



U.S. Department of Justice

*United States Attorney
Southern District of Texas*

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November 8, 2016

Mr. Tim Johnson
Locke Lord LLP
600 Travis, Ste. 2800
Houston, TX 77002

Re: National Oilwell Varco Non-Prosecution Agreement

Dear Mr. Johnson:

On the understandings specified below, the United States Attorney's Office for the Southern District of Texas ("this Office") will not prosecute National Oilwell Varco, Inc. ("NOV"), or any of its direct or indirect subsidiaries, for any alleged civil or criminal violations related to violations of the International Emergency Economic Powers Act (IEEPA), regulations issued pursuant to IEEPA authority, the Trading With the Enemy Act (TWEA), regulations issued pursuant to TWEA authority, the Export Administration Act of 1979, as amended ("EAA"), the Export Administration Regulations ("EAR"), or the Foreign Trade Regulations (collectively the "Relevant Trade Law") from at least 2002 and up to and including the date hereof.

This Agreement is entered into contemporaneously with NOV's settlements with both the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and the U.S. Department of Commerce's Bureau of Industry and Security ("BIS"). Additionally, on the understandings set forth below, the Department of Homeland Security's, Homeland Security Investigations (HSI) will not pursue civil penalties against NOV for alleged violations of the Relevant Trade law from at least 2002 and up and including the date hereof.

Moreover, if NOV fully complies with the understandings specified in this Agreement, no information provided by or on behalf of NOV or any testimony given by any then current employees at the request of this Office (or any other information directly or indirectly derived therefrom) will be used against NOV in any criminal tax prosecution.

This Agreement does not provide any protection against prosecution for any crimes except as set forth herein, and applies only to NOV and its direct and indirect subsidiaries and not to any other entities or any individuals. NOV expressly understands that the protections provided to it by this Agreement shall not apply to any successor entities, whether the successor's interest arises through a merger or plan of reorganization, unless and until such successor formally adopts and executes this Agreement. The protections arising from this Agreement will not apply to any purchasers of all or substantially all of the assets of NOV, unless such purchaser enters into a written agreement, on terms acceptable to this Office, agreeing in substance to undertake all obligations set forth in this Agreement. Without limiting the effect of any other provision of this agreement, this Office understands and NOV agrees that should NOV acquire, directly or indirectly, another entity, via merger, purchase of all or substantially all of their assets or otherwise, NOV will make reasonable efforts to, and will be afforded a reasonable period of time to ensure that the newly-acquired entity adopts and implements a compliance program substantially similar in substance to that adopted by NOV.

It is understood that until its obligations under this agreement expire, with regard to any alleged violation of the Relevant Trade law NOV (to the extent permitted by law): (a) shall truthfully and accurately disclose information pertaining to this agreement uncovered during its internal investigation not protected by attorney-client privilege, work-product privilege, or other applicable privilege with respect to the activities of NOV, its present and former officers and employees, and others concerning all matters about which this Office inquires of it; such information can be used for any purpose; (b) shall cooperate fully with this Office, OFAC, HSI, BIS, and any other law enforcement agency designated by this Office; (c) shall, at this Office's request, use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, agent, or employee at any meeting or interview or before the grand jury or at any trial or any court proceedings; (d) shall use its best efforts promptly to provide this Office, upon request, any document, record, or other tangible evidence relating to matters or conduct about which this Office or any designated law enforcement agency inquires; (e) shall bring to this Office's attention all criminal conduct by or criminal investigations of NOV or its respective senior managerial employees that comes to the attention of NOV's board of directors or senior management, as well as any administrative proceeding or civil action brought by any governmental authority that alleges export control violations by NOV; and (f) shall fulfill all the terms and conditions contained in the civil administrative settlements with BIS and OFAC, both of which are attached hereto as Exhibits B and C, respectively. Notwithstanding anything else to the contrary, nothing in this Agreement shall require NOV to produce any information, documents or testimony protected by the attorney-client privilege, work-product privilege, or any other applicable privilege.

