Revenue Service.

“Legacy Group” means any or all of: (i) SES Legacy Holdings; (ii) Crestview Partners II SES Investment, LLC; (iii) any funds, limited partnerships or other investment entities or vehicles managed by Crestview Advisors, L.L.C. or controlled by Crestview Partners II GP, L.P.; (iv) B-29 Investments LP; (v) Sunray Capital, LP; (v) any or all of Richard A. Burnett, Robert Delaney, Gary Gillette, Adam Klein, Eric Mattson, Cody Ortowski, John Schmitz,

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Douglas J. Wall, and any other officers or directors of the Corporation; (v) successors in interest to, assigns of, third-party transferees of, and Affiliates of the persons referenced in the immediately preceding clauses (i) through (v); and (vi) any person (1) who holds equity interests in SES Legacy Holdings or Crestview Partners II SES Investment, LLC prior to the completion of the Corporate Taxpayer's or its successor's initial public offering of Class A Shares and (2) executes an agreement for purposes of maintaining shared control over the governance, business and affairs of the Corporate Taxpayer, prior to or after the completion of the Corporate Taxpayer's or its successor's initial public offering of Class A Shares, with any of Crestview Partners II SES Investment, LLC, B-29 Investments LP or Sunray Capital, LP in a form mutually acceptable to the parties thereto.

"LIBOR" means during any period, an interest rate per annum equal to the one-year LIBOR rate reported, on the date two (2) calendar days prior to the first day of such period, on the Telerate Page 3750 (or if such screen shall cease to be publicly available, as reported on Reuters Screen page "LIBOR01" or by any other publicly available source of such market rate) for London interbank offered rates for United States dollar deposits for such period.

"Market Value" means the closing price of the Class A Shares on the applicable Exchange Date on the national securities exchange or interdealer quotation system on which such Class A Shares are then traded or listed, as reported by Bloomberg L.P.; provided, that if the closing price is not reported by Bloomberg L.P. for the applicable Exchange Date, then the Market Value means the closing price of the Class A Shares on the Business Day immediately preceding such Exchange Date on the national securities exchange or interdealer quotation system on which such Class A Shares are then traded or listed, as reported by Bloomberg L.P.; provided further that if the Class A Shares are not then listed on a national securities exchange or interdealer quotation system, "Market Value" means the cash consideration paid for Class A Shares, or the fair market value of the other property delivered for Class A Shares, as determined by the Board in good faith.

"Material Objection Notice" has the meaning set forth in Section 4.4 of this Agreement.

"Net Tax Benefit" has the meaning set forth in Section 3.1(b) of this Agreement.

"Objection Notice" has the meaning set forth in Section 2.3(a) of this Agreement.

"Payment Date" means any date on which a payment is required to be made pursuant to this Agreement.

"Person" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

"Post-144A TRA" means any tax receivable agreement (or comparable agreement) entered into by the Corporate Taxpayer or any of its Subsidiaries pursuant to which the Corporate Taxpayer is obligated to pay over amounts with respect to tax benefits resulting from any net operating losses or other tax attributes to which the Corporate Taxpayer becomes entitled as a result of a transaction (other than any Exchanges) after the date of this Agreement.

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"Post-144A TRA Benefits" means any tax benefits resulting from net operating losses or other tax attributes with respect to which the Corporate Taxpayer is obligated to make payments under a Post-144A TRA.

"Realized Tax Benefit" means, for a Taxable Year, the sum of (i) the excess, if any, of the Hypothetical Tax Liability over the Actual Tax Liability and (ii) the State and Local Tax Benefit. If all or a portion of the Actual Tax Liability for the Taxable Year arises as a result of an audit by the IRS of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination.

"Realized Tax Detriment" means, for a Taxable Year, the sum of (i) the excess, if any, of the Actual Tax Liability over the Hypothetical Tax Liability and (ii) the State and Local Tax Detriment. If all or a portion of the Actual Tax Liability for the Taxable Year arises as a result of an audit by the IRS of any Taxable Year, such liability shall not be included in determining the Realized Tax Detriment unless and until there has been a Determination.

"Reconciliation Dispute" has the meaning set forth in Section 7.10 of this Agreement.

"Reconciliation Procedures" means the procedures described in Section 7.10 of this Agreement.

"Reference Asset" means, with respect to any Exchange, an asset (other than cash or a cash equivalent) that is held by SES LLC, or any of its direct or indirect Subsidiaries that is treated as a partnership or disregarded entity for U.S. federal income tax purposes (but only to the extent such Subsidiaries are not held through any entity treated as a corporation for U.S. federal income tax purposes), at the time of such Exchange. A Reference Asset also includes any asset that is "substituted basis property" under Section 7701(a)(42) of the Code with respect to a Reference Asset.

"Reorganization Transactions" has the meaning set forth in the Recitals of this Agreement.

"Schedule" means any of the following: (i) the 144A Date Attribute Schedule, (ii) an Exchange Schedule, (iii) a Tax Benefit Payment Schedule, or (iv) the Early Termination Schedule.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"SES LLC" has the meaning set forth in the Recitals of this Agreement.

"SES LLC Agreement" means the Eighth Amended and Restated Limited Liability Company Agreement of SES LLC, as amended from time to time.

"SES Legacy Holdings" means SES Legacy Holdings, LLC, a Delaware limited liability company.

"Select Credit Facility" means the Amended and Restated Credit Agreement by and among Select Energy Services, LLC, Wells Fargo Bank, National Association, as administrative

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agent, and the lenders named therein, dated as of May 3, 2011, as amended, or any replacement or refinancing thereof.

"Senior Obligations" has the meaning set forth in Section 5.1 of this Agreement.

“State and Local Tax Benefit” means, for a Taxable Year, the excess, if any, of the Hypothetical Tax Liability over the Actual Tax Liability provided that, for purposes of determining the State and Local Tax Benefit, each of the Hypothetical Tax Liability and the Actual Tax Liability shall be calculated using the Assumed State and Local Tax Rate instead of the rate applicable for U.S. federal income tax purposes.

“State and Local Tax Detriment” means, for a Taxable Year, the excess, if any, of the Actual Tax Liability over the Hypothetical Tax Liability provided that, for purposes of determining the State and Local Tax Detriment, each of the Actual Tax Liability and the Hypothetical Tax Liability shall be calculated using the Assumed State and Local Tax Rate instead of the rate applicable for U.S. federal income tax purposes.

“Subsidiaries” means, with respect to any Person, as of any date of determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls more than 50% of the voting power or other similar interests or the sole general partner interest or managing member or similar interest of such Person.

“Tax Benefit Payment” has the meaning set forth in Section 3.1(b) of this Agreement.

“Tax Benefit Payment Schedule” has the meaning set forth in Section 2.2 of this Agreement.

“Tax Proceeding” has the meaning set forth in Section 6.1 of this Agreement.

“Tax Receivable Agreements” means this Agreement, the Blocker Holders TRA, and any Post-144A TRA.

“Tax Return” means any return, declaration, report or similar statement required to be filed with respect to Taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated Tax.

“Taxable Year” means a taxable year of the Corporate Taxpayer as defined in Section 441(b) of the Code (which, for the avoidance of doubt, may include a period of less than twelve (12) months for which a Tax Return is made), ending on or after the 144A Date.

“Taxes” means any and all U.S. federal, state and local taxes, assessments or similar charges that are based on or measured with respect to net income or profits, and any interest related to such Tax.

“Taxing Authority” means any federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

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“TRA Holders” means SES Legacy Holdings, Crestview Partners II GP, L.P., and their respective successors and permitted assigns pursuant to Section 7.6(a).

“Transferor” has the meaning set forth in Section 7.12(b) of this Agreement.

“Treasury Regulations” means the final, temporary and proposed regulations under the Code promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant Taxable Year.

“Unit Purchase Agreement” means that certain Unit Purchase Agreement by and between Crestview Partners II GP, L.P. and the Corporate Taxpayer dated as of December 19, 2016.

“Valuation Assumptions” means, as of an Early Termination Date or following a Change of Control, as applicable, the assumptions that (i) in each Taxable Year ending on or after such Early Termination Date, the Corporate Taxpayer will have taxable income sufficient to fully utilize the deductions arising from all Basis Adjustments and the Imputed Interest during such Taxable Year or future Taxable Years (including, for the avoidance of doubt, Basis Adjustments and Imputed Interest that would result from future Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions, further assuming such future Tax Benefit Payments would be paid on the due date, without extensions, for filing the Corporate Taxpayer Return for the applicable Taxable Year) in which such deductions would become available, (ii) any loss or credit carryovers generated by deductions arising from any Basis Adjustment or Imputed Interest that are available in the Taxable Year that includes the Early Termination Date, and any Blocker NOLs that have not been previously utilized in determining a Tax Benefit Payment as of the Early Termination Date, will be utilized by the Corporate Taxpayer in the Taxable Year ending on or after the Early Termination Date, (iii) the U.S. federal, state and local income and franchise tax rates that will be in effect for each Taxable Year ending on or after such Early Termination Date will be those specified for each such Taxable Year by the Code and other law as in effect on the Early Termination Date, (iv) any non-amortizable Reference Assets to which any Basis Adjustment is attributable will be disposed of in a fully taxable transaction for U.S. federal income tax purposes on the earlier of (A) the fifteenth anniversary of the Exchange which gave rise to such Basis Adjustment or (B) the Early Termination Date, and (v) if, at the Early Termination Date, there are Common Units that have not been transferred in an Exchange, then all Common Units shall be deemed to be transferred pursuant to the Exchange Rights effective on the Early Termination Date.

Section 1.2 Other Definitional and Interpretative Provisions. The words “hereof,” “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those

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words or words of like import. “Writing,” “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms thereof. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

ARTICLE II

DETERMINATION OF CERTAIN REALIZED TAX BENEFIT

Section 2.1 Attribute Schedules.

(a) 144A Date Attribute Schedule. Within ninety (90) calendar days after the filing of the Corporate Taxpayer Return for the Taxable Year including the 144A Date, the Corporate Taxpayer shall deliver to the Agents a schedule (the “144A Date Attribute Schedule”) that shows, in reasonable detail necessary to perform the calculations required by this Agreement, including with respect to each Blocker Holder to which such items are applicable, (i) the Blocker NOLs attributable to each Blocker as of the 144A Date and (ii) any applicable limitations on the use of the Blocker NOLs for Tax purposes (including under Section 382 of the Code).

(b) Exchange Schedules. Within ninety (90) calendar days after the filing of the Corporate Taxpayer Return for each Taxable Year in which any Exchange has been effected by a TRA Holder, the Corporate Taxpayer shall deliver to the Agents a schedule (the “Exchange Schedule”) that shows, in reasonable detail necessary to perform the calculations required by this Agreement, including with respect to each TRA Holder participating in any Exchange during such Taxable Year, (i) the Basis Adjustments with respect to the Reference Assets as a result of the Exchanges effected by such TRA Holder in such Taxable Year and (ii) the period (or periods) over which such Basis Adjustments are amortizable and/or depreciable.

Section 2.2 Tax Benefit Payment Schedules

(a) Within ninety (90) calendar days after the filing of the Corporate Taxpayer Return for any Taxable Year in which there is a Realized Tax Benefit or Realized Tax Detriment, the Corporate Taxpayer shall provide to the Agents: (i) a schedule showing, in reasonable detail, (A) the calculation of the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year, (B) the portion of the Net Tax Benefit, if any, that is Attributable to each TRA Holder who has participated in any Exchange, (C) the Accrued Amount with respect to any such Net Tax Benefit that is Attributable to such TRA Holder, (D) the Tax Benefit Payment due to each such TRA Holder, and (E) the portion of such Tax Benefit Payment that the Corporate Taxpayer intends to treat as Imputed Interest (a “Tax Benefit Payment Schedule”), (ii) a reasonably detailed calculation by the Corporate Taxpayer of the Hypothetical Tax Liability, (iii) a reasonably detailed calculation by the Corporate Taxpayer of the Actual Tax Liability, (iv) a copy of the Corporate Taxpayer Return for such Taxable Year, and (v) any other work papers reasonably requested by any Agent. In addition, the Corporate Taxpayer shall allow the Agents reasonable access at no cost to the appropriate representatives of the Corporate Taxpayer in connection with a review of such Tax Benefit Payment Schedule. The Tax Benefit Payment

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Schedule will become final as provided in Section 2.3(a) and may be amended as provided in Section 2.3(b) (subject to the procedures set forth in Section 2.3(b)).

(b) For purposes of calculating the Realized Tax Benefit or Realized Tax Detriment for any Taxable Year, carryovers or carrybacks of any U.S. federal income Tax item attributable to the Basis Adjustments, Blocker NOLs, Imputed Interest, and any Post-144A TRA Benefits shall be considered to be subject to the rules of the Code and the Treasury Regulations, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type. If a carryover or carryback of any U.S. federal income Tax item includes a portion that is attributable to the Basis Adjustment, Blocker NOLs, Imputed Interest, or any Post-144A TRA Benefits and another portion that is not so attributable, such respective portions shall be considered to be used in accordance with the “with and without” methodology. The parties agree that (i) any payment under this Agreement (to the extent permitted by law and other than amounts accounted for as Imputed Interest) will be treated as a subsequent upward adjustment to the purchase price of the relevant Common Units and will have the effect of creating additional Basis Adjustments to Reference Assets for the Corporate Taxpayer in the year of payment, and (ii) as a result, such additional Basis Adjustments will be incorporated into the current year calculation and into future year calculations, as appropriate.

Section 2.3 Procedure: Amendments

(a) An applicable Schedule or amendment thereto shall become final and binding on all parties thirty (30) calendar days from the first date on which the Agents have received the applicable Schedule or amendment thereto unless (i) any Agent, within thirty (30) calendar days after receiving an applicable Schedule or amendment thereto, provides the Corporate Taxpayer and each other Agent with notice of a material objection to such Schedule (“Objection Notice”) made in good faith or (ii) each Agent provides a written waiver of such right of any Objection Notice within the period described in clause (i) above, in which case such Schedule or amendment thereto becomes binding on the date a waiver from each Agent has been received by the Corporate Taxpayer. If the Corporate Taxpayer and Agents, for any reason, are unable to successfully resolve the issues raised in an Objection Notice within thirty (30) calendar days after receipt by the Corporate Taxpayer of such Objection Notice, the Corporate Taxpayer and Agents shall employ the Reconciliation Procedures under Section 7.10 or Resolution of Disputes procedures under Section 7.9, as applicable.

(b) The applicable Schedule for any Taxable Year may be amended from time to time by the Corporate Taxpayer (i) in connection with a Determination affecting such Schedule, (ii) to correct inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the Schedule was provided to the Agents, (iii) to comply with the Expert’s determination under the Reconciliation Procedures, (iv) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to a carryback or carryforward of a loss or other Tax item to such Taxable Year, (v) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to an amended Corporate Taxpayer Return filed for such Taxable Year or (vi) to adjust an Exchange Schedule to take into account payments made pursuant to this Agreement (any such Schedule, an “Amended Schedule”). The Corporate Taxpayer shall

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provide an Amended Schedule to the Agents within sixty (60) calendar days of the occurrence of an event referenced in clauses (i) through (vi) of the preceding sentence. For the avoidance of doubt, in the event a Schedule is amended after such Schedule becomes final pursuant to Section 2.3(a), the Amended Schedule shall not be taken into account in calculating any Tax Benefit Payment in the Taxable Year to which the amendment relates but instead shall be taken into account in calculating the Cumulative Net Realized Tax Benefit for the Taxable Year in which the amendment actually occurs.

Section 2.4 Section 754 Election. In its capacity as the sole managing member of SES LLC, the Corporate Taxpayer will ensure that, on and after the date hereof and continuing throughout the term of this Agreement, SES LLC and any of its eligible Subsidiaries will have in effect an election pursuant to Section 754 of the Code (and under any similar provisions of applicable U.S. state or local law).

ARTICLE III
TAX BENEFIT PAYMENTS

Section 3.1 Payments

(a) Within five (5) calendar days after a Tax Benefit Payment Schedule delivered to the Agents becomes final in accordance with Section 2.3(a), the Corporate Taxpayer shall pay to each TRA Holder the Tax Benefit Payment in respect of such TRA Holder determined pursuant to Section 3.1(b) for such Taxable Year. Each such payment shall be made by check, by wire transfer of immediately available funds to the bank account previously designated by the TRA Holder to the Corporate Taxpayer, or as otherwise agreed by the Corporate Taxpayer and the TRA Holder. For the avoidance of doubt, no Tax Benefit Payment shall be made in respect of estimated Tax payments, including, without limitation, U.S. federal or state estimated income Tax payments.

(b) A “Tax Benefit Payment” in respect of a TRA Holder for a Taxable Year means an amount, not less than zero, equal to the sum of the portion of the Net Tax Benefit Attributable to such TRA Holder and the Accrued Amount with respect thereto. A Net Tax Benefit is “Attributable” to a TRA Holder to the extent that it is derived from any Basis Adjustment or Imputed Interest that is attributable to the Common Units acquired or deemed acquired by the Corporate Taxpayer in an Exchange undertaken by or with respect to such TRA Holder. Subject to Section 3.3, the “Net Tax Benefit” for a Taxable Year shall be an amount equal to the excess, if any, of 85% of the Cumulative Net Realized Tax Benefit as of the end of such Taxable Year over the sum of (i) the total amount of payments previously made under this Section 3.1 (excluding payments attributable to Accrued Amounts) and (ii) the total amount of Tax Benefit Payments previously made under Section 3.1 of the Blocker Holders TRA and the corresponding provision of any Post-144A TRA; provided, for the avoidance of doubt, that no TRA Holder shall be required to return any portion of any previously made Tax Benefit Payment. The “Accrued Amount” with respect to any portion of a Net Tax Benefit shall equal an amount determined in the same manner as interest on such

doubt, for Tax purposes, the Accrued Amount shall not be treated as interest but shall instead be treated as additional consideration for the acquisition of Common Units in an Exchange unless otherwise required by law.

(c) Notwithstanding any provision of this Agreement to the contrary, unless a TRA Holder elects for the provisions of this Section 3.1(c) not to apply to any Exchange by notifying the Corporate Taxpayer in writing on or before the due date for providing the Exchange Notice with respect to such Exchange (or, with respect to an Exchange in connection with the 144A Offering, on or before the 144A Date), the aggregate Tax Benefit Payments to be made to such TRA Holder with respect to any Exchange shall be limited to (i) 100%, or such other percentage such TRA Holder elects to apply by notifying the Corporate Taxpayer in writing on or before the due date for providing the Exchange Notice with respect to such Exchange (or, with respect to an Exchange in connection with the 144A Offering, on or before the 144A Date), of (ii) the amount equal to the sum of (A) any cash, excluding any Tax Benefit Payments, received by such TRA Holder in such Exchange and (B) the aggregate Market Value of any Class A Shares received by such TRA Holder in such Exchange, provided, for the avoidance of doubt, that such amount shall not include any Imputed Interest with respect to such Exchange.

Section 3.2 No Duplicative Payments. It is intended that the provisions of this Agreement will not result in duplicative payment of any amount (including interest) required under the Tax Receivable Agreements. It is also intended that the provisions of the Tax Receivable Agreements will result in 85% of the Cumulative Net Realized Tax Benefit, and the Accrued Amount thereon, being paid to the Persons to whom payments are due pursuant to the Tax Receivable Agreements. The provisions of this Agreement shall be construed in the appropriate manner to achieve these fundamental results.

Section 3.3 Pro Rata Payments; Coordination of Benefits with Other Tax Receivable Agreements

(a) Notwithstanding anything in Section 3.1 to the contrary and except as otherwise provided in a Post-144A TRA, to the extent that the aggregate amount of the Corporate Taxpayer's tax benefit subject to the Tax Receivable Agreements is limited in a particular Taxable Year because the Corporate Taxpayer does not have sufficient taxable income to fully utilize available deductions and other attributes, the limitation on the tax benefit for the Corporate Taxpayer shall be allocated among the Tax Receivable Agreements (and among all Persons eligible for payments thereunder) in proportion to the respective amounts of Net Tax Benefit that would have been determined under the Tax Receivable Agreements if the Corporate Taxpayer had sufficient taxable income so that there were no such limitation.

(b) After taking into account Section 3.3(a), if for any reason the Corporate Taxpayer does not fully satisfy its payment obligations to make all Tax Benefit Payments due under the Tax Receivable Agreements in respect of a particular Taxable Year, then, except as otherwise provided in a Post-144A TRA, (i) the Corporate Taxpayer will pay the same proportion of each Tax Benefit Payment due to each Person to whom a payment is due under each of the Tax Receivable Agreements in respect of such Taxable Year, without favoring one obligation over

the other, and (ii) no Tax Benefit Payment shall be made in respect of any Taxable Year until all Tax Benefit Payments in respect of prior Taxable Years have been made in full.

(c) To the extent the Corporate Taxpayer makes a payment to a TRA Holder in respect of a particular Taxable Year under Section 3.1(a) of this Agreement (taking into account Section 3.3(a) and (b), but excluding payments attributable to Accrued Amounts) in an amount in excess of the amount of such payment that should have been made to such TRA Holder in respect of such Taxable Year, then (i) such TRA Holder shall not receive further payments under Section 3.1(a) until such TRA Holder has foregone an amount of payments equal to such excess and (ii) the Corporate Taxpayer will pay the amount of such TRA Holder's foregone payments to the other Persons to whom a payment is due under the Tax Receivable Agreements in a manner such that each such Person to whom a payment is due under the Tax Receivable Agreements, to the maximum extent possible, receives aggregate payments under Section 3.1(a) or the comparable section of the other Tax Receivable Agreement(s), as applicable (in each case, taking into account Section 3.3(a) and (b) or the comparable section of the other Tax Receivable Agreement(s), but excluding payments attributable to Accrued Amounts) in the amount it would have received if there had been no excess payment to such TRA Holder.

(d) The parties hereto agree that the parties to the Blocker Holders TRA and any Post-144A TRA are expressly made third party beneficiaries of the provisions of this Section 3.3.

(e) A Post-144A TRA shall be included in the definition of Tax Receivable Agreements for purposes of this Section 3.3 only if such Post-144A TRA does not provide otherwise.

ARTICLE IV
TERMINATION

Section 4.1 Early Termination at Election of the Corporate Taxpayer. The Corporate Taxpayer may terminate this Agreement at any time by paying (i) to each TRA Holder the Early Termination Payment due to such TRA Holder pursuant to Section 4.5(b) and (ii) to each Blocker Holder the Early Termination Payment under the Blocker Holders TRA (such termination, an "Early Termination"); provided that the Corporate Taxpayer may withdraw any notice of exercise of its termination rights under this Section 4.1 prior to the time at which any Early Termination Payment has been paid. Upon payment of the Early Termination Payment by the Corporate Taxpayer, the Corporate Taxpayer shall not have any further payment obligations under this Agreement, other than for any Tax Benefit Payment previously due and payable but unpaid as of the Early Termination Notice and, except to the extent included in the Early Termination Payment, any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the Early Termination Date. Upon payment of all amounts provided for in this Section 4.1, this Agreement shall terminate.

Section 4.2 Early Termination upon Change of Control. In the event of a Change of Control, all obligations hereunder shall be accelerated and such obligations shall be calculated as if an Early Termination Notice had been delivered on the closing date of the Change of Control and shall include, but not be limited to the following: (a) payment of the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the effective date of

a Change of Control, (b) payment of any Tax Benefit Payment in respect of a TRA Holder agreed to by the Corporate Taxpayer and such TRA Holder as due and payable but unpaid as of the Early Termination Notice, and (c) except to the extent included in the Early Termination Payment, payment of any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the effective date of a Change of Control. In the event of a Change of Control, the Early Termination Payment shall be calculated utilizing the Valuation Assumptions and by substituting in each case the terms "the closing date of a Change of Control" for an "Early Termination Date."

Section 4.3 Breach of Agreement.

(a) In the event that the Corporate Taxpayer breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due, as a result of failure to honor any other material obligation required hereunder or by operation of law as a result of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise, then if a majority of the TRA Holders so elect, such breach shall be treated as an Early Termination. Upon such election, all obligations hereunder shall be accelerated and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such breach and shall include, but shall not be limited to, (i) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of a breach, (ii) any Tax Benefit Payment previously due and payable but unpaid as of the date of the breach, and (iii) except to the extent included in the Early Termination Payment, any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the date of the breach. Notwithstanding the foregoing, in the event that the Corporate Taxpayer breaches this Agreement, if a majority of the TRA Holders do not elect to treat such breach as an Early Termination pursuant to this Section 4.3(a), the TRA Holders shall be entitled to seek specific performance of the terms hereof.

(b) The parties agree that the failure to make any payment due pursuant to this Agreement within three (3) months of the date such payment is due shall be deemed to be a breach of a material obligation under this Agreement for all purposes of this Agreement, and that it shall not be considered to be a breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within three (3) months of the date such payment is due. Notwithstanding anything in this Agreement to the contrary, it shall not be a breach of this Agreement if the Corporate Taxpayer fails to make any Tax Benefit Payment when due to the extent that the Corporate Taxpayer has insufficient funds to make such payment; provided that the interest provisions of Section 5.2 shall apply to such late payment (unless the Corporate Taxpayer does not have sufficient cash to make such payment as a result of limitations imposed by the Select Credit Facility or any other existing credit agreements to which SES LLC or any Subsidiary of SES LLC is a party, in which case Section 5.2 shall apply, but the Default Rate shall be replaced by the Agreed Rate); and provided further that it shall be a breach of this Agreement, and the provisions of Section 4.3(a) shall apply as of the original due date of the Tax Benefit Payment, if the Corporate Taxpayer makes any distribution of cash or other property to its stockholders while any Tax Benefit Payment is due and payable but unpaid.

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Section 4.4 Early Termination Notice. If the Corporate Taxpayer chooses to exercise its right of early termination under Section 4.1 above, the Corporate Taxpayer shall deliver to the Agents notice of such intention to exercise such right (the "Early Termination Notice"). Upon delivery of the Early Termination Notice or the occurrence of an event described in Section 4.2 or Section 4.3(a), the Corporate Taxpayer shall deliver (i) a schedule showing in reasonable detail the calculation of the Early Termination Payment (the "Early Termination Schedule") and (ii) any other work papers reasonably requested by any Agent. In addition, the Corporate Taxpayer shall allow the Agents reasonable access at no cost to the appropriate representatives of the Corporate Taxpayer in connection with a review of such Early Termination Schedule. The Early Termination Schedule shall become final and binding on all parties thirty (30) calendar days from the first date on which the Agents have received such Schedule or amendment thereto unless (x) any Agent, within thirty (30) calendar days after receiving the Early Termination Schedule, provides the Corporate Taxpayer and each other Agent with notice of a material objection to such Schedule made in good faith ("Material Objection Notice") or (y) each Agent provides a written waiver of such right of a Material Objection Notice within the period described in clause (x) above, in which case such Schedule becomes binding on the date a waiver from each Agent has been received by the Corporate Taxpayer (the "Early Termination Effective Date"). If the Corporate Taxpayer and Agents, for any reason, are unable to successfully resolve the issues raised in such notice within thirty (30) calendar days after receipt by the Corporate Taxpayer of the Material Objection Notice, the Corporate Taxpayer and Agents shall employ the Reconciliation Procedures under Section 7.10 or Resolution of Disputes procedures under Section 7.9, as applicable.

Section 4.5 Payment upon Early Termination.

(a) Subject to its right to withdraw any notice of Early Termination pursuant to Section 4.1, within three (3) calendar days after the Early Termination Effective Date, the Corporate Taxpayer shall pay to each TRA Holder its Early Termination Payment. Each such payment shall be made by check, by wire transfer of immediately available funds to a bank account or accounts designated by the TRA Holder, or as otherwise agreed by the Corporate Taxpayer and the TRA Holder.

(b) The "Early Termination Payment" shall equal, with respect to each TRA Holder, the present value, discounted at the Early Termination Rate as of the Early Termination Date, of all Tax Benefit Payments that would be required to be paid by the Corporate Taxpayer to such TRA Holder beginning from the Early Termination Date and assuming that the Valuation Assumptions are applied.

ARTICLE V
SUBORDINATION AND LATE PAYMENTS

Section 5.1 Subordination. Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment, Early Termination Payment or any other payment required to be made by the Corporate Taxpayer to any TRA Holder under this Agreement shall rank subordinate and junior in right of payment to any principal, interest or other amounts due and payable in respect of any obligations in respect of indebtedness for borrowed money of the

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Corporate Taxpayer and its Subsidiaries (such obligations, "Senior Obligations") and shall rank pari passu with all current or future unsecured obligations of the Corporate Taxpayer that are not Senior Obligations. For the avoidance of doubt, notwithstanding the above, the determination of whether it is a breach of this Agreement if the Corporate Taxpayer fails to make any Tax Benefit Payment when due is governed by Section 4.3(a).

Section 5.2 Late Payments by the Corporate Taxpayer. The amount of all or any portion of any Tax Benefit Payment, Early Termination Payment or any other payment under this Agreement not made to any TRA Holder when due under the terms of this Agreement shall be payable together with any interest thereon, computed at the Default Rate (or, if so provided in Section 4.3(a), at the Agreed Rate) and commencing from the date on which such Tax Benefit Payment, Early Termination Payment or any other payment under this Agreement was due and payable.