It is understood that NOV accepts and acknowledges responsibility for the facts as set forth in Exhibit A, which is incorporated herein by reference. NOV further agrees that neither it nor its subsidiaries, through its present or future board of directors, attorneys, officers, agents, or management employees, will make any public statements contradicting any of the facts as set forth in Exhibit A. Any such contradictory public statement by NOV, its subsidiaries, its present or future board of directors, attorneys, officers, agents or management employees, shall constitute a breach of this Agreement, and NOV would be subject to prosecution by this Office pursuant to the terms of this Agreement. The decision of whether any public statement by any such person contradicting a fact contained in Exhibit A will be imputed to NOV for the purposes of determining whether NOV has breached this agreement shall be at the reasonable discretion of this Office. Upon this Office's reaching a determination that such a contradictory statement has been made by NOV, this Office shall notify NOV and NOV may avoid a breach of this Agreement by publicly retracting such statement within forty-eight hours after notification by this Office. This paragraph is not intended to apply to any statement made by any individual in the course of any criminal, regulatory, or civil case initiated by the United States against such individuals unless the individual is speaking on behalf of NOV. This paragraph does not apply to statements made in connection with private civil litigation.

It is further understood that NOV has implemented the new procedures adopted as set forth in Exhibit D to enhance NOV's compliance programs and reduce the risk of future violations of the U.S. sanctions laws. Within 120 days of executing this agreement, NOV's Chief Executive Officer and NOV's Chief Compliance Officer will jointly report to this Office, OFAC, and BIS that NOV has taken substantial steps to implement the compliance program set forth in Exhibit D to this Agreement.

The terms of this agreement and NOV's obligations under this Agreement shall expire on November 8, 2017.

It is understood that within sixty (60) days of the execution of this Agreement, NOV agrees to pay \$22,500,000 under this Agreement to the United States to be paid as follows: \$22,500,000 to be forfeited to the United States to resolve this Office's investigation. There is a separate settlement agreement between NOV (and its subsidiary Dresco Energy Services Ltd.), and BIS regarding disposition of certain civil administrative claims, which is attached hereto as Exhibit B. NOV and Dresco Energy Services Ltd. have separately agreed with BIS to settle its civil administrative liability with payment of a \$2,500,000 administrative penalty, which is set forth in Exhibit B and is payable to the Department of Commerce.

With respect to the \$22,500,000 amount to be forfeited specified above, as a result of the conduct set forth in Exhibit A, the parties agree that the United States could institute a civil and/or

criminal forfeiture action against certain funds held by NOV, and that such funds could be subject to forfeiture pursuant to Title 18, United States Code, sections 981 and 982. If NOV were convicted of a crime based on the conduct set forth in Exhibit A, forfeiture of the proceeds would be mandatory pursuant to Title 18, United States Code, Section 982. NOV hereby acknowledges that approximately \$22,500,000 was involved in the transactions described in Exhibit A.

In lieu of a criminal prosecution that could result in a mandatory order of forfeiture, NOV hereby agrees to pay the sum of \$22,500,000. NOV hereby agrees that the funds paid by NOV pursuant to this Agreement shall be considered substitute res for the purpose of forfeiture to the United States pursuant to Title 18, United States Code, Section 981, and NOV further agrees to waive any and all right, title, interest, and claims it may have to such funds. NOV shall tender the \$22,500,000 by certified check made payable to United States Customs and Border Protection for the purpose of forfeiture pursuant to this Agreement within sixty (60) business days of the execution of this Agreement. NOV agrees that it will not contest the administrative forfeiture of the above funds in any manner, either directly or in a collateral proceeding, and further agrees to cooperate fully with HSI in the administrative forfeiture. NOV stipulates that no third parties have an interest in the funds, and agrees that it will assist the United States in defending any third party claims or petitions. The funds will be deposited into the U.S. Department of the Treasury Forfeiture Fund for law enforcement purposes, as determined by the U.S. Department of the Treasury in accordance with Title 31, United States Code Section 9703.

With respect to the \$2,500,000 civil administrative penalty to be paid to BIS as specified above, NOV agrees, as a condition of this agreement, to pay this amount by check made payable to the Department of Commerce within sixty (60) days of the Final Order being issued by the Assistant Secretary of Commerce for Export Enforcement.

During the term of this Agreement, in the event of a willful and knowing material breach of this Agreement, any prosecution of NOV relating to any criminal violation of the Relevant Trade Law that is not time barred by the applicable statute of limitations as of the date of this Agreement may be commenced against NOV notwithstanding the expiration of any applicable statute of limitations. The tolling of limitations shall terminate upon the expiration of the term of this Agreement.

It is understood that if during the term of this Agreement it is determined that NOV has committed any criminal violation of the Relevant Trade Law after signing this Agreement or that NOV has knowingly and willfully committed a material breach of this Agreement, (a) all statements made by NOV's representatives to this Office, OFAC, BIS, HSI, or other designated law enforcement agents, and any testimony given by NOV's representatives before a grand jury or

other tribunal, whether prior to or subsequent to the signing of this Agreement, and any leads from such statement or testimony shall be admissible in evidence in any criminal proceeding brought against NOV; and (b) NOV shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads there from should be suppressed. It is the intent of this Agreement to waive all rights in the foregoing respects.

Nothing in this Agreement shall be construed as a waiver of any attorney-client, work-product, or other applicable privileges.

This Office will bring the cooperation of NOV to the attention of other prosecuting and other investigative officers if requested by NOV.

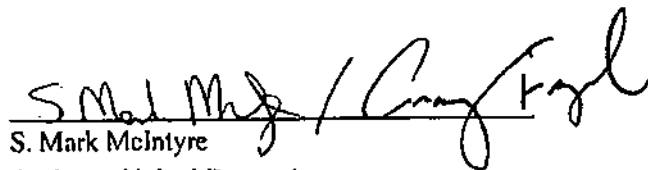
It is further understood that NOV and/or this Office may disclose this Agreement to the public.

Notwithstanding anything to the contrary above, this Agreement shall not revive any claim that is barred by the applicable statute of limitations as of the date of execution of this Agreement.

With respect to this matter, from the date of the execution of this Agreement forward, the Agreement supersedes all prior, if any, understandings, promises and/or conditions between this Office and NOV. No additional promises, agreements, and conditions have been entered into other than those set forth in this letter and none will be entered into unless in writing and signed by all parties.

Sincerely,

KENNETH MAGIDSON
United States Attorney



S. Mark McIntyre
Assistant United States Attorney
Craig M. Feazel
Assistant United States Attorney
Southern District of Texas
713.567.9000

AGREED AND CONSENTED TO



Brent Benoit
Chief Compliance Officer
National Oilwell Varco

Date: 11/4/16

APPROVED:



Tim Johnson
Attorney for National Oilwell Varco

Date: 11.4.16

EXHIBIT A

This statement of facts is hereby incorporated by reference into the November 8, 2016 agreement between the United States and National Oilwell Varco, Inc.

BACKGROUND ON NATIONAL OILWELL VARCO AND ITS SUBSIDIARIES

National Oilwell Varco, Inc. ("NOV"), a Delaware corporation, is a leading worldwide provider of equipment, components and services used in oil and gas drilling and production operations, and oilfield services. Since 1995, NOV has engaged in many corporate merger and acquisition transactions. Among these transactions, NOV has acquired foreign subsidiaries that serve international markets (collectively referred to as "NOV").

Among its acquisitions, NOV has acquired a number of entities organized under the laws of foreign countries including Dreco Energy Services, Ltd. ("Dreco"), a Canadian company acquired September 25, 1997 and Hydralift, ASA, a Norwegian company, acquired December 18, 2002. In addition, NOV acquired several subsidiaries when the predecessor to NOV, National Oilwell, merged with Varco International, Inc. on March 11, 2005. The subsidiaries acquired at that time included subsidiaries known as: Hydrarig U.K., Elmar, and Brandt. In 2008, NOV acquired Grant Prideco, Inc, including its Reed Hycalog subsidiary.

At the time of acquisition and/or merger, each of these foreign subsidiaries engaged in manufacturing and sales outside the United States. Prior to merger with or acquisition by NOV, each of the foreign subsidiaries had business relationships with and sales to customers who purchased goods and/or services to be delivered to Iran. For each of these foreign subsidiaries, the dollar volume of such sales was a small percentage of each Foreign subsidiary's total revenue.

During the period from 2000 to 2009, NOV enjoyed significant growth. From 2000 to 2009, the number of employees grew from approximately 5,000 to approximately 40,000. The number of business locations and countries of operation also grew. Furthermore, revenue grew by over 1,000% during this time period. In 2000, NOV had one attorney. In 2005, after the Varco merger, NOV had more than 20,000 employees, and six attorneys. By 2009, NOV had approximately 40,000 employees and twelve attorneys with one attorney focused on compliance issues.