ARTICLE VI
NO DISPUTES; CONSISTENCY; COOPERATION

Section 6.1 Participation in the Corporate Taxpayer's and SES LLC's Tax Matters. Except as otherwise provided herein, the Corporate Taxpayer shall have full responsibility for, and sole discretion over, all Tax matters concerning the Corporate Taxpayer and SES LLC, including without limitation preparing, filing or amending any Tax Return and defending, contesting or settling any issue pertaining to Taxes. Notwithstanding the foregoing, the Corporate Taxpayer (i) shall notify the Agents of, and keep the Agents reasonably informed with respect to, the portion of any audit, examination, or any other administrative or judicial proceeding (a "Tax Proceeding") of the Corporate Taxpayer or SES LLC by a Taxing Authority the outcome of which is reasonably expected to affect the rights and obligations of the TRA Holders under this Agreement, (ii) shall provide the Agents with reasonable opportunity to provide information and other input to the Corporate Taxpayer, SES LLC and their respective advisors concerning the conduct of any such portion of a Tax Proceeding, and (iii) shall not enter into any settlement with respect to any such portion of a Tax Proceeding that could have a material effect on the TRA Holders' rights (including the right to receive payments) under this Agreement without the written consent of each Agent, such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that the Corporate Taxpayer and SES LLC shall not be required to take any action, or refrain from taking any action, that is inconsistent with any provision of the SES LLC Agreement.

Section 6.2 Consistency. The Corporate Taxpayer and the TRA Holders agree to report, and to cause their respective Subsidiaries to report, for all purposes, including U.S. federal, state and local Tax purposes and financial reporting purposes, all Tax-related items (including, without limitation, the Basis Adjustments and each Tax Benefit Payment), but, for financial reporting purposes, only in respect of items that are not explicitly characterized as “deemed” or in a similar manner by the terms of this Agreement, in a manner consistent with the description of any Tax characterization herein (including as set forth in Section 2.2(b) and Section 3.1(b)) and any Schedule required to be provided by or on behalf of the Corporate Taxpayer under this Agreement, as finally determined pursuant to Section 2.3. If the Corporate Taxpayer and any TRA Holder, for any reason, are unable to successfully resolve any

disagreement concerning such treatment within thirty (30) calendar days, the Corporate Taxpayer and such TRA Holder shall employ the Reconciliation Procedures under Section 7.10 or Resolution of Disputes procedures under Section 7.9, as applicable.

Section 6.3 Cooperation. Each TRA Holder shall (i) furnish to the Corporate Taxpayer in a timely manner such information, documents and other materials as the Corporate Taxpayer may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any Tax Proceeding, (ii) make itself available to the Corporate Taxpayer and its representatives to provide explanations of documents and materials and such other information as the Corporate Taxpayer or its representatives may reasonably request in connection with any of the matters described in clause (i) above, and (iii) reasonably cooperate in connection with any such matter. The Corporate Taxpayer shall reimburse the TRA Holder for any reasonable third-party costs and expenses incurred pursuant to this Section 6.3.

ARTICLE VII MISCELLANEOUS

Section 7.1 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed duly given and received (i) on the date of delivery if delivered personally, or by facsimile upon confirmation of transmission by the sender’s fax machine if sent on a Business Day (or otherwise on the next Business Day) or (ii) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

If to the Corporate Taxpayer, to:

Select Energy Services, Inc.
1820 N. I-35, P.O. Box 1715
Gainesville, Texas 76241
Attention: Gary Gillette

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

Vinson & Elkins L.L.P.
1001 Fannin Street, Suite 2500
Houston, Texas 77002
Attention: Keith Fullenweider

If to the Agents, to:

SES Legacy Holdings, LLC
1820 N. I-35, P.O. Box 1715
Gainesville, Texas 76241
Attention: Gary Gillette

Crestview Partners
667 Madison Avenue, 10th Floor
New York, NY 10065
Attention: Adam Klein

If to a TRA Holder, other than an Agent, that is or was a partner in SES LLC, to:

The address set forth in the records of SES LLC.

Any party may change its address or fax number by giving the other party written notice of its new address or fax number in the manner set forth above.

Section 7.2 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 7.3 Entire Agreement; No Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except as expressly provided in Section 3.3.

Section 7.4 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware, without regard to the conflicts of laws principles thereof that would mandate the application of the laws of another jurisdiction.

Section 7.5 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 7.6 Successors; Assignment.

(a) No TRA Holder may assign this Agreement to any person without the prior written consent of the Corporate Taxpayer; provided, however, that (i) to the extent Common Units are transferred in accordance with the terms of the SES LLC Agreement, the transferring TRA Holder shall have the option to assign to the transferee of such Common Units the

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transferring TRA Holder's rights under this Agreement with respect to such transferred Common Units as long as such transferee has executed and delivered, or, in connection with such transfer, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporate Taxpayer, agreeing to become a "TRA Holder" for all purposes of this Agreement, and (ii) the right to receive any and all payments payable or that may become payable to a TRA Holder pursuant to this Agreement that, once an Exchange has occurred, arise with respect to the Common Units transferred in such Exchange and, in the case of a transfer to an Affiliate of a TRA Holder, any other rights that may arise under this Agreement, may be assigned to any Person or Persons as long as any such Person has executed and delivered, or, in connection with such assignment, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporate Taxpayer, agreeing to be bound by Section 7.13. For the avoidance of doubt, if a TRA Holder transfers Common Units but does not assign to the transferee of such Common Units the rights of such TRA Holder under this Agreement with respect to such transferred Common Units, such TRA Holder shall continue to be entitled to receive the Tax Benefit Payments, if any, due hereunder with respect to, including any Tax Benefit Payments arising in respect of a subsequent Exchange of, such Common Units.

(b) The Person designated as the Agent may not be changed without the prior written consent of the Corporate Taxpayer and TRA Holders who would be entitled to receive more than fifty percent (50%) of the aggregate amount of the Early Termination Payments payable to all TRA Holders hereunder if the Corporate Taxpayer had exercised its right of early termination on the date of the most recent Exchange prior to such amendment (excluding, for purposes of this sentence, all payments made to any TRA Holder pursuant to this Agreement since the date of such most recent Exchange).

(c) Except as otherwise specifically provided herein, all of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Corporate Taxpayer shall cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporate Taxpayer, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporate Taxpayer would be required to perform if no such succession had taken place.

Section 7.7 Amendments; Waivers. No provision of this Agreement may be amended unless such amendment is approved in writing by each of the Corporate Taxpayer and by TRA Holders who would be entitled to receive more than fifty percent (50%) of the aggregate amount of the Early Termination Payments payable to all TRA Holders hereunder if the Corporate Taxpayer had exercised its right of early termination on the date of the most recent Exchange prior to such amendment (excluding, for purposes of this sentence, all payments made to any TRA Holder pursuant to this Agreement since the date of such most recent Exchange); provided, however, that no such amendment shall be effective if (i) such amendment would have a disproportionate effect on the payments certain TRA Holders will or may receive under this Agreement unless all such disproportionately affected TRA Holders consent in writing to such amendment or (ii) such amendment would have a disproportionate effect on the payments the Blocker Holders will or may receive under the Blocker Holders TRA unless the Blocker Holders

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Agent consents in writing to such amendment. No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective.

Section 7.8 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

Section 7.9 Resolution of Disputes.

(a) Any and all disputes which are not governed by Section 7.10, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this Section 7.9 and Section 7.10) (each a "Dispute") shall be governed by this Section 7.9. The parties hereto shall attempt in good faith to resolve all Disputes by negotiation. If a Dispute between the parties hereto cannot be resolved in such manner, such Dispute shall be finally settled by arbitration conducted by a single arbitrator in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the Dispute fail to agree on the selection of an arbitrator within ten (10) calendar days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer admitted to the practice of law in a U.S. state, or a nationally recognized expert in the relevant subject matter, and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings. In addition to monetary damages, the arbitrator shall be empowered to award equitable relief, including an injunction and specific performance of any obligation under this Agreement. The arbitrator is not empowered to award damages in excess of compensatory damages, and each party hereby irrevocably waives any right to recover punitive, exemplary or similar damages with respect to any Dispute. The award shall be the sole and exclusive remedy between the parties regarding any claims, counterclaims, issues, or accounting presented to the arbitral tribunal. Judgment upon any award may be entered and enforced in any court having jurisdiction over a party or any of its assets.

(b) Notwithstanding the provisions of Section 7.9(a), the Corporate Taxpayer may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this Section 7.9(b), each Agent and each TRA Holder (i) expressly consents to the application of Section 7.9(c) to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the Corporate Taxpayer as agent of such party for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise such party in writing of any such service of process, shall be deemed in every respect effective service of process upon such party in any such action or proceeding.

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(c) EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN DELAWARE FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (B) OF THIS SECTION 7.9 OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this Section 7.9(c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

(d) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or

to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in [Section 7.9\(c\)](#) and such parties agree not to plead or claim the same.

Section 7.10 Reconciliation. In the event that the Corporate Taxpayer and any Agent or any TRA Holder (as applicable, the “Disputing Party”) are unable to resolve a disagreement with respect to the calculations required to produce the schedules described in [Section 2.3](#), [Section 4.4](#) and [Section 6.2](#) (but not, for the avoidance of doubt, with respect to any legal interpretation with respect to such provisions or schedules) within the relevant period designated in this Agreement (“Reconciliation Dispute”), the Reconciliation Dispute shall be submitted for determination to the Expert. The Expert shall be a partner or principal in a nationally recognized accounting or law firm, and unless the Corporate Taxpayer and the Disputing Party agree otherwise, the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporate Taxpayer or the Disputing Party or other actual or potential conflict of interest. If the parties are unable to agree on an Expert within fifteen (15) calendar days of receipt by the respondent(s) of written notice of a Reconciliation Dispute, the Expert shall be appointed by the International Chamber of Commerce Centre for Expertise. The Expert shall resolve any matter relating to the Exchange Schedule or an amendment thereto or the Early Termination Schedule or an amendment thereto within thirty (30) calendar days and shall resolve any matter relating to a Tax Benefit Payment Schedule or an amendment thereto within fifteen (15) calendar days or as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. Notwithstanding the preceding sentence, if the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement) or any Tax Return reflecting the subject of a disagreement is due, any portion of such payment that is not under dispute shall be paid on the date prescribed by this Agreement and such Tax Return may be filed as prepared by the Corporate Taxpayer, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne by the Corporate Taxpayer except as provided in the next sentence. The Corporate Taxpayer and the Disputing Party shall each bear its own costs and expenses of such proceeding, unless (i) the Expert adopts such Disputing Party’s position, in which case the Corporate Taxpayer shall reimburse such Disputing Party for any reasonable out-of-pocket costs and expenses in such proceeding, or (ii) the Expert adopts the Corporate Taxpayer’s position, in which case such Disputing Party shall reimburse the Corporate Taxpayer for any reasonable out-of-pocket costs and expenses in such proceeding. Any dispute

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as to whether a dispute is a Reconciliation Dispute within the meaning of this [Section 7.10](#) shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this [Section 7.10](#) shall be binding on the Corporate Taxpayer and its Subsidiaries and the Disputing Party and may be entered and enforced in any court having jurisdiction.

Section 7.11 Withholding. The Corporate Taxpayer shall be entitled to deduct and withhold from any payment payable pursuant to this Agreement such amounts as the Corporate Taxpayer is required to deduct and withhold with respect to the making of such payment under the Code or any provision of U.S. federal, state, local or non-U.S. tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by the Corporate Taxpayer, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the relevant TRA Holder.

Section 7.12 Admission of the Corporate Taxpayer into a Consolidated Group: Transfers of Corporate Assets

(a) If the Corporate Taxpayer becomes a member of an affiliated or consolidated group of corporations that files a consolidated income Tax Return pursuant to Sections 1501 *et seq.* of the Code or any corresponding provisions of U.S. state or local Tax law, then, subject to the application of the Valuation Assumptions upon a Change of Control: (i) the provisions of this Agreement shall be applied with respect to the group as a whole; and (ii) Tax Benefit Payments, Early Termination Payments and other applicable items hereunder shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If the Corporate Taxpayer (or any other entity that is obligated to make a Tax Benefit Payment or Early Termination Payment hereunder), SES LLC or any of SES LLC’s direct or indirect Subsidiaries that is treated as a partnership or disregarded entity for U.S. federal income tax purposes (but only to the extent such Subsidiaries are not held through any entity treated as a corporation for U.S. federal income tax purposes) (a “Transferor”) transfers one or more Reference Assets to a corporation (or a Person classified as a corporation for U.S. federal income tax purposes) with which the Transferor does not file a consolidated Tax Return pursuant to Section 1501 of the Code, the Transferor, for purposes of calculating the amount of any Tax Benefit Payment or Early Termination Payment (e.g., calculating the gross income of the entity and determining the Realized Tax Benefit of such entity) due hereunder, shall be treated as having disposed of such Reference Assets in a fully taxable transaction on the date of such contribution. The consideration deemed to be received by the Transferor shall be equal to the fair market value of the transferred Reference Assets, plus, without duplication, (i) the amount of debt to which any such Reference Asset is subject, in the case of a transfer of an encumbered Reference Asset or (ii) the amount of debt allocated to any such Reference Asset, in the case of a contribution of a partnership interest. For purposes of this [Section 7.12\(b\)](#), a transfer of a partnership interest shall be treated as a transfer of the Transferor’s share of each of the assets and liabilities of that partnership.

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Section 7.13 Confidentiality.

(a) Each Agent, each TRA Holder and each of the TRA Holder’s assignees acknowledges and agrees that the information of the Corporate Taxpayer is confidential and, except in the course of performing any duties as necessary for the Corporate Taxpayer and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, such person shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters, acquired pursuant to this Agreement, of the Corporate Taxpayer and its Affiliates and successors, concerning SES LLC and its Affiliates and successors or the TRA Holders, learned by any Agent or TRA Holder heretofore or hereafter. This [Section 7.13](#) shall not apply to (i) any information that has been made publicly available by the Corporate Taxpayer or any of its Affiliates, becomes public knowledge (except as a result of an act of an Agent or a TRA Holder in violation of this Agreement) or is generally known to the business community and (ii) the disclosure of information (A) as may be proper in the course of performing such TRA Holder’s obligations, or monitoring or enforcing such TRA Holder’s rights, under this Agreement, (B) as part of such TRA Holder’s normal reporting, rating or review procedure (including normal credit rating and pricing process), or in connection with such TRA Holder’s or such TRA Holder’s Affiliates’ normal fund raising, marketing, informational or reporting activities, or to such TRA Holder’s (or any of its Affiliates’) Affiliates, auditors, accountants, attorneys or other agents, (C) to any bona fide prospective assignee of such TRA Holder’s rights under this Agreement, or prospective merger or other business combination partner of such TRA Holder, provided that such assignee or merger partner agrees to be bound by the provisions of this [Section 7.13](#), (D) as is required to be disclosed by order of a court of competent jurisdiction, administrative body or governmental body, or by subpoena, summons or legal process, or by law, rule or regulation; provided that any TRA Holder required to make any such disclosure to the extent legally permissible shall provide the Corporate Taxpayer prompt notice of such disclosure, or to regulatory authorities or similar examiners conducting regulatory reviews or examinations (without any such notice to the Corporate Taxpayer), or (E) to the extent necessary for a TRA Holder to prepare and file its Tax Returns, to respond to any inquiries regarding such Tax Returns from any Taxing Authority or to prosecute or defend any Tax Proceeding with respect to such Tax Returns. Notwithstanding anything to the contrary herein, each Agent (and each employee, representative or other agent of Agent or its assignees, as applicable) and each TRA Holder and each of its assignees (and each employee, representative or other agent of such TRA Holder or its assignees, as applicable) may disclose to any and all Persons, without limitation of any kind, the Tax treatment and Tax structure of the Corporate Taxpayer, SES LLC, the Agents, the TRA Holders and their Affiliates, and any of their transactions, and all materials of any kind (including opinions or other Tax analyses) that are provided to such Agent or TRA Holder relating to such Tax treatment and Tax structure.

(b) If an Agent or an assignee or a TRA Holder or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this [Section 7.13](#), the Corporate Taxpayer shall have the right and remedy to have the provisions of this [Section 7.13](#) specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporate

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Taxpayer or any of its Subsidiaries or the TRA Holders and the accounts and funds managed by the Corporate Taxpayer and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

Section 7.14 No More Favorable Terms. None of the Corporate Taxpayer or any of its Subsidiaries will enter into any additional agreement providing rights similar to this Agreement or the Blocker Holders TRA if such agreement provides terms that are more favorable to the counterparty under such agreement than those provided to the TRA Holders under this Agreement; provided, however, that the Corporate Taxpayer (or any of its Subsidiaries) may enter into such an agreement if this Agreement is amended to make such more favorable terms available to the TRA Holders.

[Signature Pages Follow]

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IN WITNESS WHEREOF, the Corporate Taxpayer, the Agents, and the TRA Holders have duly executed this Agreement as of the date first written above.

CORPORATE TAXPAYER:

SELECT ENERGY SERVICES, INC.

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: Chief Executive Officer

AGENT:

SES LEGACY HOLDINGS, LLC

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: President

TRA HOLDER:

SES LEGACY HOLDINGS, LLC

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: President

Signature Page 1 to Tax Receivable Agreement

IN WITNESS WHEREOF, the Corporate Taxpayer, the Agents, and the TRA Holders have duly executed this Agreement as of the date first written above.

AGENT:

CRESTVIEW PARTNERS II GP, L.P.

By: /s/ Ross A. Oliver
Name: Ross A. Oliver
Title: General Counsel

TRA HOLDER:

CRESTVIEW PARTNERS II GP, L.P.

By: /s/ Ross A. Oliver
Name: Ross A. Oliver
Title: General Counsel

Signature Page 2 to Tax Receivable Agreement

TAX RECEIVABLE AGREEMENT

by and among

SELECT ENERGY SERVICES, INC.,

CRESTVIEW PARTNERS II SES INVESTMENT B, LLC,

and

CRESTVIEW PARTNERS II GP, L.P.

DATED AS OF DECEMBER 19, 2016

TAX RECEIVABLE AGREEMENT

This TAX RECEIVABLE AGREEMENT (this "Agreement"), dated as of December 19, 2016, is hereby entered into by and among Select Energy Services, Inc., a Delaware corporation (the "Corporate Taxpayer"), the TRA Holders and the Agent.

RECITALS

WHEREAS, the Corporate Taxpayer is the managing member of SES Holdings, LLC, a Delaware limited liability company ("SES LLC"), an entity classified as a partnership for U.S. federal income tax purposes, and holds limited liability company interests in SES LLC;

WHEREAS, SES LLC and each of its direct and indirect Subsidiaries that is treated as a partnership for U.S. federal income tax purposes will have in effect an election under Section 754 of the Internal Revenue Code of 1986, as amended (the "Code"), for each Taxable Year in which an Exchange occurs, which election is expected to result, with respect to the Corporate Taxpayer, in an adjustment to the Tax basis of the assets owned by SES LLC and such Subsidiaries;

WHEREAS, the Non-Blocker Holders currently hold (and their permitted transferees may in the future hold) Common Units and may transfer all or a portion of such Common Units in one or more Exchanges (as defined herein), and as a result of such Exchanges, the Corporate Taxpayer is expected to obtain or be entitled to certain Tax benefits as further described herein;

WHEREAS, each Blocker is taxable as a corporation for U.S. federal income tax purposes;

WHEREAS, the Blockers will enter into certain reorganization transactions with the Corporate Taxpayer in connection with the 144A Offering (the "Reorganization Transactions"), and as a result of such transactions, the Corporate Taxpayer will obtain or be entitled to certain Tax benefits as further described herein;

WHEREAS, the Corporate Taxpayer and the Non-Blocker Holders will enter into the Non-Blocker Holders TRA to set forth the agreements among the parties thereto regarding the sharing of the Tax benefits realized by the Corporate Taxpayer as a result of the Exchanges;

WHEREAS, this Agreement is intended to set forth the agreements among the parties hereto regarding the sharing of the Tax benefits realized by the Corporate Taxpayer as a result of the Reorganization Transactions;

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

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the terms set forth in this Article I shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"144A Offering" means the initial offering under Rule 144A of the Securities Act of Class A Shares by the Corporate Taxpayer.

"144A Date" means the closing date of the 144A Offering.

"144A Date Attribute Schedule" has the meaning set forth in Section 2.1(a) of this Agreement.

"Accrued Amount" has the meaning set forth in Section 3.1(b) of this Agreement.

"Actual Tax Liability" means, with respect to any Taxable Year, the actual liability for U.S. federal income Taxes of the Corporate Taxpayer provided that the actual liability for U.S. federal income Taxes of the Corporate Taxpayer shall be calculated assuming deductions of (and other impacts of) state and local income and franchise Taxes are excluded.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

"Agent" means Crestview Partners II GP, L.P. or such other Person designated as such pursuant to Section 7.6(b).

"Agreed Rate" means a per annum rate of LIBOR plus 100 basis points.

"Agreement" has the meaning set forth in the preamble to this Agreement.

“Amended Schedule” has the meaning set forth in Section 2.3(b) of this Agreement.

“Assumed State and Local Tax Rate” means (a) the sum of the products of (i) the Corporate Taxpayer’s income and franchise tax apportionment rate(s) for each state and local jurisdiction in which SES LLC or the Corporate Taxpayer files an income or franchise tax return for the relevant Taxable Year and (ii) the highest corporate income and franchise tax rate(s) for each state and local jurisdiction in which SES LLC or the Corporate Taxpayer files an income or franchise tax return for each relevant Taxable Year, reduced by (b) the product of (i) the Corporate Taxpayer’s marginal U.S. federal income tax rate for the relevant Taxable Year and (ii) the rate calculated under clause (a).

“Attributable” has the meaning set forth in Section 3.1(b) of this Agreement.

“Basis Adjustment” has the meaning set forth in the Non-Blocker Holders TRA.

“Beneficial Owner” means, with respect to a security, a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security. The terms “Beneficially Own” and “Beneficial Ownership” shall have correlative meanings.

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“Blocker NOLs” means the net operating losses, capital losses, disallowed interest expense carryforwards under Section 163(j) of the Code and credit carryforwards of the Blockers relating to taxable periods ending on or prior to the 144A Date.

“Blockers” means Crestview Partners II SES (Cayman), LLC, a Delaware limited liability company; Crestview Partners II SES (FF Cayman), LLC, a Delaware limited liability company; and Crestview Partners II SES (892 Cayman), LLC, a Delaware limited liability company.

“Board” means the board of directors of the Corporate Taxpayer.

“Business Day” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the City of New York.

“Call Right” has the meaning set forth in the SES LLC Agreement.

“Change of Control” means the occurrence of any of the following events after the 144A Date:

- (i) any Person or any group of Persons acting together which would constitute a “group” for purposes of Section 13(d) of the Securities and Exchange Act of 1934, or any successor provisions thereto (excluding (i) one or more members of the Legacy Group, whether individually or as a group and (ii) a corporation or other entity owned, directly or indirectly, by the stockholders of the Corporate Taxpayer in substantially the same proportions as their ownership of stock in the Corporate Taxpayer), is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporate Taxpayer representing more than 50% of the combined voting power of the Corporate Taxpayer’s then outstanding voting securities; or
- (ii) the following individuals cease for any reason to constitute a majority of the number of directors of the Corporate Taxpayer then serving: individuals who, on the 144A Date, constitute the Board and any new director whose appointment or election by the Board or nomination for election by the Corporate Taxpayer’s stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the 144A Date or whose appointment, election or nomination for election was previously so approved or recommended by the directors referred to in this clause (ii); or
- (iii) there is consummated a merger or consolidation of the Corporate Taxpayer with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, either (A) the members of the Board immediately prior to the merger or consolidation does not constitute at least a majority of the members of the board of directors of the company surviving the merger or, if the surviving company is a Subsidiary, the ultimate parent thereof, or (B) the voting securities of the Corporate Taxpayer immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then-outstanding voting securities of the

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Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or

- (iv) the stockholders of the Corporate Taxpayer approve a plan of complete liquidation or dissolution of the Corporate Taxpayer or there is consummated an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Corporate Taxpayer of all or substantially all of the Corporate Taxpayer’s assets, other than such sale or other disposition by the Corporate Taxpayer of all or substantially all of the Corporate Taxpayer’s assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Corporate Taxpayer in substantially the same proportions as their ownership of the Corporate Taxpayer immediately prior to such sale; or
- (v) the Corporate Taxpayer ceases to be the sole managing member of SES LLC.

Notwithstanding the foregoing, except with respect to clause (ii) and clause (iii)(A) above, a “Change of Control” shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the shares of the Corporate Taxpayer immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in, and own substantially all of the shares of, an entity which owns, either directly or through a Subsidiary, all or substantially all of the assets of the Corporate Taxpayer immediately following such transaction or series of transactions.

“Class A Shares” means shares of Class A common stock of the Corporate Taxpayer.

“Code” has the meaning set forth in the Recitals of this Agreement.

“Common Units” has the meaning set forth in the SES LLC Agreement.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Corporate Taxpayer” has the meaning set forth in the preamble to this Agreement.

“Corporate Taxpayer Return” means the U.S. federal income Tax Return of the Corporate Taxpayer (including any consolidated group of which the Corporate Taxpayer is a member, as further described in Section 7.12(a) of this Agreement) filed with respect to any Taxable Year.

“Cumulative Net Realized Tax Benefit” for a Taxable Year means the cumulative amount (but not less than zero) of Realized Tax Benefits for all Taxable Years of the Corporate Taxpayer, up to and including such Taxable Year, net of the cumulative amount of Realized Tax Detriments for the same period. The Realized Tax Benefit and Realized Tax Detriment for each Taxable Year shall be determined based on the most recent Tax Benefit Payment Schedule or Amended Schedule, if any, in existence at the time of such determination.

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“Default Rate” means a per annum rate of (a) the sum of (i) the highest rate applicable at the time under the Select Credit Facility plus (ii) 200 basis points or (b) if there is no Select Credit Facility, LIBOR plus 550 basis points.

“Determination” shall have the meaning ascribed to such term in Section 1313(a) of the Code or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

“Dispute” has the meaning set forth in Section 7.9(a) of this Agreement.

“Disputing Party” has the meaning set forth in Section 7.10 of this Agreement.

“Early Termination” has the meaning set forth in Section 4.1 of this Agreement.

“Early Termination Date” means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

“Early Termination Effective Date” has the meaning set forth in Section 4.4 of this Agreement.

“Early Termination Notice” has the meaning set forth in Section 4.4 of this Agreement.

“Early Termination Payment” has the meaning set forth in Section 4.5(b) of this Agreement.

“Early Termination Rate” means the lesser of (a) 6.50% per annum, compounded annually, or (b) the Agreed Rate.

“Early Termination Schedule” has the meaning set forth in Section 4.4 of this Agreement.

“Exchange” has the meaning set forth in the Non-Blocker Holders TRA.

“Exchange Date” means each date on which an Exchange occurs.

“Exchange Notice” has the meaning set forth in the SES LLC Agreement.

“Exchange Rights” means the exchange rights of holders of Common Units and of SES LLC set forth in Section 4.6, Section 4.7 and Section 4.8 of the SES LLC Agreement.

“Exchange Schedule” has the meaning set forth in Section 2.1(b) of this Agreement.

“Expert” means (i) one of Deloitte LLP, PricewaterhouseCoopers LLP, Ernst & Young LLP, KPMG LLP, or an Affiliate of any of the foregoing, so long as neither such Person nor any of its Affiliates is an auditor of the Corporate Taxpayer at the time it serves as Expert, or (ii) such nationally recognized expert in the particular area of disagreement as is mutually acceptable to the parties.

“Hypothetical Tax Liability” means, with respect to any Taxable Year, the liability for U.S. federal income Taxes of the Corporate Taxpayer (using the same methods, elections, conventions, U.S. federal income tax rate and similar practices used on the relevant Corporate Taxpayer Return), but without taking into account (i) any Basis Adjustments, (ii) Blocker NOLs,

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(iii) any deduction attributable to Imputed Interest for the Taxable Year, and (iv) any Post-144A TRA Benefits. For the avoidance of doubt, Hypothetical Tax Liability shall be determined without taking into account the carryover or carryback of any U.S. federal income Tax item (or portions thereof) that is attributable to any Basis Adjustments, Blocker NOLs, Imputed Interest, and any Post-144A TRA Benefits. Furthermore, the Hypothetical Tax Liability shall be calculated assuming deductions of (and other impacts of) state and local income and franchise Taxes are excluded.

“Imputed Interest” means any interest imputed under Section 1272, 1274 or 483 or other provision of the Code with respect to the Corporate Taxpayer’s payment obligations under this Agreement.

“IRS” means the U.S. Internal Revenue Service.