I. INVESTIGATION BY U.S. ATTORNEY'S OFFICE AND NOV's INTERNAL REVIEW

In 2008, the U.S. Attorney's Office in Houston notified NOV about an investigation pertaining to potential violations by NOV of U.S. sanctions laws including the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-1710, including specifically those

transactions relating to prohibitions against Iran and Sudan and the Trading with the Enemy Act, 12 U.S.C. § 95a. This investigation was conducted in parallel with the Department of Commerce's Bureau of Industry and Security ("BIS"), the Counter-Proliferation Investigations Group of Homeland Security Investigations (HSI), and the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC).

As described below, NOV retained outside counsel to conduct an internal review and the ensuing review eventually encompassed alleged improper transactions by NOV with Iran, Sudan, and/or Cuba. NOV's audit committee also retained outside counsel to assist with the internal investigation and separate outside counsel to conduct a comprehensive review of its compliance function.

A. Dreco Sales to Iran.

The investigation by the U.S. Attorney's Office in conjunction with NOV's internal review revealed that National Oilwell, Inc acquired Dreco in September 1997. In connection with the Dreco acquisition, National Oilwell sought legal guidance from the law firm then known as Patton Boggs, concerning whether Dreco could continue sales to Iran after being acquired by National Oilwell. Patton Boggs, in turn, communicated to National Oilwell concerning the circumstances under which Dreco could continue Iranian sales without violating U.S. law.

In and after 1997, Dreco concentrated decision making concerning sales to Iran in a small group of Canadian citizens. A Dreco vice president (a Canadian citizen) had final authority on sales to Iran. After September 1997, on some occasions, Dreco Canada personnel contacted NOV U.S.-based personnel to obtain information regarding goods or services that were to be sold to various customers, including some sales for ultimate delivery to Iran. Typically, Dreco personnel would not identify the final destination for the goods or services. Without this end-user information, NOV personnel in the U.S. typically did not know the final destination for these goods and services. Dreco Canadian employees made a persistent effort to exclude NOV U.S. personnel from any knowing involvement in Iranian transactions, based on the belief that such conduct met the requirements of U.S. law.

In 2001, Dreco established a branch office in Dubai, U.A.E. From this branch office, Dreco supplied goods and services to Iranian companies such as the National Iranian Drilling Company. Dreco provided goods and services to Iranian companies from 2004 until 2009 and averaged approximately \$8 million per year in such sales. For the period from 2004 to 2009, total Dreco sales to Iranian companies identified in the review were approximately \$46 million. In some instances, Dreco sales to Iranian companies included U.S. manufactured goods. Dreco personnel believed that the supply of U.S. manufactured goods in these transactions was permissible so long as a Canadian export permit was obtained and it was Dreco's practice to obtain such a permit for U.S. manufactured goods. In addition, for many years dating back to at least the 1990s, Dreco used

the services of a U.K.-based third party sales agent to assist with sales to Iranian companies. Dreco also had a non-U.S. employee who spent a substantial percentage of his time in Iran. This conduct was directed through Dreco personnel who are Canadian citizens.

In or about 2003, one of Dreco's customers ("Customer A") ordered products from Dreco for delivery to Libya. In connection with this Libya transaction, Customer A complained that it had received the wrong tools, wrong connections, incorrect paperwork and inadequate follow up. In 2004, Customer A inquired regarding a purchase from Dreco of tools for use in Iran. Customer A inquired whether the goods could be delivered with no indication of U.S. origin. On or about October 23, 2004, tools manufactured in the U.S. were sold by Dreco to Customer A to be picked up by Customer A in Canada. Contrary to Dreco's standard practice, at least in part, the commercial invoice was not marked to indicate to the freight forwarder that some of the goods were manufactured in the U.S. No NOV U.S. persons have been identified who had knowledge of the final destination of the goods or that Dreco did not mark the commercial invoice to indicate the correct country of origin.

B. Commission Payments.

National Oilwell's 2001 10-K (filed in March 2002), noted that oil and gas prices had been volatile in the 1990s, and had declined in the second half of 2001. In response to the industry downturn NOV instituted cash control measures to assure that cash flow was sufficient to meet its obligations. Accordingly, in or about late 2002, the operational CFO of NOV located in the U.S. was notified before commission payments to Dreco's U.K.-based sales agent for Iran were made.

From 2002 to 2005, on a number of occasions, National Oilwell's operational CFO located in the United States approved the timing of such commission payments. In each instance, the underlying sales had been completed, the goods had been delivered, payment had been received by Dreco, and the commission payments had already been approved by a Dreco vice president before the National Oilwell operational CFO approved the release of the payment. Following the merger between National Oilwell and Varco, as cash flow concerns abated and NOV reorganized its operations, these commission payments were handled completely by Dreco's Canadian personnel.

C. Use of U.S. Service.

Dreco's Downhole Tools operations used J.D. Edwards ERP software in its business operations. In 2007, Dreco utilized a server located in Houston to support its J.D. Edwards ERP software. Sales to Iranian entities by Dreco's Downhole Tools operations were approximately \$1.6 million from 2007 to 2009.

D. Cuba.

Dreco leased certain motors to Customer B that were to be used in Cuba. Over \$1 million in revenue from 2004 to the present for these lease transactions was identified by the review. NOV's Elmar subsidiary in the U.K. also made sales into Cuba. Two sales by Elmar into Cuba were identified during the review: March 15, 2007 for £35,068.32 and April 9, 2008 for £17,897.

E. Other subsidiaries.

NOV's Hydrarig UK subsidiary manufactures coiled tubing units, which are units used in oil and gas operations. These units can be manufactured with a variety of components, including a truck mounted skid unit, blow out preventer, coiled tubing injector, coiled tubing string, controls, motors, and other equipment. Some of these components are U.S. origin goods (e.g., coiled tubing injectors) In some cases, controlled U.S. content may exceed 10% for some components that may not be integrated into the skid unit (e.g., coiled tubing injectors and coiled tubing strings). In some instances, Hydrarig UK sold coil tubing units for delivery to Iran.

NOV viewed its Hydrarig UK subsidiary as an independent foreign subsidiary. Accordingly, NOV believed that sales by Hydrarig UK to sanctioned countries were permissible provided U.S. personnel were not involved in facilitating such sales.

In 2007, NOV considered revisions to its policy manual regarding export compliance for its foreign subsidiaries. Hydrarig UK began evaluating how the draft revised policies would apply to pending Iranian orders. A U.S. Person advised that the revised policy had not been adopted at that point and, therefore, did not apply to pending orders. Thereafter, Hydrarig U.K. shipped pending coiled tubing unit orders to Iran.

Another NOV subsidiary, Brandt U.K., also engaged in Iranian sales. Brandt U.K. manufactures and sells certain oilfield equipment such as shakers and agitators. Some of this equipment is manufactured in the U.S. and some is manufactured in foreign countries. Like Dreco and Hydrarig, NOV viewed Brandt U.K. as an independent foreign subsidiary that could sell to sanctioned countries provided no U.S. personnel were involved.

An example of Brandt U.K.'s Iranian sales involved goods provided to a rig named the Iran Khazar. At the time of the sales, the rig was located in Turkmenistan. A U.S. Person in Dubai was involved with one or more of these transactions. Brandt U.K. also served as the U.K. distributor for certain U.S. manufactured desalinization equipment. Brandt U.K. sold parts for older desalinization equipment into Iran.

F. NOV Compliance Efforts.

NOV does not condone violations of U.S. law, including U.S. trade law. In 2007, NOV's CEO decided that even though it was permissible under U.S. law, NOV's foreign subsidiaries such as Dresco would no longer accept new requests for bids for sales to Iran. The decision did not preclude completion of existing orders, some of which had manufacturing lead times of more than 12 months.

In addition to abandoning business with sanctioned countries, in 2007 NOV hired a compliance manager who conducted more than fifty compliance training sessions on export controls and the FCPA in the U.S., Canada, UAE, Norway, UK, Singapore, and China. NOV's compliance manager instituted screening with Vastera Interdiction Software in 2007 based on active customers identified for the period 2004 to 2007 from approximately one hundred ERP systems.