“Legacy Group” means any or all of: (i) SES Legacy Holdings, LLC; (ii) Crestview Partners II SES Investment, LLC; (iii) any funds, limited partnerships or other investment entities or vehicles managed by Crestview Advisors, L.L.C. or controlled by Crestview Partners II GP, L.P.; (iv) B-29 Investments LP; (v) Sunray Capital, LP; (v) any or all of Richard A. Burnett, Robert Delaney, Gary Gillette, Adam Klein, Eric Mattson, Cody Ortowski, John Schmitz, Douglas J. Wall, and any other officers or directors of the Corporation; (v) successors in interest to, assigns of, third-party transferees of, and Affiliates of the persons referenced in the immediately preceding clauses (i) through (v); and (vi) any person (1) who holds equity interests in SES Legacy Holdings, LLC or Crestview Partners II SES Investment, LLC prior to the completion of the Corporate Taxpayer’s or its successor’s initial public offering of Class A Shares and (2) executes an agreement for purposes of maintaining shared control over the governance, business and affairs of the Corporate Taxpayer, prior to or after the completion of the Corporate Taxpayer’s or its successor’s initial public offering of Class A Shares, with any of Crestview Partners II SES Investment, LLC, B-29 Investments LP or Sunray Capital, LP in a form mutually acceptable to the parties thereto.

“LIBOR” means during any period, an interest rate per annum equal to the one-year LIBOR rate reported, on the date two (2) calendar days prior to the first day of such period, on the Telerate Page 3750 (or if such screen shall cease to be publicly available, as reported on Reuters Screen page “LIBOR01” or by any other publicly available source of such market rate) for London interbank offered rates for United States dollar deposits for such period.

“Market Value” means the closing price of the Class A Shares on the applicable Exchange Date on the national securities exchange or interdealer quotation system on which such Class A Shares are then traded or listed, as reported by Bloomberg L.P.; provided, that if the closing price is not reported by Bloomberg L.P. for the applicable Exchange Date, then the Market Value means the closing price of the Class A Shares on the Business Day immediately preceding such Exchange Date on the national securities exchange or interdealer quotation system on which such Class A Shares are then traded or listed, as reported by Bloomberg L.P.; provided further that if the Class A Shares are not then listed on a national securities exchange or interdealer quotation system, “Market Value” means the cash consideration paid for Class A Shares, or the fair

“Material Objection Notice” has the meaning set forth in Section 4.4 of this Agreement.

“Net Tax Benefit” has the meaning set forth in Section 3.1(b) of this Agreement.

“Non-Blocker Holders” has the meaning given to the term “TRA Holders” in the Non-Blocker Holders TRA.

“Non-Blocker Holders Agents” has the meaning given to the term “Agent” in the Non-Blocker Holders TRA.

“Non-Blocker Holders TRA” means the Tax Receivable Agreement dated as of December 19, 2016, by and among the Corporate Taxpayer, the Non-Blocker Holders and the Non-Blocker Holders Agents.

“Objection Notice” has the meaning set forth in Section 2.3(a) of this Agreement.

“Payment Date” means any date on which a payment is required to be made pursuant to this Agreement.

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

“Post-144A TRA” means any tax receivable agreement (or comparable agreement) entered into by the Corporate Taxpayer or any of its Subsidiaries pursuant to which the Corporate Taxpayer is obligated to pay over amounts with respect to tax benefits resulting from any net operating losses or other tax attributes to which the Corporate Taxpayer becomes entitled as a result of a transaction (other than any Exchanges) after the date of this Agreement.

“Post-144A TRA Benefits” means any tax benefits resulting from net operating losses or other tax attributes with respect to which the Corporate Taxpayer is obligated to make payments under a Post-144A TRA.

“Realized Tax Benefit” means, for a Taxable Year, the sum of (i) the excess, if any, of the Hypothetical Tax Liability over the Actual Tax Liability and (ii) the State and Local Tax Benefit. If all or a portion of the Actual Tax Liability for the Taxable Year arises as a result of an audit by the IRS of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination.

“Realized Tax Detriment” means, for a Taxable Year, the sum of (i) the excess, if any, of the Actual Tax Liability over the Hypothetical Tax Liability and (ii) the State and Local Tax Detriment. If all or a portion of the Actual Tax Liability for the Taxable Year arises as a result of an audit by the IRS of any Taxable Year, such liability shall not be included in determining the Realized Tax Detriment unless and until there has been a Determination.

“Reconciliation Dispute” has the meaning set forth in Section 7.10 of this Agreement.

“Reconciliation Procedures” means the procedures described in Section 7.10 of this Agreement.

“Reference Asset” means, with respect to any Exchange, an asset (other than cash or a cash equivalent) that is held by SES LLC, or any of its direct or indirect Subsidiaries that is treated as a partnership or disregarded entity for U.S. federal income tax purposes (but only to the extent such Subsidiaries are not held through any entity treated as a corporation for U.S. federal income tax purposes), at the time of such Exchange. A Reference Asset also includes any asset that is “substituted basis property” under Section 7701(a)(42) of the Code with respect to a Reference Asset.

“Reorganization Transactions” has the meaning set forth in the Recitals of this Agreement.

“Schedule” means any of the following: (i) the 144A Date Attribute Schedule, (ii) an Exchange Schedule, (iii) a Tax Benefit Payment Schedule, or (iv) the Early Termination Schedule.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“SES LLC” has the meaning set forth in the Recitals of this Agreement.

“SES LLC Agreement” means the Eighth Amended and Restated Limited Liability Company Agreement of SES LLC, as amended from time to time.

“Select Credit Facility” means the Amended and Restated Credit Agreement by and among Select Energy Services, LLC, Wells Fargo Bank, National Association, as administrative agent, and the lenders named therein, dated as of May 3, 2011, as amended, or any replacement or refinancing thereof.

“Senior Obligations” has the meaning set forth in Section 5.1 of this Agreement.

“State and Local Tax Benefit” means, for a Taxable Year, the excess, if any, of the Hypothetical Tax Liability over the Actual Tax Liability provided that, for purposes of determining the State and Local Tax Benefit, each of the Hypothetical Tax Liability and the Actual Tax Liability shall be calculated using the Assumed State and Local Tax Rate instead of the rate applicable for U.S. federal income tax purposes.

“State and Local Tax Detriment” means, for a Taxable Year, the excess, if any, of the Actual Tax Liability over the Hypothetical Tax Liability provided that, for purposes of determining the State and Local Tax Detriment, each of the Actual Tax Liability and the Hypothetical Tax Liability shall be calculated using the Assumed State and Local Tax Rate instead of the rate applicable for U.S. federal income tax purposes.

“Subsidiaries” means, with respect to any Person, as of any date of determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls more than 50% of the voting power or other similar interests or the sole general partner interest or managing member or similar interest of such Person.

“Tax Benefit Payment” has the meaning set forth in Section 3.1(b) of this Agreement.

“Tax Benefit Payment Schedule” has the meaning set forth in Section 2.2 of this Agreement.

“Tax Proceeding” has the meaning set forth in Section 6.1 of this Agreement.

“Tax Receivable Agreements” means this Agreement, the Non-Blocker Holders TRA, and any Post-144A TRA.

“Tax Return” means any return, declaration, report or similar statement required to be filed with respect to Taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated Tax.

“Taxable Year” means a taxable year of the Corporate Taxpayer as defined in Section 441(b) of the Code (which, for the avoidance of doubt, may include a period of less than twelve (12) months for which a Tax Return is made), ending on or after the 144A Date.

“Taxes” means any and all U.S. federal, state and local taxes, assessments or similar charges that are based on or measured with respect to net income or profits, and any interest related to such Tax.

“Taxing Authority” means any federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

“TRA Holders” means Crestview Partners II SES Investment B, LLC and its successors and permitted assigns pursuant to Section 7.6(a).

“Transferor” has the meaning set forth in Section 7.12(b) of this Agreement.

“Treasury Regulations” means the final, temporary and proposed regulations under the Code promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant Taxable Year.

“Valuation Assumptions” means, as of an Early Termination Date or following a Change of Control, as applicable, the assumptions that (i) in each Taxable Year ending on or after such Early Termination Date, the Corporate Taxpayer will have taxable income sufficient to fully utilize the deductions arising from all Basis Adjustments and the Imputed Interest during such Taxable Year or future Taxable Years (including, for the avoidance of doubt, Basis Adjustments and Imputed Interest that would result from future Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions, further assuming such future Tax Benefit Payments would be paid on the due date, without extensions, for filing the Corporate Taxpayer Return for the applicable Taxable Year) in which such deductions would become available, (ii) any loss or credit carryovers generated by deductions arising from any Basis Adjustment or Imputed Interest that are available in the Taxable Year that includes the Early Termination Date, and any Blocker NOLs that have not been previously utilized in determining a Tax Benefit Payment as of the Early Termination Date, will be utilized by the Corporate Taxpayer in the Taxable Year ending on or after the Early Termination Date, (iii) the U.S. federal, state and local income and franchise tax rates that will be in effect for each Taxable Year ending on or after such Early Termination

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Date will be those specified for each such Taxable Year by the Code and other law as in effect on the Early Termination Date, (iv) any non-amortizable Reference Assets to which any Basis Adjustment is attributable will be disposed of in a fully taxable transaction for U.S. federal income tax purposes on the earlier of (A) the fifteenth anniversary of the Exchange which gave rise to such Basis Adjustment or (B) the Early Termination Date, and (v) if, at the Early Termination Date, there are Common Units that have not been transferred in an Exchange, then all Common Units shall be deemed to be transferred pursuant to the Exchange Rights effective on the Early Termination Date.

Section 1.2 Other Definitional and Interpretative Provisions. The words “hereof,” “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import. “Writing,” “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms thereof. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

ARTICLE II

DETERMINATION OF CERTAIN REALIZED TAX BENEFIT

Section 2.1 Attribute Schedules.

(a) 144A Date Attribute Schedule. Within ninety (90) calendar days after the filing of the Corporate Taxpayer Return for the Taxable Year including the 144A Date, the Corporate Taxpayer shall deliver to the Agent a schedule (the “144A Date Attribute Schedule”) that shows, in reasonable detail necessary to perform the calculations required by this Agreement, including with respect to each TRA Holder to which such items are applicable, (i) the Blocker NOLs attributable to each Blocker as of the 144A Date and (ii) any applicable limitations on the use of the Blocker NOLs for Tax purposes (including under Section 382 of the Code).

(b) Exchange Schedules. Within ninety (90) calendar days after the filing of the Corporate Taxpayer Return for each Taxable Year in which any Exchange has been effected by a Non-Blocker Holder, the Corporate Taxpayer shall deliver to the Agent a schedule (the “Exchange Schedule”) that shows, in reasonable detail necessary to perform the calculations required by this Agreement, including with respect to each Non-Blocker Holder participating in any Exchange during such Taxable Year, (i) the Basis Adjustments with respect to the Reference

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Assets as a result of the Exchanges effected by such Non-Blocker Holder in such Taxable Year and (ii) the period (or periods) over which such Basis Adjustments are amortizable and/or depreciable.

Section 2.2 Tax Benefit Payment Schedules

(a) Within ninety (90) calendar days after the filing of the Corporate Taxpayer Return for any Taxable Year in which there is a Realized Tax Benefit or Realized Tax Detriment, the Corporate Taxpayer shall provide to the Agent: (i) a schedule showing, in reasonable detail, (A) the calculation of the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year, (B) the portion of the Net Tax Benefit, if any, that is Attributable to each TRA Holder, (C) the Accrued Amount with respect to any such Net Tax Benefit that is Attributable to each TRA Holder, (D) the Tax Benefit Payment due to each such TRA Holder, and (E) the portion of such Tax Benefit Payment

that the Corporate Taxpayer intends to treat as Imputed Interest (a “Tax Benefit Payment Schedule”), (ii) a reasonably detailed calculation by the Corporate Taxpayer of the Hypothetical Tax Liability, (iii) a reasonably detailed calculation by the Corporate Taxpayer of the Actual Tax Liability, (iv) a copy of the Corporate Taxpayer Return for such Taxable Year, and (v) any other work papers reasonably requested by the Agent. In addition, the Corporate Taxpayer shall allow the Agent reasonable access at no cost to the appropriate representatives of the Corporate Taxpayer in connection with a review of such Tax Benefit Payment Schedule. The Tax Benefit Payment Schedule will become final as provided in Section 2.3(a) and may be amended as provided in Section 2.3(b) (subject to the procedures set forth in Section 2.3(b)).

(b) For purposes of calculating the Realized Tax Benefit or Realized Tax Detriment for any Taxable Year, carryovers or carrybacks of any U.S. federal income Tax item attributable to the Basis Adjustments, Blocker NOLs, Imputed Interest, and any Post-144A TRA Benefits shall be considered to be subject to the rules of the Code and the Treasury Regulations, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type. If a carryover or carryback of any U.S. federal income Tax item includes a portion that is attributable to the Basis Adjustment, Blocker NOLs, Imputed Interest, or any Post-144A TRA Benefits and another portion that is not so attributable, such respective portions shall be considered to be used in accordance with the “with and without” methodology. The parties agree that any payment under this Agreement will not be treated as a Basis Adjustment for purposes of the Tax Receivable Agreements.

Section 2.3 Procedure: Amendments.

(a) An applicable Schedule or amendment thereto shall become final and binding on all parties thirty (30) calendar days from the first date on which the Agent has received the applicable Schedule or amendment thereto unless (i) the Agent, within thirty (30) calendar days after receiving an applicable Schedule or amendment thereto, provides the Corporate Taxpayer with notice of a material objection to such Schedule (“Objection Notice”) made in good faith or (ii) the Agent provides a written waiver of such right of any Objection Notice within the period described in clause (i) above, in which case such Schedule or amendment thereto becomes binding on the date a waiver from the Agent has been received by the Corporate Taxpayer. If the Corporate Taxpayer and Agent, for any reason, are unable to successfully resolve the issues

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raised in an Objection Notice within thirty (30) calendar days after receipt by the Corporate Taxpayer of such Objection Notice, the Corporate Taxpayer and Agent shall employ the Reconciliation Procedures under Section 7.10 or Resolution of Disputes procedures under Section 7.9, as applicable.

(b) The applicable Schedule for any Taxable Year may be amended from time to time by the Corporate Taxpayer (i) in connection with a Determination affecting such Schedule, (ii) to correct inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the Schedule was provided to the Agent, (iii) to comply with the Expert’s determination under the Reconciliation Procedures, (iv) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to a carryback or carryforward of a loss or other Tax item to such Taxable Year, (v) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to an amended Corporate Taxpayer Return filed for such Taxable Year or (vi) to adjust an Exchange Schedule to take into account payments made pursuant to the Non-Blocker TRA (any such Schedule, an “Amended Schedule”). The Corporate Taxpayer shall provide an Amended Schedule to the Agent within sixty (60) calendar days of the occurrence of an event referenced in clauses (i) through (vi) of the preceding sentence. For the avoidance of doubt, in the event a Schedule is amended after such Schedule becomes final pursuant to Section 2.3(a), the Amended Schedule shall not be taken into account in calculating any Tax Benefit Payment in the Taxable Year to which the amendment relates but instead shall be taken into account in calculating the Cumulative Net Realized Tax Benefit for the Taxable Year in which the amendment actually occurs.

ARTICLE III TAX BENEFIT PAYMENTS

Section 3.1 Payments.

(a) Within five (5) calendar days after a Tax Benefit Payment Schedule delivered to the Agent becomes final in accordance with Section 2.3(a), the Corporate Taxpayer shall pay to each TRA Holder the Tax Benefit Payment in respect of such TRA Holder determined pursuant to Section 3.1(b) for such Taxable Year. Each such payment shall be made by check, by wire transfer of immediately available funds to the bank account previously designated by the TRA Holder to the Corporate Taxpayer, or as otherwise agreed by the Corporate Taxpayer and the TRA Holder. For the avoidance of doubt, no Tax Benefit Payment shall be made in respect of estimated Tax payments, including, without limitation, U.S. federal or state estimated income Tax payments.

(b) A “Tax Benefit Payment” in respect of a TRA Holder for a Taxable Year means an amount, not less than zero, equal to the sum of the portion of the Net Tax Benefit Attributable to such TRA Holder and the Accrued Amount with respect thereto. A Net Tax Benefit is “Attributable” to a TRA Holder to the extent that it is derived from any Blocker NOLs or Imputed Interest that is attributable to the Blocker acquired by the Corporate Taxpayer from such TRA Holder in the Reorganization Transactions. Subject to Section 3.3, the “Net Tax Benefit” for a Taxable Year shall be an amount equal to the excess, if any, of 85% of the Cumulative Net Realized Tax Benefit as of the end of such Taxable Year over the sum of (i) the total amount of

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payments previously made under this Section 3.1 (excluding payments attributable to Accrued Amounts) and (ii) the total amount of Tax Benefit Payments previously made under Section 3.1 of the Non-Blocker Holders TRA and the corresponding provision of any Post-144A TRA; provided, for the avoidance of doubt, that no TRA Holder shall be required to return any portion of any previously made Tax Benefit Payment. The “Accrued Amount” with respect to any portion of a Net Tax Benefit shall equal an amount determined in the same manner as interest on such portion of the Net Tax Benefit for a Taxable Year calculated at the Agreed Rate from the due date (without extensions) for filing the Corporate Taxpayer Return for such Taxable Year until the Payment Date. For the avoidance of doubt, for Tax purposes, the Accrued Amount shall not be treated as interest but shall instead be treated as additional consideration for the acquisition of the membership interests of the applicable Blocker in the Reorganization Transactions unless otherwise required by law.

Section 3.2 No Duplicative Payments. It is intended that the provisions of this Agreement will not result in duplicative payment of any amount (including interest) required under the Tax Receivable Agreements. It is also intended that the provisions of the Tax Receivable Agreements will result in 85% of the Cumulative Net Realized Tax Benefit, and the Accrued Amount thereon, being paid to the Persons to whom payments are due pursuant to the Tax Receivable Agreements. The provisions of this Agreement shall be construed in the appropriate manner to achieve these fundamental results.

Section 3.3 Pro Rata Payments: Coordination of Benefits with Other Tax Receivable Agreements

(a) Notwithstanding anything in Section 3.1 to the contrary and except as otherwise provided in a Post-144A TRA, to the extent that the aggregate amount of the Corporate Taxpayer’s tax benefit subject to the Tax Receivable Agreements is limited in a particular Taxable Year because the Corporate Taxpayer does not have sufficient taxable income to fully utilize available deductions and other attributes, the limitation on the tax benefit for the Corporate Taxpayer shall be allocated among the Tax Receivable Agreements (and among all Persons eligible for payments thereunder) in proportion to the respective amounts of Net Tax Benefit that would have been determined under the Tax Receivable Agreements if the Corporate Taxpayer had sufficient taxable income so that there were no such limitation.

(b) After taking into account Section 3.3(a), if for any reason the Corporate Taxpayer does not fully satisfy its payment obligations to make all Tax Benefit Payments due under the Tax Receivable Agreements in respect of a particular Taxable Year, then, except as otherwise provided in a Post-144A TRA, (i) the Corporate Taxpayer will pay the same proportion of each Tax Benefit Payment due to each Person to whom a payment is due under each of the Tax Receivable Agreements in respect of

such Taxable Year, without favoring one obligation over the other, and (ii) no Tax Benefit Payment shall be made in respect of any Taxable Year until all Tax Benefit Payments in respect of prior Taxable Years have been made in full.

(c) To the extent the Corporate Taxpayer makes a payment to a TRA Holder in respect of a particular Taxable Year under Section 3.1(a) of this Agreement (taking into account Section 3.3(a) and (b)), but excluding payments attributable to Accrued Amounts) in an amount in excess of the amount of such payment that should have been made to such TRA Holder in

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respect of such Taxable Year, then (i) such TRA Holder shall not receive further payments under Section 3.1(a) until such TRA Holder has foregone an amount of payments equal to such excess and (ii) the Corporate Taxpayer will pay the amount of such TRA Holder's foregone payments to the other Persons to whom a payment is due under the Tax Receivable Agreements in a manner such that each such Person to whom a payment is due under the Tax Receivable Agreements, to the maximum extent possible, receives aggregate payments under Section 3.1(a) or the comparable section of the other Tax Receivable Agreement(s), as applicable (in each case, taking into account Section 3.3(a) and (b)) or the comparable section of the other Tax Receivable Agreement(s), but excluding payments attributable to Accrued Amounts) in the amount it would have received if there had been no excess payment to such TRA Holder.

(d) The parties hereto agree that the parties to the Non-Blocker Holders TRA and any Post-144A TRA are expressly made third party beneficiaries of the provisions of this Section 3.3.

(e) A Post-144A TRA shall be included in the definition of Tax Receivable Agreements for purposes of this Section 3.3 only if such Post-144A TRA does not provide otherwise.

ARTICLE IV TERMINATION

Section 4.1 Early Termination at Election of the Corporate Taxpayer The Corporate Taxpayer may terminate this Agreement at any time by paying (i) to each TRA Holder the Early Termination Payment due to such TRA Holder pursuant to Section 4.5(b) and (ii) to each Non-Blocker Holder the Early Termination Payment under the Non-Blocker Holders TRA (such termination, an "Early Termination"); provided that the Corporate Taxpayer may withdraw any notice of exercise of its termination rights under this Section 4.1 prior to the time at which any Early Termination Payment has been paid. Upon payment of the Early Termination Payment by the Corporate Taxpayer, the Corporate Taxpayer shall not have any further payment obligations under this Agreement, other than for any Tax Benefit Payment previously due and payable but unpaid as of the Early Termination Notice and, except to the extent included in the Early Termination Payment, any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the Early Termination Date. Upon payment of all amounts provided for in this Section 4.1, this Agreement shall terminate.

Section 4.2 Early Termination upon Change of Control. In the event of a Change of Control, all obligations hereunder shall be accelerated and such obligations shall be calculated as if an Early Termination Notice had been delivered on the closing date of the Change of Control and shall include, but not be limited to the following: (a) payment of the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the effective date of a Change of Control, (b) payment of any Tax Benefit Payment in respect of a TRA Holder agreed to by the Corporate Taxpayer and such TRA Holder as due and payable but unpaid as of the Early Termination Notice, and (c) except to the extent included in the Early Termination Payment, payment of any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the effective date of a Change of Control. In the event of a Change of Control, the Early Termination Payment shall be calculated utilizing the Valuation Assumptions and by

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substituting in each case the terms "the closing date of a Change of Control" for an "Early Termination Date."

Section 4.3 Breach of Agreement.

(a) In the event that the Corporate Taxpayer breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due, as a result of failure to honor any other material obligation required hereunder or by operation of law as a result of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise, then if a majority of the TRA Holders so elect, such breach shall be treated as an Early Termination. Upon such election, all obligations hereunder shall be accelerated and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such breach and shall include, but shall not be limited to, (i) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of a breach, (ii) any Tax Benefit Payment previously due and payable but unpaid as of the date of the breach, and (iii) except to the extent included in the Early Termination Payment, any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the date of the breach. Notwithstanding the foregoing, in the event that the Corporate Taxpayer breaches this Agreement, if a majority of the TRA Holders do not elect to treat such breach as an Early Termination pursuant to this Section 4.3(a), the TRA Holders shall be entitled to seek specific performance of the terms hereof.

(b) The parties agree that the failure to make any payment due pursuant to this Agreement within three (3) months of the date such payment is due shall be deemed to be a breach of a material obligation under this Agreement for all purposes of this Agreement, and that it shall not be considered to be a breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within three (3) months of the date such payment is due. Notwithstanding anything in this Agreement to the contrary, it shall not be a breach of this Agreement if the Corporate Taxpayer fails to make any Tax Benefit Payment when due to the extent that the Corporate Taxpayer has insufficient funds to make such payment; provided that the interest provisions of Section 5.2 shall apply to such late payment (unless the Corporate Taxpayer does not have sufficient cash to make such payment as a result of limitations imposed by the Select Credit Facility or any other existing credit agreements to which SES LLC or any Subsidiary of SES LLC is a party, in which case Section 5.2 shall apply, but the Default Rate shall be replaced by the Agreed Rate); and provided further that it shall be a breach of this Agreement, and the provisions of Section 4.3(a) shall apply as of the original due date of the Tax Benefit Payment, if the Corporate Taxpayer makes any distribution of cash or other property to its stockholders while any Tax Benefit Payment is due and payable but unpaid.

Section 4.4 Early Termination Notice. If the Corporate Taxpayer chooses to exercise its right of early termination under Section 4.1 above, the Corporate Taxpayer shall deliver to the Agent notice of such intention to exercise such right (the "Early Termination Notice"). Upon delivery of the Early Termination Notice or the occurrence of an event described in Section 4.2 or Section 4.3(a), the Corporate Taxpayer shall deliver (i) a schedule showing in reasonable detail the calculation of the Early Termination Payment (the "Early Termination Schedule") and (ii) any other work papers reasonably requested by the Agent. In addition, the Corporate Taxpayer shall allow the Agent reasonable access at no cost to the appropriate representatives of

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the Corporate Taxpayer in connection with a review of such Early Termination Schedule. The Early Termination Schedule shall become final and binding on all parties thirty (30) calendar days from the first date on which the Agent has received such Schedule or amendment thereto unless (x) the Agent, within thirty (30) calendar days after

receiving the Early Termination Schedule, provides the Corporate Taxpayer with notice of a material objection to such Schedule made in good faith (“Material Objection Notice”) or (y) the Agent provides a written waiver of such right of a Material Objection Notice within the period described in clause (x) above, in which case such Schedule becomes binding on the date a waiver from the Agent has been received by the Corporate Taxpayer (the “Early Termination Effective Date”). If the Corporate Taxpayer and Agent, for any reason, are unable to successfully resolve the issues raised in such notice within thirty (30) calendar days after receipt by the Corporate Taxpayer of the Material Objection Notice, the Corporate Taxpayer and Agent shall employ the Reconciliation Procedures under Section 7.10 or Resolution of Disputes procedures under Section 7.9, as applicable.

Section 4.5 Payment upon Early Termination

(a) Subject to its right to withdraw any notice of Early Termination pursuant to Section 4.1, within three (3) calendar days after the Early Termination Effective Date, the Corporate Taxpayer shall pay to each TRA Holder its Early Termination Payment. Each such payment shall be made by check, by wire transfer of immediately available funds to a bank account or accounts designated by the TRA Holder, or as otherwise agreed by the Corporate Taxpayer and the TRA Holder.

(b) The “Early Termination Payment” shall equal, with respect to each TRA Holder, the present value, discounted at the Early Termination Rate as of the Early Termination Date, of all Tax Benefit Payments that would be required to be paid by the Corporate Taxpayer to such TRA Holder beginning from the Early Termination Date and assuming that the Valuation Assumptions are applied.

ARTICLE V SUBORDINATION AND LATE PAYMENTS

Section 5.1 Subordination. Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment, Early Termination Payment or any other payment required to be made by the Corporate Taxpayer to any TRA Holder under this Agreement shall rank subordinate and junior in right of payment to any principal, interest or other amounts due and payable in respect of any obligations in respect of indebtedness for borrowed money of the Corporate Taxpayer and its Subsidiaries (such obligations, “Senior Obligations”) and shall rank pari passu with all current or future unsecured obligations of the Corporate Taxpayer that are not Senior Obligations. For the avoidance of doubt, notwithstanding the above, the determination of whether it is a breach of this Agreement if the Corporate Taxpayer fails to make any Tax Benefit Payment when due is governed by Section 4.3(a).

Section 5.2 Late Payments by the Corporate Taxpayer. The amount of all or any portion of any Tax Benefit Payment, Early Termination Payment or any other payment under this Agreement not made to any TRA Holder when due under the terms of this Agreement shall be payable together with any interest thereon, computed at the Default Rate (or, if so provided in

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Section 4.3(a), at the Agreed Rate) and commencing from the date on which such Tax Benefit Payment, Early Termination Payment or any other payment under this Agreement was due and payable.

ARTICLE VI NO DISPUTES; CONSISTENCY; COOPERATION

Section 6.1 Participation in the Corporate Taxpayer’s and SES LLC’s Tax Matters. Except as otherwise provided herein, the Corporate Taxpayer shall have full responsibility for, and sole discretion over, all Tax matters concerning the Corporate Taxpayer and SES LLC, including without limitation preparing, filing or amending any Tax Return and defending, contesting or settling any issue pertaining to Taxes. Notwithstanding the foregoing, the Corporate Taxpayer (i) shall notify the Agent of, and keep the Agent reasonably informed with respect to, the portion of any audit, examination, or any other administrative or judicial proceeding (a “Tax Proceeding”) of the Corporate Taxpayer or SES LLC by a Taxing Authority the outcome of which is reasonably expected to affect the rights and obligations of the TRA Holders under this Agreement, (ii) shall provide the Agent with reasonable opportunity to provide information and other input to the Corporate Taxpayer, SES LLC and their respective advisors concerning the conduct of any such portion of a Tax Proceeding, and (iii) shall not enter into any settlement with respect to any such portion of a Tax Proceeding that could have a material effect on the TRA Holders’ rights (including the right to receive payments) under this Agreement without the written consent of the Agent, such consent not to be unreasonably withheld, conditioned, or delayed; provided, however, that the Corporate Taxpayer and SES LLC shall not be required to take any action, or refrain from taking any action, that is inconsistent with any provision of the SES LLC Agreement.

Section 6.2 Consistency. The Corporate Taxpayer and the TRA Holders agree to report, and to cause their respective Subsidiaries to report, for all purposes, including U.S. federal, state and local Tax purposes and financial reporting purposes, all Tax-related items (including, without limitation, each Tax Benefit Payment), but, for financial reporting purposes, only in respect of items that are not explicitly characterized as “deemed” or in a similar manner by the terms of this Agreement, in a manner consistent with the description of any Tax characterization herein (including as set forth in Section 2.2(b) and Section 3.1(b)) and any Schedule required to be provided by or on behalf of the Corporate Taxpayer under this Agreement, as finally determined pursuant to Section 2.3. If the Corporate Taxpayer and any TRA Holder, for any reason, are unable to successfully resolve any disagreement concerning such treatment within thirty (30) calendar days, the Corporate Taxpayer and such TRA Holder shall employ the Reconciliation Procedures under Section 7.10 or Resolution of Disputes procedures under Section 7.9, as applicable.

Section 6.3 Cooperation. Each TRA Holder shall (i) furnish to the Corporate Taxpayer in a timely manner such information, documents and other materials as the Corporate Taxpayer may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any Tax Proceeding, (ii) make itself available to the Corporate Taxpayer and its representatives to provide explanations of documents and materials and such other information as the Corporate Taxpayer or its representatives may reasonably request in connection with any

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of the matters described in clause (i) above, and (iii) reasonably cooperate in connection with any such matter. The Corporate Taxpayer shall reimburse the TRA Holder for any reasonable third-party costs and expenses incurred pursuant to this Section 6.3.

ARTICLE VII MISCELLANEOUS

Section 7.1 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed duly given and received (i) on the date of delivery if delivered personally, or by facsimile upon confirmation of transmission by the sender’s fax machine if sent on a Business Day (or otherwise on the next Business Day) or (ii) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

If to the Corporate Taxpayer, to:

Select Energy Services, Inc.
1820 N. I-35, P.O. Box 1715

Gainesville, Texas 76241
Attention: Gary Gillette

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

Vinson & Elkins L.L.P.
1001 Fannin Street, Suite 2500
Houston, Texas 77002
Attention: Keith Fullenweider

If to the Agent or to a TRA Holder, to:

Crestview Partners
667 Madison Avenue, 10th Floor
New York, NY 10065
Attention: Adam Klein

Any party may change its address or fax number by giving the other party written notice of its new address or fax number in the manner set forth above.

Section 7.2 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 7.3 Entire Agreement; No Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both

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written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except as expressly provided in Section 3.3.

Section 7.4 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware, without regard to the conflicts of laws principles thereof that would mandate the application of the laws of another jurisdiction.

Section 7.5 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 7.6 Successors; Assignment.

(a) No TRA Holder may assign this Agreement to any person without the prior written consent of the Corporate Taxpayer; provided, however, that the right to receive any and all payments payable or that may become payable to a TRA Holder pursuant to this Agreement and, in the case of a transfer to an Affiliate of a TRA Holder, any other rights that may arise under this Agreement, may be assigned to any Person or Persons as long as any such Person has executed and delivered, or, in connection with such assignment, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporate Taxpayer, agreeing to be bound by Section 7.13.

(b) The Person designated as the Agent may not be changed without the prior written consent of the Corporate Taxpayer and TRA Holders who would be entitled to receive more than fifty percent (50%) of the aggregate amount of the Early Termination Payments payable to all TRA Holders hereunder if the Corporate Taxpayer had exercised its right of early termination on the date of the most recent Exchange prior to such amendment (excluding, for purposes of this sentence, all payments made to any TRA Holder pursuant to this Agreement since the date of such most recent Exchange).

(c) Except as otherwise specifically provided herein, all of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Corporate Taxpayer shall cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporate Taxpayer, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporate Taxpayer would be required to perform if no such succession had taken place.

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Section 7.7 Amendments; Waivers. No provision of this Agreement may be amended unless such amendment is approved in writing by each of the Corporate Taxpayer and by TRA Holders who would be entitled to receive more than fifty percent (50%) of the aggregate amount of the Early Termination Payments payable to all TRA Holders hereunder if the Corporate Taxpayer had exercised its right of early termination on the date of the Reorganization Transactions (excluding, for purposes of this sentence, all payments made to any TRA Holder pursuant to this Agreement since the date of the Reorganization Transactions); provided, however, that no such amendment shall be effective if (i) such amendment would have a disproportionate effect on the payments certain TRA Holders will or may receive under this Agreement unless all such disproportionately affected TRA Holders consent in writing to such amendment or (ii) such amendment would have a disproportionate effect on the payments the Non-Blocker Holders will or may receive under the Non-Blocker Holders TRA unless the Non-Blocker Holders Agents consent in writing to such amendment. No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective.

Section 7.8 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

Section 7.9 Resolution of Disputes.

(a) Any and all disputes which are not governed by Section 7.10, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this Section 7.9 and Section 7.10) (each a "Dispute") shall be governed by this Section 7.9. The parties hereto shall attempt in good faith to resolve all Disputes by negotiation. If a Dispute between the parties hereto cannot be resolved in such manner, such Dispute shall be finally settled by arbitration conducted by a single arbitrator in accordance with the then-

existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the Dispute fail to agree on the selection of an arbitrator within ten (10) calendar days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer admitted to the practice of law in a U.S. state, or a nationally recognized expert in the relevant subject matter, and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings. In addition to monetary damages, the arbitrator shall be empowered to award equitable relief, including an injunction and specific performance of any obligation under this Agreement. The arbitrator is not empowered to award damages in excess of compensatory damages, and each party hereby irrevocably waives any right to recover punitive, exemplary or similar damages with respect to any Dispute. The award shall be the sole and exclusive remedy between the parties regarding any claims, counterclaims, issues, or accounting presented to the arbitral tribunal. Judgment upon any award may be entered and enforced in any court having jurisdiction over a party or any of its assets.

(b) Notwithstanding the provisions of Section 7.9(a), the Corporate Taxpayer may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration

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hereunder, and/or enforcing an arbitration award and, for the purposes of this Section 7.9(b), the Agent and each TRA Holder (i) expressly consents to the application of Section 7.9(c) to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the Corporate Taxpayer as agent of such party for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise such party in writing of any such service of process, shall be deemed in every respect effective service of process upon such party in any such action or proceeding.

(c) EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN DELAWARE FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (B) OF THIS SECTION 7.9 OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this Section 7.9(c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

(d) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in Section 7.9(c) and such parties agree not to plead or claim the same.

Section 7.10 Reconciliation. In the event that the Corporate Taxpayer and the Agent or any TRA Holder (as applicable, the "Disputing Party") are unable to resolve a disagreement with respect to the calculations required to produce the schedules described in Section 2.3, Section 4.4 and Section 6.2 (but not, for the avoidance of doubt, with respect to any legal interpretation with respect to such provisions or schedules) within the relevant period designated in this Agreement ("Reconciliation Dispute"), the Reconciliation Dispute shall be submitted for determination to the Expert. The Expert shall be a partner or principal in a nationally recognized accounting or law firm, and unless the Corporate Taxpayer and the Disputing Party agree otherwise, the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporate Taxpayer or the Disputing Party or other actual or potential conflict of interest. If the parties are unable to agree on an Expert within fifteen (15) calendar days of receipt by the respondent(s) of written notice of a Reconciliation Dispute, the Expert shall be appointed by the International Chamber of Commerce Centre for Expertise. The Expert shall resolve any matter relating to the Exchange Schedule or an amendment thereto or the Early Termination Schedule or an amendment thereto within thirty (30) calendar days and shall resolve any matter relating to a Tax Benefit Payment Schedule or an amendment thereto within fifteen (15) calendar days or as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. Notwithstanding the preceding sentence, if the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement) or any Tax Return reflecting the subject of a disagreement is due, any portion of such payment that is not under dispute shall be paid on the date prescribed by this Agreement

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and such Tax Return may be filed as prepared by the Corporate Taxpayer, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne by the Corporate Taxpayer except as provided in the next sentence. The Corporate Taxpayer and the Disputing Party shall each bear its own costs and expenses of such proceeding, unless (i) the Expert adopts such Disputing Party's position, in which case the Corporate Taxpayer shall reimburse such Disputing Party for any reasonable out-of-pocket costs and expenses in such proceeding, or (ii) the Expert adopts the Corporate Taxpayer's position, in which case such Disputing Party shall reimburse the Corporate Taxpayer for any reasonable out-of-pocket costs and expenses in such proceeding. Any dispute as to whether a dispute is a Reconciliation Dispute within the meaning of this Section 7.10 shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.10 shall be binding on the Corporate Taxpayer and its Subsidiaries and the Disputing Party and may be entered and enforced in any court having jurisdiction.

Section 7.11 Withholding. The Corporate Taxpayer shall be entitled to deduct and withhold from any payment payable pursuant to this Agreement such amounts as the Corporate Taxpayer is required to deduct and withhold with respect to the making of such payment under the Code or any provision of U.S. federal, state, local or non-U.S. tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by the Corporate Taxpayer, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the relevant TRA Holder.

Section 7.12 Admission of the Corporate Taxpayer into a Consolidated Group: Transfers of Corporate Assets

(a) If the Corporate Taxpayer becomes a member of an affiliated or consolidated group of corporations that files a consolidated income Tax Return pursuant to Sections 1501 et seq. of the Code or any corresponding provisions of U.S. state or local Tax law, then, subject to the application of the Valuation Assumptions upon a Change of Control: (i) the provisions of this Agreement shall be applied with respect to the group as a whole; and (ii) Tax Benefit Payments, Early Termination Payments and other applicable items hereunder shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If the Corporate Taxpayer (or any other entity that is obligated to make a Tax Benefit Payment or Early Termination Payment hereunder), SES LLC or any of SES LLC's direct or indirect Subsidiaries that is treated as a partnership or disregarded entity for U.S. federal income tax purposes (but only to the extent such Subsidiaries are not held through any entity treated as a corporation for U.S. federal income tax purposes) (a "Transferor") transfers one or more Reference Assets to a corporation (or a Person classified as a corporation for U.S. federal income tax purposes) with which the Transferor does not file a consolidated Tax Return pursuant to Section 1501 of the Code, the Transferor, for purposes of calculating the amount of any Tax Benefit Payment or Early Termination Payment (e.g., calculating the gross income of the entity and determining the Realized Tax Benefit of such entity) due hereunder, shall be treated as having disposed of such Reference Assets in a fully taxable transaction on the date of such contribution. The consideration deemed to be received by the Transferor shall be equal to the fair market value of the transferred Reference Assets, plus, without duplication, (i) the amount of debt to which any such Reference Asset is subject, in the case of a transfer of an encumbered Reference Asset or (ii) the amount of

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debt allocated to any such Reference Asset, in the case of a contribution of a partnership interest. For purposes of this Section 7.12(b), a transfer of a partnership interest shall be treated as a transfer of the Transferor's share of each of the assets and liabilities of that partnership.

Section 7.13 Confidentiality.

(a) The Agent, the TRA Holder and each of the TRA Holder's assignees acknowledges and agrees that the information of the Corporate Taxpayer is confidential and, except in the course of performing any duties as necessary for the Corporate Taxpayer and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, such person shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters, acquired pursuant to this Agreement, of the Corporate Taxpayer and its Affiliates and successors, concerning SES LLC and its Affiliates and successors or the TRA Holders, learned by the Agent or any TRA Holder heretofore or hereafter. This Section 7.13 shall not apply to (i) any information that has been made publicly available by the Corporate Taxpayer or any of its Affiliates, becomes public knowledge (except as a result of an act of an Agent or a TRA Holder in violation of this Agreement) or is generally known to the business community and (ii) the disclosure of information (A) as may be proper in the course of performing such TRA Holder's obligations, or monitoring or enforcing such TRA Holder's rights, under this Agreement, (B) as part of such TRA Holder's normal reporting, rating or review procedure (including normal credit rating and pricing process), or in connection with such TRA Holder's or such TRA Holder's Affiliates' normal fund raising, marketing, informational or reporting activities, or to such TRA Holder's (or any of its Affiliates') Affiliates, auditors, accountants, attorneys or other agents, (C) to any bona fide prospective assignee of such TRA Holder's rights under this Agreement, or prospective merger or other business combination partner of such TRA Holder, provided that such assignee or merger partner agrees to be bound by the provisions of this Section 7.13, (D) as is required to be disclosed by order of a court of competent jurisdiction, administrative body or governmental body, or by subpoena, summons or legal process, or by law, rule or regulation; provided that any TRA Holder required to make any such disclosure to the extent legally permissible shall provide the Corporate Taxpayer prompt notice of such disclosure, or to regulatory authorities or similar examiners conducting regulatory reviews or examinations (without any such notice to the Corporate Taxpayer), or (E) to the extent necessary for a TRA Holder to prepare and file its Tax Returns, to respond to any inquiries regarding such Tax Returns from any Taxing Authority or to prosecute or defend any Tax Proceeding with respect to such Tax Returns. Notwithstanding anything to the contrary herein, the Agent (and each employee, representative or other agent of Agent or its assignees, as applicable) and each TRA Holder and each of its assignees (and each employee, representative or other agent of such TRA Holder or its assignees, as applicable) may disclose to any and all Persons, without limitation of any kind, the Tax treatment and Tax structure of the Corporate Taxpayer, SES LLC, the Agent, the TRA Holders and their Affiliates, and any of their transactions, and all materials of any kind (including opinions or other Tax analyses) that are provided to the Agent or the TRA Holder relating to such Tax treatment and Tax structure.

(b) If an Agent or an assignee or a TRA Holder or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.13, the Corporate

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Taxpayer shall have the right and remedy to have the provisions of this Section 7.13 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporate Taxpayer or any of its Subsidiaries or the TRA Holders and the accounts and funds managed by the Corporate Taxpayer and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

Section 7.14 No More Favorable Terms. None of the Corporate Taxpayer or any of its Subsidiaries will enter into any additional agreement providing rights similar to this Agreement or the Non-Blocker Holders TRA if such agreement provides terms that are more favorable to the counterparty under such agreement than those provided to the TRA Holders under this Agreement; provided, however, that the Corporate Taxpayer (or any of its Subsidiaries) may enter into such an agreement if this Agreement is amended to make such more favorable terms available to the TRA Holders.

[Signature Pages Follow]

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IN WITNESS WHEREOF, the Corporate Taxpayer, the Agent, and the TRA Holder have duly executed this Agreement as of the date first written above.

CORPORATE TAXPAYER:

SELECT ENERGY SERVICES, INC.

By: /s/ John D. Schmitz

Name: John D. Schmitz

Title: Chief Executive Officer

Signature Page 1 to Tax Receivable Agreement

IN WITNESS WHEREOF, the Corporate Taxpayer, the Agent, and the TRA Holder have duly executed this Agreement as of the date first written above.

AGENT:

CRESTVIEW PARTNERS II GP, L.P.

By: /s/ Ross A. Oliver

Name: Ross A. Oliver

Title: General Counsel

TRA HOLDER:

CRESTVIEW PARTNERS II SES INVESTMENT B, LLC

By: /s/ Ross A. Oliver

Name: Ross A. Oliver
Title: General Counsel

Signature Page 2 to Tax Receivable Agreement

MANAGEMENT SERVICES AGREEMENT

This **MANAGEMENT SERVICES AGREEMENT** dated as of December 19, 2016 (this "Agreement"), by and between **SELECT ENERGY SERVICES, INC.**, a Delaware corporation (the "Company") and **CRESTVIEW ADVISORS, L.L.C.**, a Delaware limited liability company (the "Management Provider").

WHEREAS, the Company seeks the services of the Management Provider (or an affiliate designated by the Management Provider), and the Management Provider (or an affiliate designated by the Management Provider) wishes to provide, certain management services relating to the affairs of the Company; and

WHEREAS, the Company and the Management Provider wish to enter into this Agreement in order to govern the terms and conditions of the provision of such management services.

NOW, THEREFORE, in consideration of the services to be rendered by the Management Provider (or an affiliate designated by the Management Provider) under this Agreement, and to evidence the obligations of the parties hereto to one another and the mutual covenants contained in this Agreement, the Company and the Management Provider agree as follows:

Section 1. Retention of the Management Provider.

The Company hereby retains the Management Provider, and the Management Provider agrees to provide to the Company, to the extent requested by the Company, general administrative and management services and other similar services (the "Services") during the term of this Agreement or until such other time as the Company and the Management Provider may agree in writing; *provided*, that the Services will not include any legal services or legal services management. The Management Provider may contract with its affiliates to provide the Services; *provided*, that contracting with its affiliates to provide any Services shall not relieve the Management Provider of its obligations under this Agreement.

Section 2. Term; Termination.

(a) Term. This Agreement shall commence as of the date hereof and shall terminate on the second anniversary of the closing date of the Company's initial public offering (the "Initial Term"). Upon expiration of the Initial Term, this Agreement shall automatically continue for additional one-year periods unless terminated in writing by either party at least ten days prior to the expiration of the then current Term (each extension period being referred to herein as the "Extension Term," and together with the Initial Term, the "Term").

(b) Termination. This Agreement may be terminated by either the Company, on the one hand, and the Management Provider, on the other hand, at any time, with or without cause, upon 30 days' prior written notice to the other party. The provisions set forth in Section 5 of this Agreement shall survive any termination of this Agreement.

Section 3. Management Services.

(a) The Management Provider shall provide the Services as the Company shall reasonably request from the Management Provider. The Services shall not extend to the day-to-day business or operations of the Company and shall not include any services provided by officers or employees of the Management Provider in their capacity as directors of the Company. If requested to provide Services, the Management Provider shall devote such time to any such request as the Management Provider shall deem, in its sole discretion, necessary. Such Services, in the Management Provider's sole discretion, shall be rendered in person or by telephone or other communication. The Management Provider shall have no obligation to the Company as to the manner of rendering the Services hereunder, and the Company shall not have any right to dictate or direct the details of the Services rendered hereunder.

(b) The Management Provider shall perform all services as an independent contractor to the Company and not as an employee, agent or representative of the Company. The Management Provider shall have no authority to act for or to bind the Company without its prior written consent. Nothing in this Agreement is intended nor shall be deemed to create any partnership, agency or joint venture relationship by or between the parties.

(c) This Agreement shall not prohibit, restrict or limit in any manner the Management Provider or any of its partners or affiliates or any director, officer, partner or employee of the Management Provider or any of its partners or affiliates (collectively, "Management Provider Persons") from engaging in other activities, whether or not competitive with any business of the Company or any of its respective subsidiaries or affiliates. This Agreement shall not require the Management Provider or any Management Provider Person to make available to the Company any investment or investment opportunity about which the Management Provider or any Management Provider Person shall become aware.

(d) In the event the Company is dissatisfied in any manner with the Services provided by the Management Provider hereunder or with the Management Provider's performance under this Agreement, the Company's sole remedy shall be to terminate this Agreement. Under no circumstances shall the Company have any claim for damages against the Management Provider or any Management Provider Person arising out of or relating to this Agreement.

Section 4. Compensation.

(a) Management Fee. As consideration for the Services provided by the Management Provider hereunder, the Company agrees to pay to the Management Provider an annual fee in the amount of \$500,000 payable in arrears in quarterly installments on the last day of each calendar quarter during the Term and prorated for any partial calendar quarter.

(b) Non-Exclusive. Nothing in this Agreement shall have the effect of prohibiting the Management Provider or any of its affiliates from receiving from the Company or any of its subsidiaries or affiliates any other fees.

Section 5. Indemnification.

(a) The Company will indemnify and hold harmless the Management Provider and each Management Provider Person (each such person, an "Indemnified Party") from and against any and all losses, claims, damages, liabilities, costs and expenses, whether joint or several (the "Liabilities"), related to, arising out of or in connection with this Agreement or the Services contemplated by this Agreement or the engagement of the Management Provider pursuant to, and the performance by the Management Provider of the Services contemplated by, this Agreement, whether or not pending or threatened, whether or not an Indemnified Party is a party, whether or not resulting in any liability and whether or not such action, claim, suit, investigation or proceeding is initiated or brought by or on behalf of the Company. The Company will

reimburse any Indemnified Party for all reasonable costs and expenses (including attorneys' fees and expenses) as they are incurred in connection with investigating, preparing, pursuing, defending or assisting in the defense of any action, claim, suit, investigation or proceeding for which the Indemnified Party would be entitled to indemnification under the terms of the previous sentence, or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto. The Company will not be liable under the foregoing indemnification provision with respect to any particular Liability of an Indemnified Party solely to the extent that such is determined by a court, in a final judgment from which no further appeal may be taken, to have resulted primarily from the gross negligence or willful misconduct of such Indemnified Party. The attorneys' fees and other expenses of an Indemnified Party shall be paid by the Company as they are incurred upon receipt of an agreement by or on behalf of the Indemnified Party to repay such amounts if it is finally judicially determined that the Liabilities in question resulted primarily from the gross negligence or willful misconduct of such Indemnified Party.

(b) The Company acknowledges and agrees that the Indemnified Parties have certain rights to indemnification and/or insurance provided by the Management Provider and certain of its affiliates and that such additional rights to indemnification and/or insurance are intended to be secondary to the primary obligation of the Company to indemnify the Indemnified Parties hereunder. The Company's obligations to provide indemnification hereunder shall not be limited in any manner by the availability of such additional indemnification and/or insurance that may be available to the Indemnified Parties.

Section 6. Accuracy of Information.

The Company shall furnish or cause to be furnished to the Management Provider such information as the Management Provider believes reasonably appropriate in connection with providing the services contemplated by this Agreement (all such information so furnished, the "Information"). The Company recognizes and confirms that the Management Provider (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this Agreement without independent verification, (b) does not assume responsibility for the accuracy or completeness of the Information and such other information and (c) is entitled to rely upon the Information without independent verification.

3

Section 7. Notices.

All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed sufficient if personally delivered, sent by nationally-recognized overnight courier, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

(a) if to the Company, to:

Select Energy Services, Inc.
1820 North I-35, P.O. Box 1715
Gainesville, TX 76241
Attention: Gary Gillette
Telephone: (940) 665-7045

(b) if to the Management Provider, to:

Crestview Advisors, L.L.C.
c/o Crestview Partners
667 Madison Avenue, 10th Floor
New York, NY 10065
Attention: Adam Klein
Telephone: (212) 906-0700

or to such other address as the party to whom notice is to be given may have furnished to each other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (i) in the case of personal delivery, on the date of such delivery, (ii) in the case of nationally-recognized overnight courier guaranteeing next day delivery, on the next business day after the date when sent, and (iii) in the case of mailing, on the fifth business day following that on which the piece of mail containing such communication is posted.

Section 8. Benefits of Agreement.

This Agreement shall bind and inure to the benefit of the Management Provider, the Company, the Indemnified Persons and any successors to or assigns of the Management Provider and the Company; provided, however, that this Agreement may not be assigned by the Company without the prior written consent of the Management Provider.

Section 9. Governing Law.

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

Section 10. Headings.

Section headings are used for convenience only and shall in no way affect the construction of this Agreement.

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Section 11. Entire Agreement; Amendments.

This Agreement contains the entire understanding of the parties with respect to its subject matter and supersedes any and all prior agreements, and neither it nor any part of it may in any way be altered, amended, extended, waived, discharged or terminated except by a written agreement that specifically references this Agreement and the provisions to be so altered, amended, extended, waived, discharged or terminated is signed by each of the parties hereto and specifically states that it is intended to alter, amend, extend, waive, discharge or terminate this agreement or a provision hereof.

Section 12. Counterparts.

This Agreement may be executed and delivered (including by facsimile transmission) in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

Section 13. Confidentiality.

The Management Provider agrees to maintain the confidentiality of the Confidential Information (as defined below), except that the Management Provider may disclose Confidential Information (a) to its partners, members, directors, officers, employees, investors and advisors (and those of its affiliates), including accountants, legal counsel and other advisors (it being understood that the person to whom such disclosure is made will be informed of the confidential nature of such Confidential Information and instructed to keep such Confidential Information confidential), (b) to the extent required by any subpoena or similar legal process, (c) 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, (d) with the consent of the Company, or (e) to the extent such Confidential Information (i) becomes publicly available other than as a result of a breach of this Agreement, or (ii) becomes available to the Management Provider on a non-confidential basis from a source other than the Company. For the purposes of this Agreement, "Confidential Information" means all non-public information received from the Company relating to the Company or its business, other than any such information that is available to the Management Provider on a non-confidential basis from a source other than the Company.

Section 14. Further Assurances

The Company and the Management Provider shall execute such documents and other papers and take such further actions as the other may reasonably request in order to carry out the provisions hereof and provide the services hereunder.

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

COMPANY:

SELECT ENERGY SERVICES, INC.

By: /s/ John D. Schmitz

Name: John D. Schmitz
Title: Chief Executive Officer

MANAGEMENT PROVIDER:

CRESTVIEW ADVISORS, L.L.C.

By: /s/ Robert V. Delaney, Jr.

Name: Robert V. Delaney, Jr.
Title: Managing Director

MANAGEMENT SERVICES AGREEMENT

This **MANAGEMENT SERVICES AGREEMENT** dated as of December 19, 2016 (this "Agreement"), by and between **SELECT ENERGY SERVICES, INC.**, a Delaware corporation (the "Company") and **B-29 INVESTMENTS, LP**, a Texas limited partnership (the "Management Provider").

WHEREAS, the Company seeks the services of the Management Provider (or an affiliate designated by the Management Provider), and the Management Provider (or an affiliate designated by the Management Provider) wishes to provide, certain management services relating to the affairs of the Company; and

WHEREAS, the Company and the Management Provider wish to enter into this Agreement in order to govern the terms and conditions of the provision of such management services.

NOW, THEREFORE, in consideration of the services to be rendered by the Management Provider (or an affiliate designated by the Management Provider) under this Agreement, and to evidence the obligations of the parties hereto to one another and the mutual covenants contained in this Agreement, the Company and the Management Provider agree as follows:

Section 1. Retention of the Management Provider.

The Company hereby retains the Management Provider, and the Management Provider agrees to provide to the Company, to the extent requested by the Company, general administrative and management services and other similar services (the "Services") during the term of this Agreement or until such other time as the Company and the Management Provider may agree in writing; *provided*, that the Services will not include any legal services or legal services management. The Management Provider may contract with its affiliates to provide the Services; *provided*, that contracting with its affiliates to provide any Services shall not relieve the Management Provider of its obligations under this Agreement.

Section 2. Term; Termination.

(a) Term. This Agreement shall commence as of the date hereof and shall terminate on the second anniversary of the closing date of the Company's initial public offering (the "Initial Term"). Upon expiration of the Initial Term, this Agreement shall automatically continue for additional one-year periods unless terminated in writing by either party at least ten days prior to the expiration of the then current Term (each extension period being referred to herein as the "Extension Term," and together with the Initial Term, the "Term").

(b) Termination. This Agreement may be terminated by either the Company, on the one hand, and the Management Provider, on the other hand, at any time, with or without cause, upon 30 days' prior written notice to the other party. The provisions set forth in Section 5 of this Agreement shall survive any termination of this Agreement.

Section 3. Management Services.

(a) The Management Provider shall provide the Services as the Company shall reasonably request from the Management Provider. The Services shall not extend to the day-to-day business or operations of the Company and shall not include any services provided by officers or employees of the Management Provider in their capacity as directors of the Company. If requested to provide Services, the Management Provider shall devote such time to any such request as the Management Provider shall deem, in its sole discretion, necessary. Such Services, in the Management Provider's sole discretion, shall be rendered in person or by telephone or other communication. The Management Provider shall have no obligation to the Company as to the manner of rendering the Services hereunder, and the Company shall not have any right to dictate or direct the details of the Services rendered hereunder.

(b) The Management Provider shall perform all services as an independent contractor to the Company and not as an employee, agent or representative of the Company. The Management Provider shall have no authority to act for or to bind the Company without its prior written consent. Nothing in this Agreement is intended nor shall be deemed to create any partnership, agency or joint venture relationship by or between the parties.

(c) This Agreement shall not prohibit, restrict or limit in any manner the Management Provider or any of its partners or affiliates or any director, officer, partner or employee of the Management Provider or any of its partners or affiliates (collectively, "Management Provider Persons") from engaging in other activities, whether or not competitive with any business of the Company or any of its respective subsidiaries or affiliates. This Agreement shall not require the Management Provider or any Management Provider Person to make available to the Company any investment or investment opportunity about which the Management Provider or any Management Provider Person shall become aware.

(d) In the event the Company is dissatisfied in any manner with the Services provided by the Management Provider hereunder or with the Management Provider's performance under this Agreement, the Company's sole remedy shall be to terminate this Agreement. Under no circumstances shall the Company have any claim for damages against the Management Provider or any Management Provider Person arising out of or relating to this Agreement.

Section 4. Compensation.