NOV's review revealed a substantial number of documented "no quotes" or refusals to do business by NOV personnel based on concerns that the potential transactions would violate U.S. trade regulations. In several instances, transactions were terminated when an embargoed country destination was discovered. The review showed an effort by numerous employees to avoid U.S. Person involvement in transactions by the foreign subsidiaries with an embargoed country final destination. In 2009, after the U.S. Attorney's Office and OFAC investigations were underway, NOV directed that all business with Iran and Sudan cease immediately.

II. COOPERATION BY NOV

NOV has demonstrated significant cooperation with the U.S. Attorney's Office regarding the review of its foreign subsidiaries' sale of goods or services destined for Iran, Sudan and/or Cuba. NOV retained Locke Lord LLP to conduct its review. The Audit Committee of NOV retained Haynes and Boone LLP to participate as independent counsel regarding the review. The Audit Committee also retained Baker Botts LLP to conduct an assessment of NOV's compliance program.

NOV voluntarily gathered voluminous documents and electronic data from numerous individuals and locations. Many of these documents would have been difficult for the U.S. Attorney's Office to obtain via subpoena or other process. NOV expended tremendous resources in cooperating with the U.S. Attorney's investigation as to whether NOV or its subsidiaries engaged in improper transactions with Iran, Sudan or Cuba. To assist with this review, NOV hired two independent third-party consultants—FTI Consulting, Inc. ("FTI") and UHY Advisors FLVS, Inc. ("UHY"). The primary role for both of these consultants was to assist with the gathering of relevant information. FTI assisted by reviewing NOV's processes for transactions and data storage in connection with relevant transactions. FTI's work helped NOV in determining where relevant

data would likely be stored. UHY's primary task was to assist in collecting and processing the data.

NOV collected electronic and hard copy records in Dubai, Canada, U.K., Norway and the United States. NOV secured backup tapes for operations in these countries. Consistent with applicable local laws, including the Canadian "blocking statute" that restricts Canadian citizens and others from enforcing U.S. trade sanctions against Cuba, NOV gathered approximately 5,250 GB of data and processed approximately 1,591 GB of data. From the data gathered and secured, NOV reviewed approximately 517,665 documents and produced approximately 54,000 documents (or approximately 320,000 pages of data.)

In addition, NOV conducted over 200 interviews as a part of its review. The interviews fell into two general categories: (1) interviews to assist with the gathering and review of relevant data; and (2) interviews to assess whether NOV or its subsidiaries engaged in improper transactions with Iran, Sudan or Cuba. These interviews occurred in Dubai, Canada, U.K., Norway and the United States.

NOV has also cooperated with other pending government investigations and has provided training to prosecutors and agents regarding the oilfield services industry and NOV's international operations including explaining transactions and industry vernacular. NOV spent over \$10,000,000 to conduct its review and cooperate with the investigation by the U.S. Attorney's Office.

III. SUBSEQUENT COMPLIANCE REFORMS

After the initiation of its review, NOV's Audit Committee retained Baker Botts LLP to evaluate NOV's existing compliance program. NOV's outside counsel, Locke Lord LLP, also seconded an experienced export/trade partner to NOV to immediately undertake compliance enhancements pending the outcome of the Baker Botts review and the retention of a full-time Chief Compliance Officer. Baker Botts attorneys reviewed investigative materials, interviewed employees and made compliance enhancement recommendations to NOV's Board of Directors. As noted in Exhibit B, NOV revised its compliance program based on these recommendations and in 2010 hired a Chief Compliance Officer to oversee the enhanced compliance program. This new Chief Compliance Officer reports to NOV's General Counsel and also has a reporting line to the Audit Committee.

In 2009, NOV launched additional online training for economic sanctions, export controls, FCPA, and anti-boycott issues. NOV has also formed a Product and Material Classification team to review product classification to assure compliance with U.S. export and trade laws. Outside counsel and independent consultants provided multiple training sessions to the classification team. Furthermore, between 2007 and 2009, NOV added approximately 4,500 new customers to software used to screen sales. NOV has also instituted additional procedures to aid

in customer screening and has circulated FAQs regarding the use of these lists. Moreover, NOV has expanded its compliance program and has dedicated multiple attorneys to work with the classification team. The new measures to strengthen compliance that NOV has adopted are more fully set forth in Exhibit D.