(a) Management Fee. As consideration for the Services provided by the Management Provider hereunder, the Company agrees to pay to the Management Provider an annual fee in the amount of \$500,000 payable in arrears in quarterly installments on the last day of each calendar quarter during the Term and prorated for any partial calendar quarter.

(b) Non-Exclusive. Nothing in this Agreement shall have the effect of prohibiting the Management Provider or any of its affiliates from receiving from the Company or any of its subsidiaries or affiliates any other fees.

Section 5. Indemnification.

(a) The Company will indemnify and hold harmless the Management Provider and each Management Provider Person (each such person, an "Indemnified Party") from and against any and all losses, claims, damages, liabilities, costs and expenses, whether joint or several (the "Liabilities"), related to, arising out of or in connection with this Agreement or the Services contemplated by this Agreement or the engagement of the Management Provider pursuant to, and the performance by the Management Provider of the Services contemplated by, this Agreement, whether or not pending or threatened, whether or not an Indemnified Party is a party, whether or not resulting in any liability and whether or not such action, claim, suit, investigation or proceeding is initiated or brought by or on behalf of the Company. The Company will

reimburse any Indemnified Party for all reasonable costs and expenses (including attorneys' fees and expenses) as they are incurred in connection with investigating, preparing, pursuing, defending or assisting in the defense of any action, claim, suit, investigation or proceeding for which the Indemnified Party would be entitled to indemnification under the terms of the previous sentence, or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto. The Company will not be liable under the foregoing indemnification provision with respect to any particular Liability of an Indemnified Party solely to the extent that such is determined by a court, in a final judgment from which no further appeal may be taken, to have resulted primarily from the gross negligence or willful misconduct of such Indemnified Party. The attorneys' fees and other expenses of an Indemnified Party shall be paid by the Company as they are incurred upon receipt of an agreement by or on behalf of the Indemnified Party to repay such amounts if it is finally judicially determined that the Liabilities in question resulted primarily from the gross negligence or willful misconduct of such Indemnified Party.

(b) The Company acknowledges and agrees that the Indemnified Parties have certain rights to indemnification and/or insurance provided by the Management Provider and certain of its affiliates and that such additional rights to indemnification and/or insurance are intended to be secondary to the primary obligation of the Company to indemnify the Indemnified Parties hereunder. The Company's obligations to provide indemnification hereunder shall not be limited in any manner by the availability of such additional indemnification and/or insurance that may be available to the Indemnified Parties.

Section 6. Accuracy of Information.

The Company shall furnish or cause to be furnished to the Management Provider such information as the Management Provider believes reasonably appropriate in connection with providing the services contemplated by this Agreement (all such information so furnished, the "Information"). The Company recognizes and confirms that the Management Provider (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this Agreement without independent verification, (b) does not assume responsibility for the accuracy or completeness of the Information and such other information and (c) is entitled to rely upon the Information without independent verification.

3

Section 7. Notices.

All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed sufficient if personally delivered, sent by nationally-recognized overnight courier, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

(a) if to the Company, to:

Select Energy Services, Inc.
1820 North I-35, P.O. Box 1715
Gainesville, TX 76241
Attention: Gary Gillette
Telephone: (940) 665-7045

(b) if to the Management Provider, to:

B-29 Investments, LP
P.O. Box 170
Gainesville, TX 76240
Attention: John D. Schmitz
Telephone: (713) 296-1000

or to such other address as the party to whom notice is to be given may have furnished to each other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (i) in the case of personal delivery, on the date of such delivery, (ii) in the case of nationally-recognized overnight courier guaranteeing next day delivery, on the next business day after the date when sent, and (iii) in the case of mailing, on the fifth business day following that on which the piece of mail containing such communication is posted.

Section 8. Benefits of Agreement.

This Agreement shall bind and inure to the benefit of the Management Provider, the Company, the Indemnified Persons and any successors to or assigns of the Management Provider and the Company; provided, however, that this Agreement may not be assigned by the Company without the prior written consent of the Management Provider.

Section 9. Governing Law.

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

Section 10. Headings.

Section headings are used for convenience only and shall in no way affect the construction of this Agreement.

4

Section 11. Entire Agreement; Amendments.

This Agreement contains the entire understanding of the parties with respect to its subject matter and supersedes any and all prior agreements, and neither it nor any part of it may in any way be altered, amended, extended, waived, discharged or terminated except by a written agreement that specifically references this Agreement and the provisions to be so altered, amended, extended, waived, discharged or terminated is signed by each of the parties hereto and specifically states that it is intended to alter, amend, extend, waive, discharge or terminate this agreement or a provision hereof.

Section 12. Counterparts.

This Agreement may be executed and delivered (including by facsimile transmission) in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

Section 13. Confidentiality.

The Management Provider agrees to maintain the confidentiality of the Confidential Information (as defined below), except that the Management Provider may disclose Confidential Information (a) to its partners, members, directors, officers, employees and advisors (and those of its affiliates), including accountants, legal counsel and other advisors (it being understood that the person to whom such disclosure is made will be informed of the confidential nature of such Confidential Information and instructed to keep such Confidential Information confidential), (b) to the extent required by any subpoena or similar legal process, (c) 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, (d) with the consent of the Company, or (e) to the extent such Confidential Information (i) becomes publicly available other than as a result of a breach of this Agreement, or (ii) becomes available to the Management Provider on a non-confidential basis from a source other than the Company. For the purposes of this Agreement, "Confidential Information" means all non-public information received from the Company relating to the Company or its business, other than any such information that is available to the Management Provider on a non-confidential basis from a source other than the Company.

Section 14. Further Assurances

The Company and the Management Provider shall execute such documents and other papers and take such further actions as the other may reasonably request in order to carry out the provisions hereof and provide the services hereunder.

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

COMPANY:

SELECT ENERGY SERVICES, INC.

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: Chief Executive Officer

MANAGEMENT PROVIDER:

B-29 INVESTMENTS, LP

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: President

EIGHTH AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
SES HOLDINGS, LLC
DATED AS OF DECEMBER 19, 2016

THE LIMITED LIABILITY COMPANY INTERESTS IN SES HOLDINGS, LLC HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES LAWS OF ANY STATE, OR ANY OTHER APPLICABLE SECURITIES LAWS, AND HAVE BEEN OR ARE BEING ISSUED IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH INTERESTS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE SECURITIES LAWS OF ANY STATE AND ANY OTHER APPLICABLE SECURITIES LAWS; (II) THE TERMS AND CONDITIONS OF THIS EIGHTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT; AND (III) ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BETWEEN THE MANAGING MEMBER AND THE APPLICABLE MEMBER. THE LIMITED LIABILITY COMPANY INTERESTS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS, THIS EIGHTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT, AND ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BY THE MANAGING MEMBER AND THE APPLICABLE MEMBER. THEREFORE, PURCHASERS AND OTHER TRANSFEREES OF SUCH LIMITED LIABILITY COMPANY INTERESTS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT OR ACQUISITION FOR AN INDEFINITE PERIOD OF TIME.

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**EIGHTH AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
SES HOLDINGS, LLC**

This EIGHTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (as amended, supplemented or restated from time to time, this “**Agreement**”) is entered into as of December 19, 2016, by and among SES Holdings, LLC, a Delaware limited liability company (the “**Company**”), and each other Person who is or at any time becomes a Member in accordance with the terms of this Agreement and the Act. Capitalized terms used herein and not otherwise defined have the respective meanings set forth in [Section 1.1](#).

RECITALS

WHEREAS, the Company was formed pursuant to a Certificate of Formation filed in the office of the Secretary of State of the State of Delaware on July 7, 2008 and is currently governed by the Seventh Amended and Restated Limited Liability Company Agreement of the Company dated as of September 22, 2016, as amended (the “**Existing LLC Agreement**”);

WHEREAS, the Members of the Company desire that SES Legacy Holdings, LLC, a Delaware limited liability company (“**SES Legacy**”) become the sole managing Member of the Company (in its capacity as managing Member as well as in any other capacity, the “**Managing Member**”) and to serve in such capacity until the SESI Effective Time (as described herein);

WHEREAS, contemporaneously with the entry to into this Agreement, the Company, SES Legacy and SES Merger Sub, LLC, a Delaware limited liability company and wholly-owned subsidiary of SES Legacy (“**SES Merger Sub**”), have entered into a Merger Agreement as of the date hereof (the “**Merger Agreement**”), pursuant to which, among other things, SES Merger Sub will merge with and into the Company;

WHEREAS, pursuant to the Merger Agreement, each Class A Unit and Class B Unit of the Company outstanding immediately prior to the Merger Effective Time shall be converted into one SES Legacy Unit and certain Units will be distributed to Affiliates of Crestview and other related reorganization transactions will occur that will result in, among other things, Select Energy Services, Inc., a Delaware corporation (“**SESI**”) becoming a member of the Company;

WHEREAS, following the Merger Effective Time and in connection with these reorganization transactions, the Company will admit SESI as the Managing Member pursuant to this Agreement;

WHEREAS, immediately following the SESI Effective Time, and, in connection therewith, SESI will contribute all of the net proceeds of its Rule 144A Offering to the Company and issue and contribute shares of Class B Common Stock to the Company in exchange for a number of Units equal to the number of shares of Class A-1 Common Stock issued to investors in the Rule 144A Offering;

WHEREAS, following such contribution, the Company will distribute the shares of Class B Common Stock received from the Company to SES Legacy;

WHEREAS, each Unit (other than any Unit held by SESI) may be exchanged, at the election of the holder of such Unit (together with the transfer and surrender by such holder of one share of Class B Common Stock) for one share of Class A Common Stock in accordance with the terms and conditions of this Agreement;

WHEREAS, in connection with the foregoing transactions, the Members of the Company desire to amend and restate the Existing LLC Agreement; and

WHEREAS, this Agreement shall supersede the Existing LLC Agreement in its entirety as of the date hereof.

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

ARTICLE I

DEFINITIONS

Section 1.1 **Definitions.** As used in this Agreement and the Schedules and Exhibits attached to this Agreement, the following definitions shall apply:

“**Act**” means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, et seq., as amended from time to time (or any corresponding provisions of succeeding law).

“**Action**” means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Entity.

“**Adjusted Basis**” has the meaning given such term in Section 1011 of the Code.

“**Adjusted Capital Account Deficit**” means the deficit balance, if any, in such Member’s Capital Account at the end of any Fiscal Year or other taxable period, with the following adjustments:

(a) credit to such Capital Account any amount that such Member is obligated to restore under Treasury Regulations Section 1.704-1(b)(2)(ii)(e), as well as any addition thereto pursuant to the next to last sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) after taking into account thereunder any changes during such year in Company Minimum Gain and Member Minimum Gain; and

(b) debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

This definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“**Affiliate**” means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. For these purposes, “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; *provided* that, for purposes of this Agreement, (i) no Member shall be deemed an Affiliate of the Company or any of its Subsidiaries and (ii) none of the Company or any of its Subsidiaries shall be deemed an Affiliate of any Member.

“**Agreement**” is defined in the preamble to this Agreement.

“**beneficially own**” and “**beneficial owner**” shall be as defined in Rule 13d-3 of the rules promulgated under the Exchange Act.

“**Bipartisan Budget Act of 2015**” means Title XI of the Bipartisan Budget Act of 2015, as may be amended from time to time (or any corresponding provisions of succeeding law), and any related provisions of law, including court decisions, regulations and administrative guidance.

“**Business Day**” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in New York, New York.

“**Call Election Notice**” is defined in [Section 4.6\(c\)\(ii\)](#).

“**Call Right**” has the meaning set forth in [Section 4.6\(c\)\(i\)](#).

“**Capital Account**” means, with respect to any Member, the Capital Account maintained for such Member in accordance with [Section 4.4](#).

“**Capital Contribution**” means, with respect to any Member, the amount of cash and the initial Gross Asset Value of any property (other than cash) contributed to the Company by such Member. Any reference to the Capital Contribution of a Member will include any Capital Contributions made by a predecessor holder of such Member’s Units to the extent that such Capital Contribution was made in respect of Units Transferred to such Member.

“**Cash Election**” is defined in [Section 4.6\(a\)\(iv\)](#).

“**Cash Election Amount**” means with respect to a particular Exchange on any Exchange Date, an amount of cash equal to the number of shares of Class A Common Stock that would be received in such Exchange, *multiplied* by the Class A VWAP Price, *less* the Offering Expenses with respect to such Exchange.

“**Class A Conversion Date Capital Account Balance**” means, with respect to any Member, the positive Capital Account balance of such Member as of the date hereof, the amount or deemed value of which is set forth on [Exhibit A](#).

“**Class A Common Stock**” means, as applicable, (a) the Class A Common Stock, par value \$0.01 per share, of SESI or (b) following any consolidation, merger, reclassification or other similar event involving SESI, any shares or other securities of SESI or any other Person or cash or other property that become payable in consideration for the Class A Common Stock or

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into which the Class A Common Stock is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

“**Class A VWAP Price**” means the (a) the volume weighted average price of a share of Class A Common Stock for the 10 trading days ending on and including the trading day prior to the Exchange Notice Date, as reported by Bloomberg, L.P., or its successor, or (b) in the event the shares of Class A Common Stock are not then publicly traded, the Fair Market Value of a share of Class A Common Stock.

“**Class A-1 Common Stock**” means, as applicable, (a) the Class A-1 Common Stock, par value \$0.01 per share, of SESI, or (b) following any consolidation, merger, reclassification or other similar event involving SESI, any shares or other securities of SESI or any other Person or cash or other property that become payable in consideration for the Class A-1 Common Stock or into which the Class A-1 Common Stock is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

“**Class A-1 Conversion**” means the conversion of the Class A-1 Common Stock into Class A Common Stock in accordance with the SESI Certificate.

“**Class B Common Stock**” means, as applicable, (a) the Class B Common Stock, par value \$0.01 per share, of SESI or (b) following any consolidation, merger, reclassification or other similar event involving SESI, any shares or other securities of SESI or any other Person or cash or other property that become payable in consideration for the Class B Common Stock or into which the Class B Common Stock is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

“**Code**” means the United States Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

“**Commission**” means the U.S. Securities and Exchange Commission.

“**Company**” is defined in the preamble to this Agreement.

“**Company Exchange**” is defined in [Section 4.7\(a\)\(i\)](#).

“**Company Exchange Notice**” is defined in [Section 4.7\(a\)\(ii\)](#).

“**Company Exchange Notice Date**” is defined in [Section 4.7\(a\)\(ii\)](#).

“**Company Minimum Gain**” has the meaning of “partnership minimum gain” set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d). It is further understood that Company Minimum Gain shall be determined in a manner consistent with the rules of Treasury Regulations Section 1.702-2(b)(2), including the requirement that if the adjusted Gross Asset Value of property subject to one or more Nonrecourse Liabilities differs from its adjusted tax basis, Company Minimum Gain shall be determined with reference to such Gross Asset Value.

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“**Company Representative**” has the meaning assigned to the term “partnership representative” in Section 6223 of the Code and any Treasury Regulations or other administrative or judicial pronouncements promulgated thereunder.

“**Contract**” means any written agreement, contract, lease, sublicense, obligation, promise or undertaking.

“**control**” (including the terms “controlled by” and “under common control with”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise.

“**Crestview**” means Crestview Partners II SES Investment, LLC, a Delaware limited liability company.

“**Debt Securities**” means, with respect to SESI, any and all debt instruments or debt securities that are not convertible or exchangeable into Equity Securities of SESI.

“**Depreciation**” means, for each Fiscal Year or other taxable period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other taxable period, except that (a) with respect to any such property the Gross Asset Value of which differs from its Adjusted Basis for U.S. federal income tax purposes and which difference is being eliminated by use of the “remedial method” pursuant to Treasury Regulations Section 1.704-3(d), Depreciation for such Fiscal Year or other taxable period shall be the amount of book basis recovered for such Fiscal Year or other taxable period under the rules prescribed by Treasury Regulations Section 1.704-3(d)(2), and (b) with respect to any other such property the Gross Asset Value of which differs from its Adjusted Basis for U.S. federal income tax purposes at the beginning of such Fiscal Year or other taxable period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other taxable period bears to such beginning Adjusted Basis; provided, however, that if the Adjusted Basis for U.S. federal income tax purposes of an asset at the beginning of such Fiscal Year or other taxable period is zero, Depreciation with respect to such asset shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Tax Matters Member.

“**DGCL**” means the General Corporation Law of the State of Delaware, as amended from time to time (or any corresponding provisions of succeeding law).

“**Equity Securities**” means (a) with respect to a partnership, limited liability company or similar Person, any and all units, interests, rights to purchase, warrants, options or other equivalents of, or other ownership interests in, any such Person as well as debt or equity instruments convertible, exchangeable or exercisable into any such units, interests, rights or other ownership interests and (b) with respect to a corporation, any and all shares, interests, participation or other equivalents (however designated) of corporate stock, including all common

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stock and preferred stock, or warrants, options or other rights to acquire any of the foregoing, including any debt instrument convertible or exchangeable into any of the foregoing.

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

“Exchange” has the meaning set forth in Section 4.7(a)(i).

“Exchange Act” means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, as the same may be amended from time to time (or any corresponding provisions of succeeding law).

“Exchange Date” means (a) (i) if the Company has not made a valid Cash Election with respect to the relevant Exchange, the date that is three (3) Business Days after the applicable Exchange Notice Date or (ii) if the Company has made a valid Cash Election with respect to the relevant Exchange, the date that is the first Business Day on which the Company has available funds to pay the Cash Election Amount (but in any event no more than 10 days after the applicable Exchange Notice Date), or (b) such later date specified in or pursuant to the applicable Exchange Notice.

“Exchange Notice” is defined in Section 4.7(a)(ii).

“Exchange Notice Date” is defined in Section 4.7(a)(ii).

“Exchanging Member” is defined in Section 4.7(a)(ii).

“Exchanging SES Redeemed Legacy Holder” is defined in Section 4.7(a)(ii).

“Existing LLC Agreement” is defined in the recitals to this Agreement.

“Fair Market Value” means the fair market value of any property as determined in good faith by the Managing Member after taking into account such factors as the Managing Member shall deem appropriate.

“Fiscal Year” means the fiscal year of the Company, which shall end on December 31 of each calendar year unless, for U.S. federal income tax purposes, another fiscal year is required. The Company shall have the same fiscal year for U.S. federal income tax purposes and for accounting purposes.

“GAAP” means U.S. generally acceptable accounting principles at the time.

“Good Faith” means a Person having acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal proceeding, having had no reasonable cause to believe such Person’s conduct was unlawful.

“Governmental Entity” means any federal, national, supranational, state, provincial, local, foreign or other government, governmental, stock exchange, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

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“Gross Asset Value” means, with respect to any asset, the asset’s Adjusted Basis for U.S. federal income tax purposes, except as follows:

(a) the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross Fair Market Value of such asset as of the date of such contribution;

(b) the Gross Asset Values of all Company assets shall be adjusted to equal their respective gross Fair Market Values as of the following times: (i) the acquisition of an interest (or additional interest) in the Company by any new or existing Member in exchange for more than a *de minimis* Capital Contribution to the Company or in exchange for the performance of more than a *de minimis* amount of services to or for the benefit of the Company; (ii) the distribution by the Company to a Member of more than a *de minimis* amount of Company assets as consideration for an interest in the Company; (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g)(1) (other than pursuant to Code Section 708(b)(1)(B)), (iv) the acquisition of an interest in the Company by any new or existing Member upon the exercise of a noncompensatory option in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(s); or (v) any other event to the extent determined by the Managing Member to be permitted and necessary or appropriate to properly reflect Gross Asset Values in accordance with the standards set forth in Treasury Regulations Section 1.704-1(b)(2)(iv)(g); provided, however, that adjustments pursuant to clauses (i), (ii) and (iv) above shall be made only if the Managing Member reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company. If any noncompensatory options are outstanding upon the occurrence of an event described in this paragraph (b)(i) through (b)(v), the Company shall adjust the Gross Asset Values of its properties in accordance with Treasury Regulations Sections 1.704-1(b)(2)(iv)(f)(1) and 1.704-1(b)(2)(iv)(h)(2);

(c) the Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross Fair Market Value of such asset on the date of such distribution;

(d) the Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and subsection (g) in the definition of “Profits” or “Losses” below or Section 5.2(h); provided, however, that the Gross Asset Value of a Company asset shall not be adjusted pursuant to this subsection to the extent the Managing Member determines that an adjustment pursuant to subsection (b) of this definition is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d); and

(e) if the Gross Asset Value of a Company asset has been determined or adjusted pursuant to subsections (a), (b) or (d) of this definition of Gross Asset Value, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into

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account with respect to such asset for purposes of computing Profits, Losses and other items allocated pursuant to Article V.

“Indebtedness” means (a) all indebtedness for borrowed money (including capitalized lease obligations, sale-leaseback transactions or other similar transactions, however evidenced), (b) any other indebtedness that is evidenced by a note, bond, debenture, draft or similar instrument, (c) notes payable and (d) lines of credit and any other agreements relating to the borrowing of money or extension of credit.

“**Interest**” means the entire interest of a Member in the Company, including the Units and all of such Member’s rights, powers and privileges under this Agreement and the Act.

“**Law**” means any federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, order, requirement or rule of law (including common law).

“**Legal Action**” is defined in Section 12.7.

“**Liability**” means any liability or obligation, whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated and whether due or to become due, regardless of when asserted.

“**Liquidating Events**” is defined in Section 11.1.

“**Loss**” means any and all losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including reasonable attorneys’ fees and expenses, but excluding any allocation of corporate overhead, internal legal department costs and other internal costs and expenses).

“**Managing Member**” is defined in the recitals to this Agreement.

“**Member**” means any Person that executes this Agreement as a Member, and any other Person admitted to the Company as an additional or substituted Member, that has not made a disposition of such Person’s entire Interest. Solely for U.S. federal income and applicable state and local tax purposes, each Series of SES Legacy Units shall be treated as a separate Member.

“**Member Minimum Gain**” has the meaning ascribed to “partner nonrecourse debt minimum gain” set forth in Treasury Regulations Section 1.704-2(i). It is further understood that the determination of Member Minimum Gain and the net increase or decrease in Member Minimum Gain shall be made in the same manner as required for such determination of Company Minimum Gain under Treasury Regulations Sections 1.704-2(d) and -2(g)(3).

“**Member Nonrecourse Debt**” has the meaning of “partner nonrecourse debt” set forth in Treasury Regulations Section 1.704-2(b)(4).

“**Member Nonrecourse Deductions**” has the meaning of “partner nonrecourse deductions” set forth in Treasury Regulations Sections 1.704-2(i)(1) and 1704-2(i)(2).

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“**Merger Agreement**” is defined in the recitals to this Agreement.

“**Merger Effective Time**” means the effective time of the merger contemplated by the Merger Agreement.

“**National Securities Exchange**” means an exchange registered with the Commission under the Exchange Act.

“**Nonrecourse Deductions**” has the meaning assigned that term in Treasury Regulations Section 1.704-2(b).

“**Nonrecourse Liability**” is defined in Treasury Regulations Section 1.704-2(b)(3).

“**Offering Expenses**” means, with respect to any Exchange, to the extent SESI funds the Cash Election Amount to be paid to the Exchanging Member with respect to such Exchange through any public offering of Class A Common Stock, Class A-1 Common Stock or other Equity Securities, any expenses, fees and commissions incurred by SESI or the Company in connection with such offering, including the amount of any difference between the price at which such Equity Securities were sold to underwriters and the price at which such Equity Securities are sold to the public in such public offering after taking into account underwriters’ discounts or commissions and brokers’ fees or commissions (including, for the avoidance of doubt, any deferred discounts or commissions and brokers’ fees or commissions payable in connection with or as a result of such public offering).

“**Officer**” means each Person appointed as an officer of the Company pursuant to and in accordance with the provisions of Section 7.2.

“**Permitted Transferee**” means:

(a) with respect to any Member that is not a member of the SES Legacy Group:

(i) with respect to any such Member that is a natural person: (A) the spouse of such Member and such Member’s lineal descendants (whether by blood or adoption); and (B) any trust, family partnership or family limited liability company, the sole beneficiaries, partners or member of which are such Member or relatives of such Member; and

(ii) with respect to any such Member that is not a natural person: (A) any trust, family partnership or family limited liability company, the sole beneficiaries, partners or members of which are the natural person that is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act) of a majority of either (1) the outstanding shares of common stock (or similar securities or interests in the case of an entity other than a corporation) of such Member or its ultimate parent entity; or (2) the combined voting power of the outstanding Equity Interests entitled to vote under ordinary circumstances in the election of directors (or in the selection of any other similar governing body in the case of an entity other than a corporation) of such Member or its ultimate parent

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entity or relatives of such natural person; or (B) the spouse or lineal descendants (whether by blood or adoption) of the natural person described in clause (a)(ii)(A) of this definition or (C) such natural person; and

(b) with respect to any Member that is a member of the SES Legacy Group:

(i) any Person which directly or indirectly controls, is controlled by or is under common control with such Member;

(ii) in the context of a distribution by such Member to its direct or indirect equity owners substantially in proportion to such ownership, the partners, members or shareholders of such Member; and

(iii) any private equity fund or investment fund managed by a member of the SES Legacy Group or an Affiliate of the SES Legacy Group.

“**Person**” means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

“**PIK Class A-1 Common Stock**” means any additional shares of Class A-1 Common Stock issued to holders of Class A-1 Common Stock as “Special Dividends” in accordance with the SESI Certificate.

“**Plan Asset Regulations**” means the regulations issued by the U.S. Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the Code of Federal Regulations, or any successor regulations as the same may be amended from time to time.

“**President and Chief Executive Officer**” is defined in [Section 7.2\(b\)](#).

“**Prime Rate**” means, on any date of determination, a rate per annum equal to the rate of interest most recently published by The Wall Street Journal as the “prime rate” at large U.S. money center banks.

“**Proceeding**” is defined in [Section 7.4](#).

“**Profits**” or “**Losses**” means, for each Fiscal Year or other taxable period, an amount equal to the Company’s taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(a) any income or gain of the Company that is exempt from U.S. federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss;

(b) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

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(c) in the event the Gross Asset Value of any Company asset is adjusted pursuant to subsection (b) or (c) of the definition of Gross Asset Value above, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the Company asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the Company asset) from the disposition of such asset and shall, except to the extent allocated pursuant to [Section 5.2](#), be taken into account for purposes of computing Profits or Losses;

(d) gain or loss resulting from any disposition of Company assets with respect to which gain or loss is recognized for U.S. federal income tax purposes shall be computed with reference to the Gross Asset Value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its Gross Asset Value;

(e) in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation;

(f) to the extent an adjustment to the adjusted tax basis of any asset pursuant to Code Section 734(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Account balances as a result of a distribution other than in liquidation of a Member’s interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or an item of loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(g) any items of income, gain, loss or deduction which are specifically allocated pursuant to the provisions of [Section 5.2](#) shall not be taken into account in computing Profits or Losses for any taxable year, but such items available to be specially allocated pursuant to [Section 5.2](#) will be determined by applying rules analogous to those set forth in subparagraphs (a) through (f) above.

“**Property**” means all real and personal property owned by the Company from time to time, including both tangible and intangible property.

“**Reclassification Event**” means any of the following: (a) any reclassification or recapitalization of SESI Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination or any transaction subject to [Section 4.1\(g\)](#)), (b) any merger, consolidation or other combination involving SESI, or (c) any sale, conveyance, lease, or other disposal of all or substantially all the properties and assets of SESI to any other Person, in each of clauses (a), (b) or (c), as a result of which holders of SESI Common Stock shall be entitled to receive cash, securities or other property for their shares of SESI Common Stock.

“**Regulatory Allocations**” is defined in [Section 5.2\(i\)](#).

“**Retraction Notice**” is defined in [Section 4.6\(b\)\(i\)](#).

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“**Rule 144A Offering**” means (a) an offering of Class A-1 Common Stock to the initial purchasers and the resale of the Class A-1 Common Stock by the initial purchasers to “qualified institutional buyers” as defined in Rule 144A under the Securities Act or to certain persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, which offering may be purchased on a firm commitment basis, sold by underwriters on an agency, best efforts or reasonable efforts basis, or not involve underwriters, and (b) a private placement with a placement agent to “accredited investors,” as defined in Rule 501 under Regulation D of the Securities Act.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time (or any corresponding provisions of succeeding law).

“**SES Exchanging Member**” is defined in [Section 4.6\(a\)\(ii\)](#).

“**SES Legacy**” is defined in the recitals to this Agreement.

“**SES Legacy Distribution**” is defined in [Section 3.1\(c\)](#).

“**SES Legacy Group**” means, for so long as such Persons hold Units, each of SES Legacy, Crestview, B-29 Investments LP and Sunray Capital, L.P. and each transferee of Units directly or indirectly (in a chain of title) from such Person (unless holders of a majority of the Units held by the SES Legacy Group determine that such transferee will not be a member of the SES Legacy Group at the time of such Transfer).

“**SES Legacy LLC Agreement**” means that certain Amended and Restated Limited Liability Company Agreement of SES Legacy, dated the date hereof, as may be amended, supplemented or restated from time to time.

“**SES Legacy Units**” has the meaning given the term “Units” in the SES Legacy LLC Agreement.

“**SES Member Exchange**” is defined in Section 4.6(a)(i).

“**SES Member Exchange Notice**” is defined in Section 4.6(a)(iii).

“**SES Member Exchange Notice Date**” is defined in Section 4.6(a)(iii).

“**SES Merger Sub**” is defined in the recitals to this Agreement.

“**SES Redeemed Legacy Holder**” has the meaning ascribed to such term as set forth in the SES Legacy LLC Agreement.

“**SESI**” is defined in the recitals to this Agreement.

“**SESI Certificate**” means the Amended and Restated Certificate of Incorporation of SESI, as may be amended, supplemented or restated from time to time.

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“**SESI Common Stock**” means all classes and series of common stock of SESI, including the Class A Common Stock, the Class A-1 Common Stock and the Class B Common Stock.

“**SESI Effective Time**” means the time at which SESI becomes a Member (and the Managing Member) in accordance with this Agreement.

“**SESI Offer**” is defined in Section 4.6(d).

“**Subsidiary**” means, with respect to any specified Person, any other Person with respect to which such specified Person (a) has, directly or indirectly, the power, through the ownership of securities or otherwise, to elect a majority of directors or similar managing body or (b) beneficially owns, directly or indirectly, a majority of such Person’s Equity Securities.

“**Tax Matters Member**” means the “tax matters partner” as defined in Code Section 6231(a)(7) and as appointed in Section 10.4.

“**Tax Receivable Agreements**” means the Tax Receivable Agreement dated as of December 19, 2016 by and among SESI, SES Legacy and Crestview Partners II GP, L.P., the Tax Receivable Agreement dated as of December 19, 2016 by and among SESI, certain other persons named therein and Crestview Partners II GP, L.P., and any similar agreement entered into by SESI after the date hereof.

“**Transfer**” means, as a noun, any voluntary or involuntary, direct or indirect (whether through a change of control of the Transferor or any Person that controls the Transferor, the issuance or transfer of Equity Securities of the Transferor, by operation of law or otherwise), transfer, sale, pledge or hypothecation or other disposition and, as a verb, voluntarily or involuntarily, directly or indirectly (whether through a change of control of the Transferor or any Person that controls the Transferor, the issuance or transfer of Equity Securities of the Transferor or any Person that controls the Transferor, by operation of law or otherwise), to transfer, sell, pledge or hypothecate or otherwise dispose of; *provided* that, notwithstanding the foregoing, any transfer, sale, pledge or hypothecation or other disposition of any Equity Securities in SES Legacy or in any Person that holds or controls (directly or indirectly through one or more Persons) Equity Securities in SES Legacy shall not be a Transfer for purposes of this Agreement. The terms “Transferee,” “Transferor,” “Transferred,” and other forms of the word “Transfer” shall have the correlative meanings.

“**Transfer Agent**” is defined in Section 4.6(a)(iii).

“**Treasury Regulations**” means pronouncements, as amended from time to time, or their successor pronouncements, which clarify, interpret and apply the provisions of the Code, and which are designated as “Treasury Regulations” by the United States Department of the Treasury.

“**Units**” means the Units issued hereunder and shall also include any equity security issued in respect of or in exchange for Units, whether by way of dividend or other distribution, split, recapitalization, merger, rollup transaction, consolidation, conversion or reorganization.

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“**Winding-Up Member**” is defined in Section 11.3(a).

Section 1.2 **Interpretive Provisions.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the terms defined in Section 1.1 are applicable to the singular as well as the plural forms of such terms;
- (b) all accounting terms not otherwise defined herein have the meanings assigned under GAAP;
- (c) all references to currency, monetary values and dollars set forth herein shall mean United States (U.S.) dollars and all payments hereunder shall be made in United States dollars;
- (d) when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated;
- (e) whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”;
- (f) “or” is not exclusive;
- (g) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms; and

(h) the words “hereof”, “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement.

ARTICLE II

ORGANIZATION OF THE LIMITED LIABILITY COMPANY

Section 2.1 **Formation.** The Company has been formed as a limited liability company subject to the provisions of the Act upon the terms, provisions and conditions set forth in this Agreement.

Section 2.2 **Filing.** The Company’s Certificate of Formation has been filed with the Secretary of State of the State of Delaware in accordance with the Act. The Members shall execute such further documents (including amendments to such Certificate of Formation) and take such further action as is appropriate to comply with the requirements of Law for the formation or operation of a limited liability company in Delaware and in all states and counties where the Company may conduct its business.

Section 2.3 **Name.** The name of the Company is “SES Holdings, LLC” and all business of the Company shall be conducted in such name or, in the discretion of the Managing Member, under any other name.

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Section 2.4 **Registered Office; Registered Agent.** The location of the registered office of the Company in the State of Delaware is 1675 South State Street, Suite B, Dover, Kent County, Delaware 19901, or at such other place as the Managing Member from time to time may select. The name and address for service of process on the Company in the State of Delaware are Capitol Services, Inc., 1675 South State Street, Suite B, Dover, Kent County, Delaware 19901, or such other qualified Person as the Managing Member may designate from time to time and its business address.

Section 2.5 **Principal Place of Business.** The principal place of business of the Company shall be located in such place as is determined by the Managing Member from time to time.

Section 2.6 **Purpose; Powers.** The nature of the business or purposes to be conducted or promoted by the Company is to engage in any lawful act or activity for which limited liability companies may be formed under the Act. The Company shall have the power and authority to take any and all actions and engage in any and all activities necessary, appropriate, desirable, advisable, ancillary or incidental to the accomplishment of the foregoing purpose.

Section 2.7 **Term.** The term of the Company commenced on the date of filing of the Certificate of Formation of the Company with the office of the Secretary of State of the State of Delaware in accordance with the Act and shall continue indefinitely. The Company may be dissolved and its affairs wound up only in accordance with Article XI.

Section 2.8 **Intent.** It is the intent of the Members that the Company be operated in a manner consistent with its treatment as a “partnership” for U.S. federal and state income tax purposes. It is also the intent of the Members that the Company not be operated or treated as a “partnership” for purposes of Section 303 of the Federal Bankruptcy Code. Neither the Company nor any Member shall take any action inconsistent with the express intent of the parties hereto as set forth in this Section 2.8.

ARTICLE III

CLOSING TRANSACTIONS

Section 3.1 **Transactions In Connection With the Merger Agreement and the Rule 144A Offering**

(a) Effective immediately following the Merger Effective Time, SES Legacy will Transfer 3,802,972 Units to Crestview, and Crestview will subsequently transfer such Units, through a series of affiliate transactions, to SESI and SESI will issue an equivalent number of shares of Class A Common Stock to certain Affiliates of Crestview.

(b) Effective immediately following the Rule 144A Offering, SESI will contribute all of the net proceeds of its Rule 144A Offering and 38,462,541 shares of its Class B Common Stock to the Company in exchange for 16,100,000 Units.

(c) The Company will distribute the 38,462,541 shares of Class B Common Stock it received from SESI to SES Legacy (the **SES Legacy Distribution**”).

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ARTICLE IV

OWNERSHIP AND CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS

Section 4.1 **Authorized Units; General Provisions With Respect to Units**

(a) Subject to the provisions of this Agreement, the Company shall be authorized to issue from time to time such number of Units and such other Equity Securities as the Managing Member shall determine in accordance with Section 4.3. Each authorized Unit may be issued pursuant to such agreements as the Managing Member shall approve, including pursuant to options and warrants. The Company may reissue any Units that have been repurchased or acquired by the Company.

(b) Each outstanding Unit shall be identical (except as provided in Section 4.3).

(c) Initially, none of the Units will be represented by certificates. If the Managing Member determines that it is in the interest of the Company to issue certificates representing the Units, certificates will be issued and the Units will be represented by those certificates, and this Agreement shall be amended as necessary or desirable to reflect the issuance of certificated Units for purposes of the Uniform Commercial Code. Nothing contained in this Section 4.1(c) shall be deemed to authorize or permit any Member to Transfer its Units except as otherwise permitted under this Agreement.

(d) The total number of Units issued and outstanding and held by the Members immediately following the consummation of the transactions contemplated by the Merger Agreement, the Rule 144A Offering, and the other transactions set forth in Section 3.1 is set forth on Exhibit A hereto (as amended from time to time in accordance with the terms of this Agreement).

(e) If at any time after the SESI Effective Time SESI issues a share of its Class A Common Stock, Class A-1 Common Stock (including PIK Class A-1 Common Stock), or any other Equity Security of SESI (other than shares of Class B Common Stock), (i) the Company shall concurrently issue to SESI one Unit (if SESI issues a share of Class A Common Stock or Class A-1 Common Stock, including PIK Class A-1 Common Stock), or such other Equity Security of the Company (if SESI

issues Equity Securities other than Class A Common Stock or Class A-1 Common Stock) corresponding to the Equity Securities issued by SESI, and with substantially the same rights to dividends and distributions (including distributions upon liquidation) and other economic rights as those of such Equity Securities of SESI to be issued and (ii) except in the case of an issuance of PIK Class A-1 Common Stock (it being understood that such PIK Class A-1 Common Stock will be issued for no additional consideration to SESI), SESI shall concurrently contribute to the Company the net proceeds received by SESI for such share of Class A Common Stock, Class A-1 Common Stock or other Equity Security; *provided, however*, that if SESI issues any shares of Class A Common Stock or Class A-1 Common Stock in order to purchase or fund the purchase from a Member of a number of Units (and shares of Class B Common Stock) equal to the number of shares of Class A Common Stock or Class A-1 Common Stock so issued, then the Company shall not issue any new Units in connection therewith, SESI shall not be required to transfer such net proceeds to the Company, and such net

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proceeds shall instead be transferred to such Member as consideration for such purchase. Notwithstanding the foregoing, this [Section 4.1\(e\)](#) shall not apply to (i) the issuance and distribution to holders of shares of SESI Common Stock of rights to purchase Equity Securities of SESI under a “poison pill” or similar shareholders rights plan (and upon any exchange of Units for Class A Common Stock, such Class A Common Stock will be issued together with a corresponding right under such plan), or to the issuance under SESI’s employee benefit plans of any warrants, options, other rights to acquire Equity Securities of SESI or rights or property that may be converted into or settled in Equity Securities of SESI, but shall in each of the foregoing cases apply to the issuance of Equity Securities of SESI in connection with the exercise or settlement of such rights, warrants, options or other rights or property or (ii) the issuance and distribution of shares of Class A Common Stock in connection with the Class A-1 Conversion. Except pursuant to [Section 4.6](#) or [Section 4.7](#), (x) the Company may not issue any additional Units to SESI or any of its Subsidiaries unless substantially simultaneously therewith SESI or such Subsidiary issues or sells an equal number of shares of SESI’s Class A Common Stock or Class A-1 Common Stock to another Person, and (y) the Company may not issue any other Equity Securities of the Company to SESI or any of its Subsidiaries unless substantially simultaneously SESI or such Subsidiary issues or sells, to another Person, an equal number of shares of a new class or series of Equity Securities of SESI or such Subsidiary with substantially the same rights to dividends and distributions (including distributions upon liquidation) and other economic rights as those of such Equity Securities of the Company. If at any time SESI issues Debt Securities, SESI shall transfer to the Company (in a manner to be determined by the Managing Member in its reasonable discretion) the proceeds received by SESI in exchange for such Debt Securities in a manner that directly or indirectly burdens the Company with the repayment of the Debt Securities. In the event any Equity Security outstanding at SESI is exercised or otherwise converted and, as a result, any shares of Class A Common Stock, Class A-1 Common Stock or other Equity Securities of SESI are issued, the corresponding Equity Security outstanding at the Company shall be similarly exercised or otherwise converted, as applicable, and an equivalent number of Units or other Equity Securities of the Company shall be issued to SESI as contemplated by the first sentence of this [Section 4.1\(e\)](#).

(f) SESI or any of its Subsidiaries may not redeem, repurchase or otherwise acquire (i) any shares of Class A Common Stock or Class A-1 Common Stock (including upon forfeiture of any unvested shares of Class A Common Stock or Class A-1 Common Stock) unless substantially simultaneously the Company redeems, repurchases or otherwise acquires from SESI or such Subsidiary an equal number of Units for the same price per security (other than a redemption, repurchase or other acquisition of shares of Class A-1 Common Stock in connection with the Class A-1 Conversion) or (ii) any other Equity Securities of SESI, unless substantially simultaneously the Company redeems, repurchases or otherwise acquires from SESI an equal number of Equity Securities of SESI of a corresponding class or series with substantially the same rights to dividends and distributions (including distributions upon liquidation) and other economic rights as those of such Equity Securities of SESI for the same price per security. The Company may not redeem, repurchase or otherwise acquire (x) except pursuant to [Section 4.6](#) or [Section 4.7](#), any Units from SESI or any of its Subsidiaries unless substantially simultaneously SESI or such Subsidiary redeems, repurchases or otherwise acquires an equal number of shares of Class A Common Stock or Class A-1 Common Stock for the same price per security from holders thereof, or (y) any other Equity Securities of the Company from SESI or any of its Subsidiaries unless substantially simultaneously SESI or such Subsidiary redeems, repurchases

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or otherwise acquires for the same price per security an equal number of Equity Securities of SESI of a corresponding class or series with substantially the same rights to dividends and distributions (including distribution upon liquidation) and other economic rights as those of such Equity Securities of SESI. Notwithstanding the foregoing, to the extent that any consideration payable by SESI in connection with the redemption or repurchase of any shares of Class A Common Stock, Class A-1 Common Stock, or other Equity Securities of SESI or any of its Subsidiaries consists (in whole or in part) of shares of Class A Common Stock, Class A-1 Common Stock, or such other Equity Securities (including, for the avoidance of doubt, in connection with the cashless exercise of an option or warrant), then the redemption or repurchase of the corresponding Units or other Equity Securities of the Company shall be effectuated in an equivalent manner; *provided*, for the avoidance of doubt, that no redemption of Units shall occur in connection with the redemption, repurchase or other acquisition of shares of Class A-1 Common Stock in connection with the Class A-1 Conversion.

(g) The Company shall not in any manner effect any subdivision (by any equity split, equity distribution, reclassification, recapitalization or otherwise) or combination (by reverse equity split, reclassification, recapitalization or otherwise) of the outstanding Units unless accompanied by an identical subdivision or combination, as applicable, of the outstanding SESI Common Stock, with corresponding changes made with respect to any other exchangeable or convertible securities. SESI shall not in any manner effect any subdivision (by any stock split, stock dividend, reclassification, recapitalization or otherwise) or combination (by reverse stock split, reclassification, recapitalization or otherwise) of the outstanding SESI Common Stock unless accompanied by an identical subdivision or combination, as applicable, of the outstanding Units, with corresponding changes made with respect to any other exchangeable or convertible securities.

Section 4.2 **Voting Rights.** No Member has any voting right except with respect to those matters specifically reserved for a Member vote under the Act and for matters expressly requiring the approval of Members under this Agreement. Except as otherwise required by the Act, each Unit will entitle the holder thereof to one vote on all matters to be voted on by the Members. Except as otherwise expressly provided in this Agreement, the holders of Units having voting rights will vote together as a single class on all matters to be approved by the Members.

Section 4.3 **Capital Contributions; Unit Ownership.**

(a) *Capital Contributions.* Each Member named on [Exhibit A](#) shall be credited with the Class A Conversion Date Capital Account Balance set forth on [Exhibit A](#) in respect of its Interest specified thereon. Except as otherwise set forth in [Section 4.1\(e\)](#), no Member shall be required to make additional Capital Contributions.

(b) *Issuance of Additional Units or Interests.* Except as otherwise expressly provided in this Agreement, the Managing Member shall have the right to authorize and cause the Company to issue on such terms (including price) as may be determined by the Managing Member (i) subject to the limitations of [Section 4.1](#), additional Units or other Equity Securities in the Company (including creating preferred interests or other classes or series of interests having such rights, preferences and privileges as determined by the Managing Member, which rights, preferences and privileges may be senior to the Units), and (ii) obligations, evidences of

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Indebtedness or other securities or interests convertible or exchangeable for Units or other Equity Securities in the Company; *provided* that, at any time following the date hereof, in each case the Company shall not issue Equity Securities in the Company to any Person unless such Person shall have executed a counterpart to this Agreement and all other documents, agreements or instruments deemed necessary or desirable in the discretion of the Managing Member. Upon such issuance and execution, such Person shall be admitted as a Member of the Company. In that event, the Managing Member shall amend [Exhibit A](#) to reflect such additional issuances. Subject to [Section 12.1](#), the Managing Member is hereby authorized to amend this Agreement to set forth the designations, preferences, rights, powers and duties of such additional Units or other Equity

Securities in the Company, or such other amendments that the Managing Member determines to be otherwise necessary or appropriate in connection with the creation, authorization or issuance of, any class or series of Units or other Equity Securities in the Company pursuant to this Section 4.3(b); provided that, notwithstanding the foregoing, the Managing Member shall have the right to amend this Agreement as set forth in this sentence without the approval of any other Person (including any Member) and notwithstanding any other provision of this Agreement (including Section 12.1) if such amendment is necessary in order to consummate any offering of shares of SESI Common Stock or other Equity Securities of SESI provided that the designations, preferences, rights, powers and duties of any such additional Units or other Equity Securities of the Company as set forth in such amendment are substantially similar to those applicable to such shares of SESI Common Stock or other Equity Securities of SESI.

Section 4.4 Capital Accounts. A Capital Account shall be maintained for each Member in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv) and, to the extent consistent with such regulations, the other provisions of this Agreement. The Capital Account balance of each of the Members as of the date hereof is its respective Class A Conversion Date Capital Account Balance set forth on Exhibit A. Thereafter, each Member's Capital Account shall be (a) increased by (i) allocations to such Member of Profits pursuant to Section 5.1 and any other items of income or gain allocated to such Member pursuant to Section 5.2, (ii) the amount of additional cash or the initial Gross Asset Value of any asset (net of any Liabilities assumed by the Company and any Liabilities to which the asset is subject) contributed to the Company by such Member, and (iii) any other increases allowed or required by Treasury Regulations Section 1.704-1(b)(2)(iv), and (b) decreased by (i) allocations to such Member of Losses pursuant to Section 5.1 and any other items of deduction or loss allocated to such Member pursuant to the provisions of Section 5.2, (ii) the amount of any cash or the Gross Asset Value of any asset (net of any Liabilities assumed by the Company and any Liabilities to which the asset is subject) distributed to such Member, and (iii) any other decreases allowed or required by Treasury Regulations Section 1.704-1(b)(2)(iv). In the event of a Transfer of Units made in accordance with this Agreement (including a deemed Transfer for U.S. federal income tax purposes as described in Section 4.8(b)), the Capital Account of the Transferor that is attributable to the Transferred Units shall carry over to the Transferee Member in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv)(l).

Section 4.5 Other Matters.

(a) No Member shall demand or receive a return on or of its Capital Contributions or withdraw from the Company without the consent of the Managing Member. Under

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circumstances requiring a return of any Capital Contributions, no Member has the right to receive property other than cash.

(b) No Member shall receive any interest, salary, compensation, draw or reimbursement with respect to its Capital Contributions or its Capital Account, or for services rendered or expenses incurred on behalf of the Company or otherwise in its capacity as a Member, except as otherwise provided in Section 7.9 or otherwise contemplated by this Agreement.

(c) The Liability of each Member shall be limited as set forth in the Act and other applicable Law and, except as expressly set forth in this Agreement or required by Law, no Member (or any of its Affiliates) shall be personally liable, whether to the Company, to any of the other Members, to the creditors of the Company, or to any other third party, for any debt or Liability of the Company, whether arising in contract, tort or otherwise, solely by reason of being a Member of the Company.

(d) Except as otherwise required by the Act, a Member shall not be required to restore a deficit balance in its Capital Account, to lend any funds to the Company or, except as otherwise set forth herein, to make any additional contributions or payments to the Company.

(e) The Company shall not be obligated to repay any Capital Contributions of any Member.

Section 4.6 SES Member Unit Exchange.

(a) (i) Each of the Members (other than SESI) shall be entitled to cause the Company to redeem, at any time and from time to time, all or any portion of such Member's Units (together with the transfer and surrender of the same number of shares of Class B Common Stock) for an equivalent number of shares of Class A Common Stock (a "**SES Member Exchange**") or, at the Company's election made in accordance with Section 4.6(a)(iv), cash equal to the Cash Election Amount calculated with respect to such SES Member Exchange, upon the terms and subject to the conditions set forth in this Section 4.6.

(ii) Each exchanging Member (the "**SES Exchanging Member**") shall be permitted to effect a redemption of Units and shares of Class B Common Stock pursuant to Section 4.6(a)(i) that involves less than 100,000 Units no more frequently than once per calendar quarter, *provided, however*, that if a SES Exchanging Member provides a SES Member Exchange Notice with respect to all of the Units and shares of Class B Common Stock held by such SES Exchanging Member, such SES Member Exchange may occur at any time, subject to this Section 4.6; *provided, further*, that the Managing Member may, in its sole discretion and at any time, permit any SES Exchanging Member to effect a redemption of a lesser number of Units.

(iii) In order to exercise the redemption right under Section 4.6(a)(i), the SES Exchanging Member shall provide written notice (the "**SES Member Exchange Notice**") to the Company, with a copy to SESI (the date of delivery of such SES Member Exchange Notice, the "**SES Member Exchange Notice Date**"), stating (i) the number of Units the SES Exchanging Member elects to have the Company redeem (together with

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the transfer and surrender of an equal number of shares of Class B Common Stock), (ii) if the shares of Class A Common Stock to be received are to be issued other than in the name of the SES Exchanging Member, the name(s) of the Person(s) in whose name or on whose order the shares of Class A Common Stock are to be issued, and (iii) if the SES Exchanging Member requires the SES Member Exchange to take place on a specific date, such date, provided that, any such specified date shall not be earlier than the date that would otherwise apply pursuant to clause (i) of the definition of Exchange Date; *provided*, that any Investor Member Exchange Notice (as defined in the SES Legacy LLC Agreement) which occurs pursuant to Section 9.4(b)(iii) of the SES Legacy LLC Agreement shall constitute a SES Member Exchange Notice. If the Units to be redeemed (or the shares of Class B Common Stock to be transferred and surrendered) by the SES Exchanging Member are represented by a certificate or certificates, prior to the Exchange Date, the SES Exchanging Member shall also present and surrender such certificate or certificates representing such Units (or shares of Class B Common Stock) during normal business hours at the principal executive offices of the Company, or if any agent for the registration or transfer of Class A Common Stock is then duly appointed and acting (the "**Transfer Agent**"), at the office of the Transfer Agent. If required by the Managing Member, any certificate for Units and any certificate for shares of Class B Common Stock (in each case, if certificated) surrendered to the Company hereunder shall be accompanied by instruments of transfer, in forms reasonably satisfactory to the Managing Member and the Transfer Agent, duly executed by the SES Exchanging Member or the SES Exchanging Member's duly authorized representative.

(iv) Upon receipt of a SES Member Exchange Notice, the Company shall be entitled to elect (a "**Cash Election**") to settle the SES Member Exchange by delivering to the SES Exchanging Member, in lieu of the applicable number of shares of Class A Common Stock that would be received in such SES Member Exchange, an amount of cash equal to the Cash Election Amount for such Exchange. In order to make a Cash Election, the Company must provide written notice of such election to the SES Exchanging Member (with a copy to SESI) prior to 1:00 p.m., Houston time, on the second Business Day after the SES Member Exchange Notice Date. If the Company fails to provide such written notice prior to such time, it shall not be entitled to make a Cash Election with respect to such SES Member Exchange.

(b) (i) The SES Member Exchange shall be completed on the Exchange Date *provided* that the Company, SESI and the SES Exchanging Member may change the number of Units specified in the SES Member Exchange Notice as to be redeemed and/or the Exchange Date to another number and/or date by unanimous agreement signed in writing by each of them; *provided further* that a SES Member Exchange Notice may specify that the SES Member Exchange is to be contingent (including as to timing) upon the consummation of a purchase by another Person (whether in a tender or exchange offer, an underwritten offering or otherwise) of the shares of Class A Common Stock into which the Units are exchangeable, or the closing of an announced merger, consolidation or other transaction or event in which the shares of Class A Common Stock would be exchanged or converted or become exchangeable for or convertible into cash or other securities or property, provided that the foregoing shall not apply to any SES Member Exchange with respect to which the Company has made a valid Cash Election. Provided the Company has not made a valid Cash Election, the SES Exchanging Member may

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retract its SES Member Exchange Notice by giving written notice (the “**Retraction Notice**”) to the Company (with a copy to SESI) at any time prior to the Exchange Date. The timely delivery of a Retraction Notice shall terminate all of the SES Exchanging Member’s, the Company’s and SESI’s rights and obligations arising from the retracted SES Member Exchange Notice.

(ii) Unless the SES Exchanging Member has timely delivered a Retraction Notice as provided in Section 4.6(b)(i) or SESI has elected its Call Right pursuant to Section 4.6(c), on the Exchange Date (to be effective immediately prior to the close of business on the Exchange Date) (A) the SES Exchanging Member shall transfer and surrender the Units to be redeemed (and a corresponding number of shares of Class B Common Stock) to the Company, in each case free and clear of all liens and encumbrances, (B) if the Company so requests, SESI shall contribute to the Company the consideration the SES Exchanging Member is entitled to receive under Section 4.6(a)(i), (C) the Company shall (x) cancel the redeemed Units, (y) transfer to the SES Exchanging Member the consideration the SES Exchanging Member is entitled to receive under Section 4.6(a)(i), and (z) if the Units are certificated, issue to the SES Exchanging Member a certificate for a number of Units equal to the difference (if any) between the number of Units evidenced by the certificate surrendered by the SES Exchanging Member pursuant to clause (ii)(A) of this Section 4.6(b) and the number of redeemed Units, (D) if SESI has contributed to the Company the consideration the SES Exchanging Member is entitled to receive under Section 4.6(a)(i), the Company shall issue to SESI a number of Units equal to the number of Units surrendered by the SES Exchanging Member and (E) SESI shall cancel the surrendered shares of Class B Common Stock. Notwithstanding any other provisions of this Agreement to the contrary, in the event that the Company makes a valid Cash Election, SESI shall only be obligated to contribute to the Company an amount in cash equal to the net proceeds (after deduction of any Offering Expenses) from the sale by SESI of a number of shares of Class A Common Stock equal to the number of Units to be redeemed with such cash; *provided, however*, that the contribution of such net proceeds shall in no event affect the Exchanging Member’s right to receive the Cash Election Amount.

(c) (i) Notwithstanding anything to the contrary in this Section 4.6, but subject to Section 4.6(d), a SES Exchanging Member shall be deemed to have offered to sell its Units as described in the SES Member Exchange Notice to SESI, and SESI may, in its sole discretion, by means of delivery of Call Election Notice in accordance with, and subject to the terms of, Section 4.6(c)(ii), elect to purchase directly and acquire such Units (together with the transfer and surrender of the same number of shares of Class B Common Stock) on the Exchange Date by paying to the SES Exchanging Member (or, on the SES Exchanging Member’s written order, its designee) that number of shares of Class A Common Stock the SES Exchanging Member (or its designee) would otherwise receive pursuant to Section 4.6(a)(i) or, at SESI’s election, an amount of cash equal to the Cash Election Amount of such shares of Class A Common Stock (the “**Call Right**”), whereupon SESI shall acquire the Units offered for exchange by the SES Exchanging Member (together with the transfer and surrender of the same number of shares of Class B Common Stock) and shall be treated for all purposes of this Agreement as the owner of such Units and shares of Class B Common Stock.

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(ii) SESI may, at any time prior to the Exchange Date, in its sole discretion deliver written notice (a “**Call Election Notice**”) to the Company and the SES Exchanging Member setting forth its election to exercise its Call Right. A Call Election Notice may be revoked by SESI at any time; *provided* that any such revocation does not prejudice the ability of the parties to consummate a SES Member Exchange on the Exchange Date. Except as otherwise provided by Section 4.6(c), an exercise of the Call Right shall be consummated pursuant to the same timeframe and in the same manner as the relevant Exchange would have been consummated if SESI had not delivered a Call Election Notice.

(d) In the event that a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization or similar transaction with respect to shares of Class A Common Stock (a “**SESI Offer**”) is proposed by SESI or is proposed to SESI or its stockholders and approved by the board of directors of SESI or is otherwise effected or to be effected with the consent or approval of the board of directors of SESI, the Members (other than SESI) shall be permitted to participate in such SESI Offer by delivery of a contingent SES Member Exchange Notice in accordance with the second proviso of the first sentence of Section 4.6(b)(i). In the case of a SESI Offer proposed by SESI, SESI will use its reasonable best efforts expeditiously and in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit the Members to participate in such SESI Offer to the same extent or on an economically equivalent basis as the holders of shares of Class A Common Stock without discrimination; *provided* that, without limiting the generality of this sentence, SESI will use its reasonable best efforts expeditiously and in good faith to ensure that such Members may participate in each such SESI Offer without being required to redeem Units (or, if so required, to ensure that any such Exchange shall be effective only upon, and shall be conditional upon, the closing of such SESI Offer). In no event shall Members (other than SESI) be entitled to receive in such SESI Offer aggregate consideration for each Unit that is greater than the consideration payable in respect of each share of Class A Common Stock in connection with a SESI Offer.