EXHIBIT D
National Oilwell Varco Compliance Program

National Oilwell Varco, Inc. ("NOV") has a long-standing compliance program that includes internal controls, policies and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-l, et seq., other applicable anti-corruption laws, Trading With the Enemy Act, 12 U.S.C. § 95a, International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701-1710, Export Administration Act of 1979, as amended ("EAA"), 50 U.S.C. app 201 — 2420, the Export Administration Regulations ("EAR"), 15 C.F.R. Pts 730, et seq., Foreign Assets Control Regulations, 31 C.F.R. Pts. 500, et seq., and Foreign Trade Regulations, 15 C.F.R. Pt. 30 (collectively, the "Relevant Statutes").

To enhance its existing compliance program, NOV has adopted, as deemed appropriate, internal controls, policies and procedures relating to: (a) a system of internal accounting controls designed to enhance the ability of NOV and its affiliates (together, the "NOV") to make and to keep fair and accurate books, records and accounts; (b) an anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws and (c) a compliance code, standards, and procedures to enhance the ability of NOV to detect and deter violations of the export, economic sanctions, and anti-boycott laws and regulations.

This includes the following elements:

1. A clearly articulated corporate policy against violations of relevant statutes including, but not limited to the FCPA, other applicable anti-corruption laws, as well as export controls, economic sanctions, and anti-boycott laws and regulations.
2. A system of financial and accounting procedures, including a system of internal accounting controls, to promote the maintenance of fair and accurate books, records and accounts. Promulgation of compliance code, standards and procedures to further reduce the prospect of violations of the FCPA, other applicable anti-corruption laws and the NOV's compliance code. These standards and procedures should apply to all directors, officers and appropriate employees.
3. An executive position ("Chief Compliance Officer") within its corporate structure dedicated to the mission of promoting NOV's compliance with all Relevant Statutes. Such executive shall have the authority to report matters directly to the Audit Committee of NOV's Board of Directors.

10. **Assessment and revision as appropriate of the NOV's relevant agreements to include standard provisions with all agents which are designed to prevent violations of the Relevant Statutes which provisions may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the FCPA and other applicable anti-corruption laws; (b) representations and undertakings relating to compliance with export controls, economic sanctions, and anti-boycott laws and regulations; and (c) rights to conduct audits of the books and records of the agent to ensure compliance with the foregoing; and (d) rights to terminate an agent or as a result of any breach of such representations and undertakings related.**

4. Structuring its compliance organization to further implement the compliance program by: (a) assuring adequate resources are dedicated to compliance throughout NOV's regions and business units with policies and procedures that address lines of authority, staffing increases, performance evaluations, career paths, promotions and compensation, and (b) maintaining a product classification team that shall be supervised, evaluated and who shall report to the Chief Compliance Officer.
5. Development of detailed processes and procedures for specific compliance functions for personnel who may encounter potential violations, including, but not limited to: (a) customer screening, (b) customer due diligence, (c) transaction red flag analysis, (d) anti-boycott analysis, (e) product and technology classification, (f) export and reexport licensing, (g) agent and business partner screening and due diligence, (h) gifts, travel, and entertainment, (i) compliance education and training, (j) compliance monitoring and audits, (k) pre-acquisition due diligence and post-acquisition integration with compliance policies, (l) safeguarding of controlled technology, (m) record keeping and retention, (n) tracking of temporary exports of controlled items or technology, (o) providing accurate export control documents; and (p) for preventing, detecting, and reporting violations.
6. Mechanisms (including but not limited to in person, teleconference, video conference, webinar, and online training) designed to ensure that the policies, standards and procedures of NOV regarding compliance are effectively communicated to directors, officers, and appropriate employees. These mechanisms shall include: (a) periodic training for all such directors, officers, employees, agents and business partners; and (b) annual certifications by all such directors, officers, and appropriate employees verifying certifying compliance therewith.
7. Implementation of periodic internal compliance audits to identify possible violations, determine if such have sufficient programs and resources to ensure compliance with the Relevant Statutes.
8. An effective system for reporting suspected criminal conduct and/or violations of the compliance policies, standards and procedures regarding the Relevant Statutes for directors, officers and employees.
9. Appropriate disciplinary procedures to address, among other things, violations of the Relevant Statutes or NOV's compliance code by the NOV's directors, officers, and employees.