Section 4.7 **Company Unit Exchange**

(a)

(i) The Company shall be entitled to redeem, at any time and from time to time, all or any portion of the Units held by each SES Redeemed Legacy Holder (together with transfer and surrender of the same number of shares of Class B Common Stock) for an equivalent number of shares of Class A Common Stock (a “**Company Exchange**” and, together with the SES Member Exchange, the “**Exchanges**”), upon the terms and subject to the conditions set forth in this Section 4.7.

(ii) In order to exercise the redemption right under Section 4.7(a)(i), the Company shall provide written notice (the “**Company Exchange Notice**” and together with the SES Member Exchange Notice, the “**Exchange Notices**”) to the exchanging SES Redeemed Legacy Holder (the “**Exchanging SES Redeemed Legacy Holder**” and together with the SES Exchanging Members, the “**Exchanging Members**”), with a copy to SESI (the date of delivery of such Company Exchange Notice, the “**Company Exchange Notice Date**” and together with the SES Member Exchange Notice Dates, the

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“**Exchange Notice Dates**”), stating (i) the number of Units the Company elects to redeem (together with an equal number of shares of Class B Common Stock) and (ii) the Exchange Date. If the Units or shares of Class B Common Stock to be exchanged by the Exchanging SES Redeemed Legacy Holder are represented by a certificate or certificates, prior to the Exchange Date, the Exchanging SES Redeemed Legacy Holder shall also present and surrender such certificate or certificates representing such Units and shares of Class B Common Stock during normal business hours at the principal executive offices of the Company, or if a Transfer Agent for the registration or transfer of Class A Common Stock is then duly appointed and acting, at the office of the Transfer Agent. If required by the Managing Member,

any certificate for Units and any certificate for shares of Class B Common Stock (in each case, if certificated) surrendered for exchange with the Company shall be accompanied by instruments of transfer, in forms reasonably satisfactory to the Managing Member and the Transfer Agent, duly executed by the Exchanging SES Redeemed Legacy Holder or the Exchanging SES Redeemed Legacy Holder's duly authorized representative.

(b) The Company Exchange shall be completed on the applicable Exchange Date; *provided* that the Company and SESI may change the number of Units specified in the Company Exchange Notice as to be redeemed and/or the applicable Exchange Date to another number and/or date by unanimous agreement signed in writing by each of them; *provided further* that a Company Exchange Notice may specify that the Company Exchange is to be contingent (including as to timing) upon the consummation of a purchase by another Person (whether in a tender or exchange offer, an underwritten offering or otherwise) of the shares of Class A Common Stock into which the Units are exchangeable, or the closing of an announced merger, consolidation or other transaction or event in which the shares of Class A Common Stock would be exchanged or converted or become exchangeable for or convertible into cash or other securities or property.

(c) On the Exchange Date (to be effective immediately prior to the close of business on the Exchange Date) (i) the Exchanging SES Redeemed Legacy Holder shall transfer and surrender the Units to be redeemed (and a corresponding number of shares of Class B Common Stock) to the Company, in each case free and clear of all liens and encumbrances, (ii) if the Company so requests, SESI shall contribute to the Company the consideration the Exchanging SES Redeemed Legacy Holder is entitled to receive under Section 4.7(a)(i), (iii) the Company shall (x) cancel the redeemed Units, (y) transfer to the Exchanging SES Redeemed Legacy Holder the consideration the Exchanging SES Redeemed Legacy Holder is entitled to receive under Section 4.7(a)(i), and (z) if the Units are certificated, issue to the Exchanging SES Redeemed Legacy Holder a certificate for a number of Units equal to the difference (if any) between the number of Units evidenced by the certificate surrendered by the Exchanging SES Redeemed Legacy Holder pursuant to clause (i) of this Section 4.7(c) and the number of redeemed Units, (iv) if SESI has contributed to the Company the consideration the Exchanging SES Redeemed Legacy Holder is entitled to receive under Section 4.7(a)(i), the Company shall issue to SESI a number of Units equal to the number of Units surrendered by the Exchanging SES Redeemed Legacy Holder and (v) SESI shall cancel the surrendered shares of Class B Common Stock.

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(d) (i) Notwithstanding anything to the contrary in this Section 4.7, but subject to Section 4.6(d), an Exchanging SES Redeemed Legacy Holder shall be deemed to have offered to sell its Units as described in the Company Exchange Notice to SESI, and SESI may, in its sole discretion, by means of delivery of Call Election Notice in accordance with, and subject to the terms of, Section 4.7(d)(ii), elect to purchase directly and acquire such Units (together with the transfer and surrender of the same number of shares of Class B Common Stock) on the Exchange Date by paying to the Exchanging SES Redeemed Legacy Holder (or, on the Exchanging SES Redeemed Legacy Holder's written order, its designee) that number of shares of Class A Common Stock the Exchanging SES Redeemed Legacy Holder (or its designee) would otherwise receive pursuant to Section 4.6(a)(i), whereupon SESI shall acquire the Units offered for exchange by the Exchanging SES Redeemed Legacy Holder (together with the transfer and surrender of the same number of shares of Class B Common Stock) and shall be treated for all purposes of this Agreement as the owner of such Units and shares of Class B Common Stock.

(ii) SESI may, at any time prior to the Exchange Date, in its sole discretion deliver a Call Election Notice to the Company and the Exchanging SES Redeemed Legacy Holder setting forth its election to exercise its Call Right. A Call Election Notice may be revoked by SESI at any time; *provided* that any such revocation does not prejudice the ability of the parties to consummate a Company Exchange on the Exchange Date. An exercise of the Call Right shall be consummated pursuant to the same timeframe and in the same manner as the relevant Exchange would have been consummated if SESI had not delivered a Call Election Notice.

Section 4.8 Mechanics of Exchanges.

(a) Upon the Exchange by a Member of all of its Units, such Member shall, for the avoidance of doubt, cease to be a Member of the Company.

(b) In the event SESI contributes to the Company the consideration the Exchanging Member is entitled to receive under Section 4.6(a)(i) or Section 4.7(a)(i), as applicable, or in the event SESI exercises its Call Right, for U.S. federal income (and applicable state and local) tax purposes, each of the Exchanging Member, the Company and SESI, as the case may be, agree to treat each Exchange and, in the event SESI exercises its Call Right, each transaction between the Exchanging Member and SESI, as a sale of the Exchanging Member's Units (together with the same number of shares of Class B Common Stock) to SESI in exchange for shares of Class A Common Stock or cash, as applicable.

(c) If (i) there is any reclassification, reorganization, recapitalization or other similar transaction pursuant to which the shares of Class A Common Stock are converted or changed into another security, securities or other property (other than as a result of a subdivision or combination or any transaction subject to Section 4.1(d)), or (ii) SESI, by dividend or otherwise, distributes to all holders of the shares of Class A Common Stock evidences of its Indebtedness or assets, including securities (including shares of Class A Common Stock and any rights, options or warrants to all holders of the shares of Class A Common Stock to subscribe for or to purchase or to otherwise acquire shares of Class A Common Stock, or other securities or rights convertible into, exchangeable for or exercisable for shares of Class A Common Stock) but excluding any cash dividend or distribution as well as any such distribution of Indebtedness or assets received

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by SESI from the Company in respect of the Units, then upon any subsequent Exchange, in addition to the shares of Class A Common Stock or the Cash Election Amount, as applicable, each Member shall be entitled to receive the amount of such security, securities or other property that such Member would have received if such Exchange had occurred immediately prior to the effective date of such reclassification, reorganization, recapitalization, other similar transaction, dividend or other distribution, taking into account any adjustment as a result of any subdivision (by any split, distribution or dividend, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse split, reclassification, recapitalization or otherwise) of such security, securities or other property that occurs after the effective time of such reclassification, reorganization, recapitalization or other similar transaction. For the avoidance of doubt, if there is any reclassification, reorganization, recapitalization or other similar transaction in which the shares of Class A Common Stock are converted or changed into another security, securities or other property, or any dividend or distribution (other than an excluded dividend or distribution, as described above), this Section 4.8(c) shall continue to be applicable, *mutatis mutandis*, with respect to such security or other property. This Agreement shall apply to the Units held by the Members and their Permitted Transferees as of the date hereof, as well as any Units hereafter acquired by a Member and his or her or its Permitted Transferees.

(d) SESI shall at all times keep available, solely for the purpose of issuance upon an Exchange, out of its authorized but unissued shares of Class A Common Stock or other Equity Securities, such number of shares of Class A Common Stock that shall be issuable upon the Exchange of all outstanding Units (other than those Units held by SESI or any Subsidiary of SESI); *provided*, that nothing contained herein shall be construed to preclude SESI from satisfying its obligations with respect to an Exchange by delivery of cash pursuant to a Cash Election or shares of Class A Common Stock or other Equity Securities that are held in the treasury of SESI. SESI covenants that all shares of Class A Common Stock and other Equity Securities that shall be issued upon an Exchange shall, upon issuance thereof, be validly issued, fully paid and non-assessable. In addition, for so long as the shares of Class A Common Stock or other Equity Securities are listed on a National Securities Exchange, SESI shall use its reasonable best efforts to cause all shares of Class A Common Stock and such other Equity Securities issued upon an Exchange to be listed on such National Securities Exchange at the time of such issuance.

(e) The issuance of shares of Class A Common Stock or other Equity Securities upon an Exchange shall be made without charge to the Exchanging Member for any stamp or other similar tax in respect of such issuance; *provided, however*, that if any such shares of Class A Common Stock or other Equity Securities are to be issued in a name other than that of the Exchanging Member, then the Person or Persons in whose name the shares are to be issued shall pay to SESI the amount of any tax that may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of SESI that such tax has been paid or is not payable.

(f) No Exchange shall impair the right of the Exchanging Member to receive any distributions payable on the Units redeemed pursuant to such Exchange in respect of a record date that occurs prior to the Exchange Date for such Exchange. For the avoidance of doubt, no Exchanging Member, or a Person designated by an Exchanging Member to receive shares of Class A Common Stock, shall be entitled to receive, with respect to such record date,

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distributions or dividends both on Units redeemed by the Company from such Exchanging Member and on shares of Class A Common Stock received by such Exchanging Member, or other Person so designated, if applicable, in such Exchange.

(g) Any Units acquired by the Company under Section 4.6 or Section 4.7 and transferred by the Company to SESI shall remain outstanding and shall not be cancelled as a result of their acquisition by the Company. Notwithstanding any other provision of this Agreement, SESI shall be automatically admitted as a member of the Company with respect to any Units or other Equity Securities in the Company it receives under this Agreement (including under Section 4.6 or Section 4.7 in connection with any Exchange).

ARTICLE V

ALLOCATIONS OF PROFITS AND LOSSES

Section 5.1 **Profits and Losses.** After giving effect to the allocations under Section 5.2 and subject to Section 5.4, Profits and Losses (and, to the extent determined by the Managing Member to be necessary and appropriate to achieve the resulting Capital Account balances described below, any allocable items of income, gain, loss, deduction or credit includable in the computation of Profits and Losses) for each Fiscal Year or other taxable period shall be allocated among the Members during such Fiscal Year or other taxable period in a manner such that, after giving effect to the special allocations set forth in Section 5.2 and all distributions through the end of such Fiscal Year, the Capital Account balance of each Member, immediately after making such allocation, is, as nearly as possible, equal to (i) the amount such Member would receive pursuant to Section 11.3(b) if all assets of the Company on hand at the end of such Fiscal Year or other taxable period were sold for cash equal to their Gross Asset Values, all liabilities of the Company were satisfied in cash in accordance with their terms (limited with respect to each nonrecourse liability to the Gross Asset Value of the assets securing such liability), and all remaining or resulting cash was distributed, in accordance with Section 11.3(b), to the Members immediately after making such allocation, *minus* (ii) such Member's share of Company Minimum Gain and Member Minimum Gain, computed immediately prior to the hypothetical sale of assets, and the amount any such Member is treated as obligated to contribute to the Company, computed immediately after the hypothetical sale of assets.

Section 5.2 **Special Allocations.**

(a) Nonrecourse Deductions for any Fiscal Year or other taxable period shall be specially allocated to the Members in the manner excess nonrecourse liabilities of the Company are allocated pursuant to Section 5.4(c). The amount of Nonrecourse Deductions for a Fiscal Year or other taxable period shall equal the excess, if any, of the net increase, if any, in the amount of Company Minimum Gain during that Fiscal Year or other taxable period over the aggregate amount of any distributions during that Fiscal Year or other taxable period of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain, determined in accordance with the provisions of Treasury Regulations Section 1.704-2(d).

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(b) Any Member Nonrecourse Deductions for any Fiscal Year or other taxable period shall be specially allocated to the Member who bears economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i). If more than one Member bears the economic risk of loss for such Member Nonrecourse Debt, the Member Nonrecourse Deductions attributable to such Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the economic risk of loss. This Section 5.2(b) is intended to comply with the provisions of Treasury Regulations Section 1.704-2(i) and shall be interpreted consistently therewith.

(c) Notwithstanding any other provision of this Agreement to the contrary, if there is a net decrease in Company Minimum Gain during any Fiscal Year or other taxable period (or if there was a net decrease in Company Minimum Gain for a prior Fiscal Year or other taxable period and the Company did not have sufficient amounts of income and gain during prior periods to allocate among the Members under this Section 5.2(c)), each Member shall be specially allocated items of Company income and gain for such Fiscal Year or other taxable period in an amount equal to such Member's share of the net decrease in Company Minimum Gain during such year (as determined pursuant to Treasury Regulations Section 1.704-2(g)(2)). This section is intended to constitute a minimum gain chargeback under Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(d) Notwithstanding any other provision of this Agreement except Section 5.2(c), if there is a net decrease in Member Minimum Gain during any Fiscal Year or other taxable period (or if there was a net decrease in Member Minimum Gain for a prior Fiscal Year or other taxable period and the Company did not have sufficient amounts of income and gain during prior periods to allocate among the Members under this Section 5.2(d)), each Member shall be specially allocated items of Company income and gain for such year in an amount equal to such Member's share of the net decrease in Member Minimum Gain (as determined pursuant to Treasury Regulations Section 1.704-2(i)(4)). This section is intended to constitute a partner nonrecourse debt minimum gain chargeback under Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(e) Notwithstanding any provision hereof to the contrary except Section 5.2(a) and Section 5.2(b), no Losses or other items of loss or expense shall be allocated to any Member to the extent that such allocation would cause such Member to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) at the end of such Fiscal Year or other taxable period. All Losses and other items of loss and expense in excess of the limitation set forth in this Section 5.2(e) shall be allocated to the Members who do not have an Adjusted Capital Account Deficit in proportion to their relative positive Capital Accounts but only to the extent that such Losses and other items of loss and expense do not cause any such Member to have an Adjusted Capital Account Deficit.

(f) Notwithstanding any provision hereof to the contrary except Section 5.2(c) and Section 5.2(d), in the event any Member unexpectedly receives any adjustment, allocation or distribution described in paragraph (4), (5) or (6) of Treasury Regulations Section 1.704-1(b)(2)(ii)(d), items of income and gain (consisting of a pro rata portion of each item of income, including gross income, and gain for the Fiscal Year or other taxable period) shall be specially

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allocated to such Member in an amount and manner sufficient to eliminate any Adjusted Capital Account Deficit of that Member as quickly as possible; provided that an allocation pursuant to this Section 5.2(f) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article V have been tentatively made as if this Section 5.2(f) were not in this Agreement. This Section 5.2(f) is intended to constitute a qualified income offset under Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(g) If any Member has a deficit balance in its Capital Account at the end of any Fiscal Year or other taxable period that is in excess of the sum of (i) the amount that such Member is obligated to restore and (ii) the amount that the Member is deemed to be obligated to restore pursuant to the penultimate sentence of Treasury Regulations Sections 1.704-2(g)(1) and (i)(5), that Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 5.2(g) shall be made only if and to the extent that such Member would have a deficit balance in its Capital Account in excess of such sum after all other allocations provided for in this Article V have been made as if Section 5.2(f) and this Section 5.2(g) were not in this Agreement.

(h) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Sections 734(b) or 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution to any Member in complete liquidation of such Member's Interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such item of gain or loss shall be allocated to the Members in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) if such section applies or to the Member to whom such distribution was made if Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(i) The allocations set forth in Sections 5.2(a) through 5.2(h) (the "**Regulatory Allocations**") are intended to comply with certain requirements of Treasury Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding any other provision of this Article V (other than the Regulatory Allocations), the Regulatory Allocations (and anticipated future Regulatory Allocations) shall be taken into account in allocating other items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocation of other items and the Regulatory Allocations to each Member should be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred. This Section 5.2(i) is intended to minimize to the extent possible and to the extent necessary any economic distortions which may result from application of the Regulatory Allocations and shall be interpreted in a manner consistent therewith.

Section 5.3 Allocations for Tax Purposes in General.

(a) Except as otherwise provided in this Section 5.3, each item of income, gain, loss and deduction of the Company for U.S. federal income tax purposes shall be allocated among the Members in the same manner as such item is allocated under Sections 5.1 and 5.2.

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(b) In accordance with Code Section 704(c) and the Treasury Regulations thereunder (including the Treasury Regulations applying the principles of Code Section 704(c) to changes in Gross Asset Values), items of income, gain, loss and deduction with respect to any Company property having a Gross Asset Value that differs from such property's adjusted U.S. federal income tax basis shall, solely for U.S. federal income tax purposes, be allocated among the Members to account for any such difference using the "traditional method with curative allocations," with the curative allocations applied only to sale gain, under Treasury Regulations Section 1.704-3(c) or such other method or methods as determined by the Managing Member to be appropriate and in accordance with the applicable Treasury Regulations.

(c) Any (i) recapture of depreciation or any other item of deduction shall be allocated, in accordance with Treasury Regulations Sections 1.1245-1(e) and 1.1254-5, to the Members who received the benefit of such deductions (taking into account the effect of remedial allocations), and (ii) recapture of grants credits shall be allocated to the Members in accordance with applicable law.

(d) Allocations pursuant to this Section 5.3 are solely for purposes of U.S. federal, state and local taxes and shall not affect or in any way be taken into account in computing any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

(e) If, as a result of an exercise of a noncompensatory option to acquire an interest in the Company, a Capital Account reallocation is required under Treasury Regulation Section 1.704-1(b)(2)(iv)(s)(3), the Company shall make corrective allocations pursuant to Treasury Regulation Section 1.704-1(b)(4)(x).

Section 5.4 Other Allocation Rules.

(a) The Members are aware of the income tax consequences of the allocations made by this Article V and the economic impact of the allocations on the amounts receivable by them under this Agreement. The Members hereby agree to be bound by the provisions of this Article V in reporting their share of Company income and loss for income tax purposes.

(b) The provisions regarding the establishment and maintenance for each Member of a Capital Account as provided by Section 4.4 and the allocations set forth in Sections 5.1, 5.2, and 5.3 are intended to comply with the Treasury Regulations and to reflect the intended economic entitlement of the Members. If the Managing Member determines, in its sole discretion, that the application of the provisions in Sections 4.4, 5.1, 5.2 or 5.3 would result in non-compliance with the Treasury Regulations or would be inconsistent with the intended economic entitlement of the Members, the Managing Member is authorized to make any appropriate adjustments to such provisions.

(c) All items of income, gain, loss, deduction and credit allocable to an interest in the Company that may have been Transferred shall be allocated between the Transferor and the Transferee based on the portion of the Fiscal Year or other taxable period during which each was recognized as the owner of such interest, without regard to the results of Company operations during any particular portion of that year and without regard to whether cash distributions were

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made to the Transferor or the Transferee during that year; *provided, however*, that this allocation must be made in accordance with a method permissible under Code Section 706 and the Treasury Regulations thereunder.

(d) The Members' proportionate shares of the "excess nonrecourse liabilities" of the Company, within the meaning of Treasury Regulations Section 1.752-3(a)(3), shall be allocated to the Members in any manner determined by the Managing Member and permissible under the Treasury Regulations.

ARTICLE VI

DISTRIBUTIONS

Section 6.1 Distributions.

(a) Distributions. To the extent permitted by applicable Law and hereunder, and except as otherwise provided in Section 11.3, distributions to Members may be declared by the Managing Member out of funds legally available therefor in such amounts and on such terms (including the payment dates of such distributions) as the Managing Member shall determine using such record date as the Managing Member may designate; any such distribution shall be made to the Members as of the close of business on such record date on a pro rata basis (except that, for the avoidance of doubt, the SES Legacy Distribution, repurchases or redemptions made in accordance with Section 4.1(f) or payments made in accordance with Section 7.4 or Section 7.9 need not be on a pro rata basis), in accordance with the number of Units owned by each Member as of the close of business on such record date; *provided, however*, that the Managing Member shall have the obligation to make distributions as set forth in Section 6.2 and Section 11.3(b)(iii); and *provided further* that, notwithstanding any other provision herein to the contrary, no distributions shall be made to any Member to the extent such distribution would render the Company insolvent or violate the Act. For purposes of the foregoing sentence, insolvency means the inability of the Company to

meet its payment obligations when due. Promptly following the designation of a record date and the declaration of a distribution pursuant to this Section 6.1, the Managing Member shall give notice to each Member of the record date, the amount and the terms of the distribution and the payment date thereof.

(b) Successors. For purposes of determining the amount of distributions, each Member shall be treated as having made the Capital Contributions and as having received the distributions made to or received by its predecessors in respect of any of such Member's Units.

(c) Distributions In-Kind. Except as otherwise provided in this Agreement, any distributions may be made in cash or in kind, or partly in cash and partly in kind, as determined by the Managing Member. To the extent that the Company distributes property in-kind to the Members, the Company shall be treated as making a distribution equal to the Fair Market Value of such property for purposes of Section 6.1(a) and such property shall be treated as if it were sold for an amount equal to its Fair Market Value. Any resulting gain or loss shall be allocated to the Member's Capital Accounts in accordance with Section 5.1 and Section 5.2.

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Section 6.2 Tax-Related Distributions. The Company shall make distributions to all Members on a pro rata basis, in accordance with the number of Units owned by each Member, at such times and in such amounts as the Managing Member reasonably determines is necessary to enable SESI to timely satisfy (a) all of its U.S. federal, state and local and non-U.S. tax liabilities and (b) all of its obligations under the Tax Receivable Agreements.

Section 6.3 Distribution Upon Withdrawal. No withdrawing Member shall be entitled to receive any distribution or the value of such Member's Interest in the Company as a result of withdrawal from the Company prior to the liquidation of the Company, except as specifically provided in this Agreement.

ARTICLE VII MANAGEMENT

Section 7.1 The Managing Member: Fiduciary Duties

(a) SES Legacy shall be the sole Managing Member of the Company prior to the SESI Effective Time. Immediately upon the SESI Effective Time, without any further action by any Member (including the then Managing Member), SESI shall become the sole Managing Member of the Company. Except as otherwise required by Law, (i) the Managing Member shall have full and complete charge of all affairs of the Company, (ii) the management and control of the Company's business activities and operations shall rest exclusively with the Managing Member, and the Managing Member shall make all decisions regarding the business, activities and operations of the Company (including the incurrence of costs and expenses) in its sole discretion without the consent of any other Member and (iii) the Members other than the Managing Member (in their capacity as such) shall not participate in the control, management, direction or operation of the activities or affairs of the Company and shall have no power to act for or bind the Company.

(b) In connection with the performance of its duties as the Managing Member of the Company, except as otherwise set forth herein, the Managing Member acknowledges that it will owe to the Members the same fiduciary duties as it would owe to the stockholders of a Delaware corporation if it were a member of the board of directors of such a corporation and the Members were stockholders of such corporation. The Members acknowledge that the Managing Member will take action through its board of directors, and that the members of the Managing Member's board of directors will owe comparable fiduciary duties to the stockholders of the Managing Member. The provisions of this Agreement, to the extent that they restrict or eliminate the duties (including fiduciary duties) and liabilities of the Managing Member otherwise existing at law or in equity, are agreed by the Members to replace, to the fullest extent permitted by applicable Law, such other duties and liabilities of the Managing Member.

(c) Whenever in this Agreement or any other agreement contemplated herein, the Managing Member is permitted or required to take any action or to make a decision in its "sole discretion" or "discretion" or under a grant of similar authority or latitude, the Managing Member shall be entitled to consider such interests and factors as it desires, including its own

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interests, and shall, to the fullest extent permitted by applicable Law, have no duty or obligation to give any consideration to any interest of or factors affecting the Company or other Members.

Section 7.2 Officers

(a) The Managing Member may appoint, employ or otherwise contract with any Person for the transaction of the business of the Company or the performance of services for or on behalf of the Company, and the Managing Member may delegate to any such Persons such authority to act on behalf of the Company as the Managing Member may from time to time deem appropriate.

(b) The initial president and chief executive officer of the Company (the "**President and Chief Executive Officer**") will be John D. Schmitz.

(c) Except as otherwise set forth herein, the President and Chief Executive Officer will be responsible for the general and active management of the business of the Company and its Subsidiaries and will see that all orders of the Managing Member are carried into effect. The President and Chief Executive Officer will report to the Managing Member and have the general powers and duties of management usually vested in the office of president and chief executive officer of a corporation organized under the DGCL, subject to the terms of this Agreement, and will have such other powers and duties as may be prescribed by the Managing Member or this Agreement. The President and Chief Executive Officer will have the power to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Company, except where required or permitted by Law to be otherwise signed and executed, and except where the signing and execution thereof will be expressly delegated by the Managing Member to some other Officer or agent of the Company.

(d) Except as set forth herein, the Managing Member may appoint Officers at any time, and the Officers may include one or more vice presidents, a secretary, one or more assistant secretaries, a chief financial officer, a general counsel, a treasurer, one or more assistant treasurers, a chief operating officer, an executive chairman, and any other officers that the Managing Member deems appropriate. Except as set forth herein, the Officers will serve at the pleasure of the Managing Member, subject to all rights, if any, of such Officer under any contract of employment. Any individual may hold any number of offices, and an Officer may, but need not, be a Member of the Company. The Officers will exercise such powers and perform such duties as specified in this Agreement or as determined from time to time by the Managing Member.

(e) Subject to this Agreement and to the rights, if any, of an Officer under a contract of employment, any Officer may be removed, either with or without cause, by the Managing Member. Any Officer may resign at any time by giving written notice to the Managing Member. Any resignation will take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation will not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the Officer is a party. A vacancy in any office because of death, resignation, removal, disqualification or any other cause will be filled in the manner prescribed in this Agreement for regular appointments to that office.

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Section 7.3 **Warranted Reliance by Officers on Others.** In exercising their authority and performing their duties under this Agreement, the Officers shall be entitled to rely on information, opinions, reports, or statements of the following persons or groups unless they have actual knowledge concerning the matter in question that would cause such reliance to be unwarranted:

- (a) one or more employees or other agents of the Company or subordinates whom the Officer reasonably believes to be reliable and competent in the matters presented; and
- (b) any attorney, public accountant, or other person as to matters which the Officer reasonably believes to be within such person's professional or expert competence.

Section 7.4 **Indemnification.** Subject to the limitations and conditions provided in this Section 7.4, each Person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or arbitral (each, a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact he, she or it, or a Person of which he, she or it is the legal representative, is or was a Member, an Officer, or acting as the, Managing Member, Tax Matters Member or Company Representative of the Company, in each case, shall be indemnified by the Company to the fullest extent permitted by applicable Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such Law permitted the Company to provide prior to such amendment) against all judgment, penalties (including excise and similar taxes and punitive damages), fines, settlement and reasonable expenses (including reasonable attorneys' fees and expenses) actually incurred by such Person in connection with such Proceeding, appeal, inquiry or investigation, if such Person acted in Good Faith. Reasonable expenses incurred by a Person of the type entitled to be indemnified under this Section 7.4 who was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Company in advance of the final disposition of the Proceeding upon receipt of an undertaking by or on behalf of such Person to repay such amount if it shall ultimately be determined that he, she or it is not entitled to be indemnified by the Company. Indemnification under this Section 7.4 shall continue as to a Person who has ceased to serve in the capacity which initially entitled such Person to indemnity hereunder. The rights granted pursuant to this Section 7.4 shall be deemed contract rights, and no amendment, modification or repeal of this Section 7.4 shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings, appeals, inquiries or investigations arising prior to any amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Section 7.4 could involve indemnification for negligence or under theories of strict liability.

Section 7.5 **Maintenance of Insurance or Other Financial Arrangements.** In compliance with applicable Law, the Company (with the approval of the Managing Member) may purchase and maintain insurance or make other financial arrangements on behalf of any Person who is or was a Member, employee or agent of the Company, or at the request of the Company is or was serving as a manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, for any Liability asserted against such Person and Liability and expenses incurred by such Person in such

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Person's capacity as such, or arising out of such Person's status as such, whether or not the Company has the authority to indemnify such Person against such Liability and expenses.

Section 7.6 **Resignation or Termination of SESI as Managing Member.** Upon its admission as the Managing Member in accordance with the terms of this Agreement, SESI shall not, by any means, resign as, cease to be or be replaced as Managing Member except in compliance with this Section 7.6. No termination or replacement of SESI as Managing Member shall be effective unless proper provision is made, in compliance with this Agreement, so that the obligations of SESI, its successor (if applicable) and any new Managing Member and the rights of all Members under this Agreement and applicable Law remain in full force and effect. No appointment of a Person other than SESI (or its successor, as applicable) as Managing Member shall be effective unless SESI (or its successor, as applicable) and the new Managing Member (as applicable) provide all other Members with contractual rights, directly enforceable by such other Members against SESI (or its successor, as applicable) and the new Managing Member (as applicable), to cause (a) SESI to comply with all of SESI's obligations under this Agreement (including its obligations under Section 4.6, Section 4.7 and Section 4.8) other than those that must necessarily be taken in its capacity as Managing Member and (b) the new Managing Member to comply with all the Managing Member's obligations under this Agreement.

Section 7.7 **No Inconsistent Obligations.** The Managing Member represents that it does not have any contracts, other agreements, duties or obligations that are inconsistent with its duties and obligations (whether or not in its capacity as Managing Member) under this Agreement and covenants that, except as permitted by Section 7.1, it will not enter into any contracts or other agreements or undertake or acquire any other duties or obligations that are inconsistent with such duties and obligations.

Section 7.8 **Reclassification Events of SESI.** If a Reclassification Event occurs, the Managing Member or its successor, as the case may be, shall, as and to the extent necessary, amend this Agreement in compliance with Section 12.1, and enter into any necessary supplementary or additional agreements, to ensure that, following the effective date of the Reclassification Event: (a) the exchange rights of holders of Units and of the Company set forth in Section 4.6, Section 4.7 and Section 4.8 provide that each Unit and share of Class B Common Stock is exchangeable for the same amount and same type of property, securities or cash (or combination thereof) that one share of Class A Common Stock becomes exchangeable for or converted into as a result of the Reclassification Event and (b) SESI or the successor to SESI, as applicable, is obligated to deliver such property, securities or cash upon such exchange. SESI shall not consummate or agree to consummate any Reclassification Event unless the successor Person, if any, becomes obligated to comply with the obligations of SESI (in whatever capacity) under this Agreement.

Section 7.9 **Certain Costs and Expenses.** The Company shall (a) pay, or cause to be paid, all costs, fees, operating expenses and other expenses of the Company and SES Legacy (including the costs, fees and expenses of attorneys, accountants or other professionals and the compensation of all personnel providing services to the Company and SES Legacy) incurred in pursuing and conducting, or otherwise related to, the activities of the Company and SES Legacy, and (b) in the sole discretion of the Managing Member, reimburse the Managing Member for any costs, fees or expenses incurred by it in connection with serving as the Managing Member. To

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the extent that the Managing Member determines in its sole discretion that such expenses are related to the business and affairs of the Managing Member that are conducted through the Company and/or its Subsidiaries (including expenses that relate to the business and affairs of the Company and/or its Subsidiaries and that also relate to other activities of the Managing Member), the Managing Member may cause the Company to pay or bear all expenses of the Managing Member, including, without limitation, costs of securities offerings not borne directly by members, board of directors compensation and meeting costs, cost of periodic reports to its stockholders, litigation costs and damages arising from litigation, accounting and legal costs; *provided* that the Company shall not pay or bear any income tax obligations of the Managing Member. For the avoidance of doubt, any payments made to or on behalf of the Managing Member pursuant to this Section 7.9 shall not be treated as a distribution pursuant to Section 6.1(a) but shall instead be treated as an expense of the Company.

ARTICLE VIII

ROLE OF MEMBERS

Section 8.1 **Rights or Powers.** Other than the Managing Member, the Members, acting in their capacity as Members, shall not have any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way. Notwithstanding the foregoing, the Members

have all the rights and powers specifically set forth in this Agreement and, to the extent not inconsistent with this Agreement, in the Act. A Member, any Affiliate thereof or an employee, stockholder, agent, director or officer of a Member or any Affiliate thereof, may also be an employee or be retained as an agent of the Company. The existence of these relationships and acting in such capacities will not result in the Member (other than the Managing Member) being deemed to be participating in the control of the business of the Company or otherwise affect the limited liability of the Member. Except as specifically provided herein, a Member (other than the Managing Member) shall not, in its capacity as a Member, take part in the operation, management or control of the Company's business, transact any business in the Company's name or have the power to sign documents for or otherwise bind the Company

Section 8.2 **Voting.**

(a) Meetings of the Members may be called upon the written request of Members holding at least 50% of the outstanding Units. Such request shall state the location of the meeting and the nature of the business to be transacted at the meeting. Written notice of any such meeting shall be given to all Members not less than two Business Days and not more than 30 days prior to the date of such meeting. Members may vote in person, by proxy or by telephone at any meeting of the Members and may waive advance notice of such meeting. Whenever the vote or consent of Members is permitted or required under this Agreement, such vote or consent may be given at a meeting of the Members or may be given in accordance with the procedure prescribed in this Section 8.2. Except as otherwise expressly provided in this Agreement, the affirmative vote of the Members holding a majority of the outstanding Units shall constitute the act of the Members.

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(b) Each Member may authorize any Person or Persons to act for it by proxy on all matters in which such Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by such Member or its attorney-in-fact. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.

(c) Each meeting of Members shall be conducted by an Officer designated by the Managing Member or such other individual person as the Managing Member deems appropriate.

(d) Any action required or permitted to be taken by the Members may be taken without a meeting if the requisite Members whose approval is necessary consent thereto in writing.

Section 8.3 **Various Capacities.** The Members acknowledge and agree that the Members or their Affiliates will from time to time act in various capacities, including as a Member and as the Tax Matters Member or Company Representative.

ARTICLE IX

TRANSFERS OF INTERESTS

Section 9.1 **Restrictions on Transfer.**

(a) Except as provided in Section 4.6 and Section 4.7 and any other Transfers occurring in connection with this Agreement (including such Transfers provided for in Section 3.1(a)) and except for the Transfers by a Member to Permitted Transferee, no Member shall Transfer all or any portion of its Interest without the Managing Member's prior written consent, which consent shall be granted or withheld in the Managing Member's sole discretion. If, notwithstanding the provisions of this Section 9.1(a), all or any portion of a Member's Interests are Transferred in violation of this Section 9.1(a), involuntarily, by operation of law or otherwise, then without limiting any other rights and remedies available to the other parties under this Agreement or otherwise, the Transferee of such Interest (or portion thereof) shall not be admitted to the Company as a Member or be entitled to any rights as a Member hereunder, and the Transferor will continue to be bound by all obligations hereunder, unless and until the Managing Member consents in writing to such admission, which consent shall be granted or withheld in the Managing Member's sole discretion. Any attempted or purported Transfer of all or a portion of a Member's Interests in violation of this Section 9.1(a) shall be null and void and of no force or effect whatsoever. For the avoidance of doubt, the restrictions on Transfer contained in this Article IX shall not apply to the Transfer of any capital stock of the Managing Member; *provided* that no shares of Class B Common Stock may be Transferred unless a corresponding number of Units are Transferred therewith in accordance with this Agreement.

(b) In addition to any other restrictions on Transfer herein contained, including the provisions of this Article IX, in no event may any Transfer or assignment of Interests by any Member be made (i) to any Person who lacks the legal right, power or capacity to own Interests; (ii) if in the opinion of legal counsel or a qualified tax advisor to the Company such Transfer

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presents a material risk that such Transfer would cause the Company to cease to be classified as a partnership or to be classified as a "publicly traded partnership" within the meaning of Section 7704(b) of the Code; (iii) if such Transfer would cause the Company to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3 (14) of ERISA) or a "disqualified person" (as defined in Section 4975(e)(2) of the Code); (iv) if such Transfer would, in the opinion of counsel to the Company, cause any portion of the assets of the Company to constitute assets of any employee benefit plan pursuant to the Plan Asset Regulation or otherwise cause the Company to be subject to regulation under ERISA; (v) if such Transfer would violate applicable state or federal securities laws; or (vi) if such Transfer subjects the Company to regulation under the Investment Company Act or the Investment Advisers Act of 1940, each as amended (or any succeeding law). Any Transfer purported to be made in violation of this Section 9.1(b) shall be void ab initio.

Section 9.2 **Notice of Transfer.** Other than in connection with Transfers made pursuant to Section 4.6 or Section 4.7, each Member shall, after complying with the provisions of this Agreement, but in any event no later than three Business Days following any Transfer of Interests, give written notice to the Company of such Transfer. Each such notice shall describe the manner and circumstances of the Transfer.

Section 9.3 **Transferee Members.** A Transferee of Interests pursuant to this Article IX shall have the right to become a Member only if (a) the requirements of this Article IX are met, (b) such Transferee executes an instrument reasonably satisfactory to the Managing Member agreeing to be bound by the terms and provisions of this Agreement and assuming all of the Transferor's then existing and future Liabilities arising under or relating to this Agreement, (c) such Transferee represents that the Transfer was made in accordance with all applicable securities Laws, (d) the Transferor or Transferee shall have reimbursed the Company for all reasonable expenses (including attorneys' fees and expenses) of any Transfer or proposed Transfer of a Member's Interest, whether or not consummated and (e) if such Transferee or his or her spouse is a resident of a community property jurisdiction, then such Transferee's spouse shall also execute an instrument reasonably satisfactory to the Managing Member agreeing to be bound by the terms and provisions of this Agreement to the extent of his or her community property or quasi-community property interest, if any, in such Member's Interest. Unless agreed to in writing by the Managing Member, the admission of a Member shall not result in the release of the Transferor from any Liability that the Transferor may have to each remaining Member or to the Company under this Agreement or any other Contract between the Managing Member, the Company or any of its Subsidiaries, on the one hand, and such Transferor or any of its Affiliates, on the other hand. Written notice of the admission of a Member shall be sent promptly by the Company to each remaining Member. Notwithstanding anything to the contrary in this Section 9.3, and except as otherwise provided in this Agreement, following a Transfer by one or more Members (or a transferee of the type described in this sentence) to a Permitted Transferee of all or substantially all of their Interests, such transferee shall succeed to all of the rights of such Member(s) under this Agreement.

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

THESE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SUCH ACT.

THE TRANSFER AND VOTING OF THESE SECURITIES IS SUBJECT TO THE CONDITIONS SPECIFIED IN THE EIGHTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF SES HOLDINGS, LLC DATED AS OF DECEMBER 19, 2016 AMONG THE MEMBERS LISTED THEREIN, AS IT MAY BE AMENDED, SUPPLEMENTED AND/OR RESTATED FROM TIME TO TIME, AND NO TRANSFER OF THESE SECURITIES WILL BE VALID OR EFFECTIVE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. COPIES OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE ISSUER OF SUCH SECURITIES.”

ARTICLE X

ACCOUNTING

Section 10.1 **Books of Account.** The Company shall, and shall cause each Subsidiary to, maintain true books and records of account in which full and correct entries shall be made of all its business transactions pursuant to a system of accounting established and administered in accordance with GAAP, and shall set aside on its books all such proper accruals and reserves as shall be required under GAAP.

Section 10.2 **Tax Elections.**

(a) The Company and any eligible Subsidiary shall make an election pursuant to Section 754 of the Code, shall not thereafter revoke such election and shall make a new election pursuant to Section 754 of the Code to the extent necessary following any “termination” of the Company or the Subsidiary, as applicable, under Section 708 of the Code. In addition, the Company shall make the following elections on the appropriate forms or tax returns:

- (i) to adopt the calendar year as the Company’s Fiscal Year, if permitted under the Code;
- (ii) to adopt the accrual method of accounting for U.S. federal income tax purposes;
- (iii) to elect to amortize the organizational expenses of the Company as permitted by Section 709(b) of the Code; and

- (iv) any other election the Managing Member may deem appropriate and in the best interests of the Company.

(b) Upon request of the Managing Member, each Member shall cooperate in good faith with the Company in connection with the Company’s efforts to elect out of the application of the company-level audit and adjustment rules of the Bipartisan Budget Act of 2015, if applicable. None of the Managing Member, the Members or the Company shall make any election under Section 1101(g)(4) of the Bipartisan Budget Act of 2015 to have the provisions of the Bipartisan Budget Act of 2015 governing “Subchapter C — Treatment of Partnerships” apply to any tax return of the Company filed for a taxable year beginning prior to January 1, 2018.

Section 10.3 **Tax Returns; Information.** The Tax Matters Member or Company Representative (as applicable) shall arrange for the preparation and timely filing of all income and other tax and informational returns of the Company. The Tax Matters Member or Company Representative (as applicable) shall furnish to each Member a copy of each approved return and statement, together with any schedules or other information which each Member may require in connection with such Member’s own tax affairs as soon as practicable (but in no event more than 60 days after the end of each Fiscal Year). The Members agree to take all actions reasonably requested by the Company or the Company Representative to comply with the Bipartisan Budget Act of 2015, including where applicable, filing amended returns as provided in Sections 6225 or 6226 of the Code and providing confirmation thereof to the Company Representative.

Section 10.4 **Tax Matters Member and Company Representative.** The Managing Member is specially authorized and appointed to act as the Tax Matters Member and as the Company Representative (as applicable) and in any similar capacity under state or local Law. The Tax Matters Member or Company Representative (as applicable) may retain, at the Company’s expense, such outside counsel, accountants and other professional consultants as it may reasonably deem necessary in the course of fulfilling its obligations as Tax Matters Member or Company Representative (as applicable).

Section 10.5 **Withholding Tax Payments and Obligations.**

(a) The Company and its Subsidiaries may withhold from distributions, allocations or portions thereof if it is required to do so by any applicable rule, regulation or law, and each Member hereby authorizes the Company and its Subsidiaries to withhold or pay on behalf of or with respect to such Member any amount of taxes that the Managing Member determines, in good faith, that the Company or any of its Subsidiaries is required to withhold or pay with respect to any amount distributable or allocable to such Member pursuant to this Agreement.

(b) To the extent that any tax is paid by (or withheld from amounts payable to) the Company or any of its Subsidiaries and the Managing Member determines, in good faith, that such tax relates to one or more specific Members (including any tax payable by the Company or any of its Subsidiaries pursuant to Section 6225 of the Code with respect to items of income, gain, loss deduction or credit allocable or attributable to such Member), such tax shall be treated as an amount of taxes withheld or paid with respect to such Member pursuant to this Section 10.5.

(c) For all purposes under this Agreement, any amounts withheld or paid with respect to a Member pursuant to this Section 10.5 shall be treated as if distributed to such Member at the time such withholding or payment is made. Further, to the extent that the cumulative amount of such withholding or payment for any period exceeds the distributions to which such Member is entitled for such period, the amount of such excess shall be considered a loan from the Company to such Member, with interest accruing at the Prime Rate in effect from time to time, compounded annually. The Managing Member may, in its discretion, either demand payment of the principal and accrued interest on such demand loan at any time (which payment shall not be deemed a Capital Contribution for purposes of this Agreement), and enforce payment thereof

by legal process, or may withhold from one or more distributions to a Member amounts sufficient to satisfy such Member's obligations under any such demand loan.

(d) Neither the Company nor the Managing Member shall be liable for any excess taxes withheld in respect of any Member, and, in the event of overwithholding, a Member's sole recourse shall be to apply for a refund from the appropriate Governmental Entity.

(e) Notwithstanding any other provision of this Agreement, (i) any Person who ceases to be a Member shall be treated as a Member for purposes of this [Section 10.5](#) and (ii) the obligations of a Member pursuant to this [Section 10.5](#) shall survive indefinitely with respect to any taxes withheld or paid by the Company that relate to the period during which such Person was actually a Member, regardless of whether such taxes are assessed, withheld or otherwise paid during such period.

ARTICLE XI

DISSOLUTION AND TERMINATION

Section 11.1 **Liquidating Events.** The Company shall dissolve and commence winding up and liquidating upon the first to occur of the following ("Liquidating Events"):

- (a) The sale of all or substantially all of the assets of the Company; and
- (b) The determination of the Managing Member to dissolve, wind up, and liquidate the Company.

The Members hereby agree that the Company shall not dissolve prior to the occurrence of a Liquidating Event and that no Member shall seek a dissolution of the Company, under Section 18-802 of the Act or otherwise, other than based on the matters set forth in subsections (a) and (b) above. If it is determined by a court of competent jurisdiction that the Company has dissolved prior to the occurrence of a Liquidating Event, the Members hereby agree to continue the business of the Company without a winding up or liquidation. In the event of a dissolution pursuant to [Section 11.1\(b\)](#), the relative economic rights of each class of Units immediately prior to such dissolution shall be preserved to the greatest extent practicable with respect to distributions made to Members pursuant to [Section 11.3](#) in connection with such dissolution, taking into consideration tax and other legal constraints that may adversely affect one or more parties to such dissolution and subject to compliance with applicable laws and regulations,

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unless, with respect to any class of Units, holders of a majority of the Units of such class consent in writing to a treatment other than as described above.

Section 11.2 **Bankruptcy.** For purposes of this Agreement, the "bankruptcy" of a Member shall mean the occurrence of any of the following: (a) any Governmental Entity shall take possession of any substantial part of the property of that Member or shall assume control over the affairs or operations thereof, or a receiver or trustee shall be appointed, or a writ, order, attachment or garnishment shall be issued with respect to any substantial part thereof, and such possession, assumption of control, appointment, writ or order shall continue for a period of 90 consecutive days; or (b) a Member shall admit in writing of its inability to pay its debts when due, or make an assignment for the benefit of creditors; or apply for or consent to the appointment of any receiver, trustee or similar officer or for all or any substantial part of its property; or shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debts, dissolution, liquidation, or similar proceeding under the Laws of any jurisdiction; or (c) a receiver, trustee or similar officer shall be appointed for such Member or with respect to all or any substantial part of its property without the application or consent of that Member, and such appointment shall continue undischarged or unstayed for a period of 90 consecutive days or any bankruptcy, insolvency, reorganization, arrangements, readjustment of debt, dissolution, liquidation or similar proceedings shall be instituted (by petition, application or otherwise) against that Member and shall remain undismissed for a period of 90 consecutive days.

Section 11.3 **Procedure.**

(a) In the event of the dissolution of the Company for any reason, the Members shall commence to wind up the affairs of the Company and to liquidate the Company's investments; *provided* that if a Member is in bankruptcy or dissolved, another Member, who shall be the Managing Member ("**Winding-Up Member**") shall commence to wind up the affairs of the Company and, subject to [Section 11.4\(a\)](#), such Winding-Up Member shall have full right and unlimited discretion to determine in good faith the time, manner and terms of any sale or sales of the Property or other assets pursuant to such liquidation, having due regard to the activity and condition of the relevant market and general financial and economic conditions. The Members shall continue to share profits, losses and distributions during the period of liquidation in the same manner and proportion as though the Company had not dissolved. The Company shall engage in no further business except as may be necessary, in the reasonable discretion of the Managing Member or the Winding-Up Member, as applicable, to preserve the value of the Company's assets during the period of dissolution and liquidation.

(b) Following the payment of all expenses of liquidation and the allocation of all Profits and Losses as provided in [Article V](#), the proceeds of the liquidation and any other funds of the Company shall be distributed in the following order of priority:

(i) First, to the payment and discharge of all of the Company's debts and Liabilities to creditors (whether third parties or Members), in the order of priority as provided by Law, except any obligations to the Members in respect of their Capital Accounts;

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(ii) Second, to set up such cash reserves which the Managing Member reasonably deems necessary for contingent or unforeseen Liabilities or future payments described in [Section 11.3\(b\)\(i\)](#) (which reserves when they become unnecessary shall be distributed in accordance with the provisions of subsection (iii), below); and

(iii) Third, subject to [Section 6.2\(b\)](#), the balance to the Members, pro rata in proportion to their respective Units.

(c) Except as provided in [Section 11.4\(a\)](#), no Member shall have any right to demand or receive property other than cash upon dissolution and termination of the Company.

(d) Upon the completion of the liquidation of the Company and the distribution of all Company funds, the Company shall terminate and the Managing Member or the Winding-Up Member, as the case may be, shall have the authority to execute and record a certificate of cancellation of the Company, as well as any and all other documents required to effectuate the dissolution and termination of the Company.

Section 11.4 **Rights of Members.**

(a) Each Member irrevocably waives any right that it may have to maintain an action for partition with respect to the property of the Company.

(b) Except as otherwise provided in this Agreement, (i) each Member shall look solely to the assets of the Company for the return of its Capital Contributions, and (ii) no Member shall have priority over any other Member as to the return of its Capital Contributions, distributions or allocations.

Section 11.5 **Notices of Dissolution.** In the event a Liquidating Event occurs or an event occurs that would, but for the provisions of Section 11.1, result in a dissolution of the Company, the Company shall, within 30 days thereafter, (a) provide written notice thereof to each of the Members and to all other parties with whom the Company regularly conducts business (as determined in the discretion of the Managing Member), and (b) comply, in a timely manner, with all filing and notice requirements under the Act or any other applicable Law.

Section 11.6 **Reasonable Time for Winding Up.** A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets in order to minimize any losses that might otherwise result from such winding up.

Section 11.7 **No Deficit Restoration.** No Member shall be personally liable for a deficit Capital Account balance of that Member, it being expressly understood that the distribution of liquidation proceeds shall be made solely from existing Company assets.

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ARTICLE XII

GENERAL

Section 12.1 **Amendments; Waivers.**

(a) The terms and provisions of this Agreement may be waived, modified or amended (including by means of merger, consolidation or other business combination to which the Company is a party) only with the approval of the Managing Member; *provided, however*, that no amendment to this Agreement may:

(i) modify the limited liability of any Member, or increase the liabilities or obligations of any Member, in each case, without the consent of each such affected Member;

(ii) materially alter or change any rights, preferences or privileges of any Interests in a manner that is different or prejudicial relative to any other Interests, without the approval of a majority in interest of the Members holding the Interests affected in such a different or prejudicial manner; or

(iii) without limiting Section 12.1(a)(i) or Section 12.1(a)(ii), without the prior written consent of any member of SES Legacy Group, no amendment may be made pursuant to this Section 12.1 which would amend in an adverse manner the rights of such member of the SES Legacy Group.

(b) Notwithstanding the foregoing subsection (a), the Managing Member, acting alone, may amend this Agreement, including Exhibit A, (i) to reflect the admission of new Members, Transfers of Interests, the issuance of additional Units or Equity Securities, as provided by the terms of this Agreement, and, subject to Section 12.1(a), subdivisions or combinations of Units made in compliance with Section 4.1(g) and (ii) to the minimum extent necessary to (A) comply with the provisions of the Bipartisan Budget Act of 2015 and any Treasury Regulations or other administrative pronouncements promulgated thereunder and (B) to administer the effects of such provisions in an equitable manner.

(c) No waiver of any provision or default under, nor consent to any exception to, the terms of this Agreement or any agreement contemplated hereby shall be effective unless in writing and signed by the party to be bound and then only to the specific purpose, extent and instance so provided.

Section 12.2 **Further Assurances.** Each party agrees that it will from time to time, upon the reasonable request of another party, execute such documents and instruments and take such further action as may be required to accomplish the purposes of this Agreement.

Section 12.3 **Successors and Assigns.** All of the terms and provisions of this Agreement shall be binding upon the parties and their respective successors and assigns, but shall inure to the benefit of and be enforceable by the successors and assigns of any Member only to the extent that they are permitted successors and assigns pursuant to the terms hereof. No party may assign its rights hereunder except as herein expressly permitted.

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Section 12.4 **Entire Agreement.** This Agreement, together with all Exhibits and Schedules hereto and all other agreements referenced therein and herein, constitute the entire agreement between 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 and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein and therein.

Section 12.5 **Rights of Members Independent.** The rights available to the Members under this Agreement and at Law shall be deemed to be several and not dependent on each other and each such right accordingly shall be construed as complete in itself and not by reference to any other such right. Any one or more and/or any combination of such rights may be exercised by a Member and/or the Company from time to time and no such exercise shall exhaust the rights or preclude another Member from exercising any one or more of such rights or combination thereof from time to time thereafter or simultaneously.

Section 12.6 **Governing Law.** This Agreement, the legal relations between the parties and any Action, whether contractual or non-contractual, instituted by any party with respect to matters arising under or growing out of or in connection with or in respect of this Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware applicable to contracts made and performed in such State and without regard to conflicts of law doctrines.

Section 12.7 **Jurisdiction and Venue.** The parties hereto hereby agree and consent to be subject to the jurisdiction of any federal court of the District of Delaware or the Delaware Court of Chancery over any action, suit or proceeding (a "**Legal Action**") arising out of or in connection with this Agreement. The parties hereto irrevocably waive the defense of an inconvenient forum to the maintenance of any such Legal Action. Each of the parties hereto further irrevocably consents to the service of process out of any of the aforementioned courts in any such Legal Action by the mailing of copies thereof by registered mail, postage prepaid, to such party at its address set forth in this Agreement, such service of process to be effective upon acknowledgment of receipt of such registered mail. Nothing in this Section 12.7 shall affect the right of any party hereto to serve legal process in any other manner permitted by law.

Section 12.8 **Headings.** The descriptive headings of the Articles, Sections and subsections of this Agreement are for convenience only and do not constitute a part of this Agreement.

Section 12.9 **Counterparts.** This Agreement and any amendment hereto or any other agreement (or document) delivered pursuant hereto may be executed in one or more counterparts and by different parties in separate counterparts. All of such counterparts shall constitute one and the same agreement (or other document) and shall become effective (unless otherwise provided therein) when one or more counterparts have been signed by each party and delivered to the other party.

Section 12.10 **Notices.** Any notice or other communication hereunder must be given in writing and (a) delivered in person, (b) transmitted by facsimile or telecommunications

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mechanism, *provided*, that any notice so given is also mailed as provided in clause (c), or (c) mailed by certified or registered mail, postage prepaid, receipt requested as follows:

If to the Company or the Managing Member, addressed to it at:

SES Holdings, LLC
1820 N. I-35, P.O. Box 1715
Gainesville, TX 76241
Facsimile: (940) 612-2924
Attention: Gary Gillette

With copies (which shall not constitute notice) to:

Crestview Partners
667 Madison Avenue, 10th Floor
New York, NY 10065
Facsimile: (212) 906-0793
Attention: Adam J. Klein

and

Vinson & Elkins L.L.P.
1001 Fannin St., Suite 2500
Houston, TX 77002
Facsimile: (713) 615-5085
Attention: Keith R. Fullenweider

or to such other address or to such other person as either party shall have last designated by such notice to the other parties. Each such notice or other communication shall be effective (i) if given by telecommunication, when transmitted to the applicable number so specified in (or pursuant to) this Section 12.10 and an appropriate answerback is received or, if transmitted after 4:00 p.m. local time on a Business Day in the jurisdiction to which such notice is sent or at any time on a day that is not a Business Day in the jurisdiction to which such notice is sent, then on the immediately following Business Day, (ii) if given by mail, on the first Business Day in the jurisdiction to which such notice is sent following the date three days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, on the Business Day when actually received at such address or, if not received on a Business Day, on the Business Day immediately following such actual receipt.

Section 12.11 **Representation By Counsel; Interpretation**. The parties acknowledge that each party to this Agreement has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of Law, or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived.

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Section 12.12 **Severability**. If any provision of this Agreement is determined to be invalid, illegal or unenforceable by any Governmental Entity, the remaining provisions of this Agreement, to the extent permitted by Law shall remain in full force and effect, *provided*, that the essential terms and conditions of this Agreement for all parties remain valid, binding and enforceable.

Section 12.13 **Expenses**. Except as otherwise provided in this Agreement or in the Merger Agreement, each party shall bear its own expenses in connection with the transactions contemplated by this Agreement.

Section 12.14 **No Third Party Beneficiaries**. Except as expressly provided in Section 7.4 and Section 10.2, nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto and their respective successors and permitted assigns, any rights or remedies under this Agreement or otherwise create any third party beneficiary hereto.

[Signatures on Next Page]

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IN WITNESS WHEREOF, each of the parties hereto has caused this Eighth Amended and Restated Limited Liability Company Agreement to be executed as of the day and year first above written.

COMPANY:

SES HOLDINGS, LLC

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: President and Chief Executive Officer

MEMBERS:

SES LEGACY HOLDINGS, LLC

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: President

MANAGING MEMBER:

SES LEGACY HOLDINGS, LLC

By: /s/ John D. Schmitz
Name: John D. Schmitz
Title: President

SIGNATURE PAGE TO
EIGHTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF
SES HOLDINGS, LLC

EXHIBIT A

Member	Number of Units Owned		Class A Conversion Date Capital Account Balance
SES Legacy Holdings, LLC	38,462,541	\$	769,250,820
Select Energy Services, Inc.	16,100,000	\$	322,000,000
SES Sub A, LLC	1,916,525	\$	38,330,500
SES Sub B, LLC	256,004	\$	5,300,080
SES Sub C, LLC	1,049,373	\$	20,987,460