

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

Form 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2022

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number: 001-36336

ENLINK MIDSTREAM, LLC

(Exact name of registrant as specified in its charter)

Delaware
(State of organization)

46-4108528
(I.R.S. Employer Identification No.)

1722 Routh St., Suite 1300
Dallas, Texas
(Address of principal executive offices)

75201
(Zip Code)

(214) 953-9500
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE SECURITIES EXCHANGE ACT OF 1934:

Title of Each Class	Trading Symbol	Name of Exchange on which Registered
Common Units Representing Limited Liability Company Interests	ENLC	The New York Stock Exchange

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

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

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

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

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

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

As of July 28, 2022, the Registrant had 478,933,388 common units outstanding.

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DEFINITIONS

The following terms as defined are used in this document:

Defined Term	Definition
<i>/d</i>	Per day.
<i>2014 Plan</i>	ENLC's 2014 Long-Term Incentive Plan.
<i>Adjusted gross margin</i>	Revenue less cost of sales, exclusive of operating expenses and depreciation and amortization. Adjusted gross margin is a non-GAAP financial measure. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for additional information.
<i>Agua Blanca Pipeline</i>	The Agua Blanca Pipeline is a Delaware Basin intrastate natural gas pipeline servicing portions of Culberson, Loving, Pecos, Reeves, Ward, and Winkler counties and is owned by a joint venture between WhiteWater Midstream, LLC and MPLX LP.
<i>Amarillo Rattler Acquisition</i>	On April 30, 2021, we completed the acquisition of Amarillo Rattler, LLC, the owner of a gathering and processing system located in the Midland Basin.
<i>AR Facility</i>	An accounts receivable securitization facility of up to \$500 million entered into by EnLink Midstream Funding, LLC, a bankruptcy-remote special purpose entity and our indirect subsidiary, with PNC Bank, National Association, as administrative agent and lender, and PNC Capital Markets, LLC, as structuring agent and sustainability agent. The AR Facility is scheduled to terminate on August 1, 2025, unless extended or earlier terminated in accordance with its terms.
<i>ASC</i>	The Financial Accounting Standards Board Accounting Standards Codification.
<i>ASC 718</i>	ASC 718, <i>Compensation—Stock Compensation</i> .
<i>ASC 820</i>	ASC 820, <i>Fair Value Measurements</i> .
<i>Ascension JV</i>	Ascension Pipeline Company, LLC, a joint venture between a subsidiary of ENLK and a subsidiary of Marathon Petroleum Corporation in which ENLK owns a 50% interest and Marathon Petroleum Corporation owns a 50% interest. The Ascension JV, which began operations in April 2017, owns an NGL pipeline that connects ENLK's Riverside fractionator to Marathon Petroleum Corporation's Garyville refinery.
<i>Bbl</i>	Barrel.
<i>Bcf</i>	Billion cubic feet.
<i>Beginning TSR Price</i>	The beginning total shareholder return ("TSR") price, which is the closing unit price of ENLC on the grant date of the performance award agreement or the previous trading day if the grant date was not a trading day, is one of the assumptions used to calculate the grant-date fair value of performance award agreements.
<i>BKV</i>	BKV Corporation.
<i>CCS</i>	Carbon capture, transportation, and sequestration.
<i>Cedar Cove JV</i>	Cedar Cove Midstream LLC, a joint venture between a subsidiary of ENLK and a subsidiary of Kinder Morgan, Inc. in which ENLK owns a 30% interest and Kinder Morgan, Inc. owns a 70% interest. The Cedar Cove JV, which was formed in November 2016, owns gathering and compression assets in Blaine County, Oklahoma, located in the STACK play.
<i>CFTC</i>	U.S. Commodity Futures Trading Commission.
<i>CNOW</i>	Central Northern Oklahoma Woodford Shale.
<i>CO₂</i>	Carbon dioxide.
<i>Commission</i>	U.S. Securities and Exchange Commission.
<i>Delaware Basin</i>	A large sedimentary basin in West Texas and New Mexico.
<i>Delaware Basin JV</i>	Delaware G&P LLC, a joint venture between a subsidiary of ENLK and an affiliate of NGP in which ENLK owns a 50.1% interest and NGP owns a 49.9% interest. The Delaware Basin JV, which was formed in August 2016, owns the Lobo processing facilities and the Tiger processing plant located in the Delaware Basin in Texas.
<i>ENLC</i>	EnLink Midstream, LLC.
<i>ENLC Class C Common Units</i>	A class of non-economic ENLC common units issued immediately prior to the Merger equal to the number of Series B Preferred Units held immediately prior to the effective time of the Merger, in order to provide certain voting rights to holders of the Series B Preferred Units with respect to ENLC.
<i>ENLK</i>	EnLink Midstream Partners, LP or, when applicable, EnLink Midstream Partners, LP together with its consolidated subsidiaries. Also referred to as the "Partnership."
<i>Exchange Act</i>	The Securities Exchange Act of 1934, as amended.
<i>GAAP</i>	Generally accepted accounting principles in the United States of America.
<i>Gal</i>	Gallon.
<i>GCF</i>	Gulf Coast Fractionators, which owns an NGL fractionator in Mont Belvieu, Texas. ENLK owns 38.75% of GCF. The GCF assets have been temporarily idled to reduce operating expenses. We expect these assets to resume operations when there is a sustained need for additional fractionation capacity in Mont Belvieu.

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<i>General Partner</i>	EnLink Midstream GP, LLC, the general partner of ENLK.
<i>GIP</i>	Global Infrastructure Management, LLC, an independent infrastructure fund manager, itself, its affiliates, or managed fund vehicles, including GIP III Stetson I, L.P., GIP III Stetson II, L.P., and their affiliates.
<i>ISDAs</i>	International Swaps and Derivatives Association Agreements.
<i>LIBOR</i>	U.S. Dollar London Interbank Offered Rate.
<i>Managing Member</i>	EnLink Midstream Manager, LLC, the managing member of ENLC.
<i>Merger</i>	On January 25, 2019, NOLA Merger Sub, LLC (previously a wholly-owned subsidiary of ENLC) merged with and into ENLK with ENLK continuing as the surviving entity and a subsidiary of ENLC.
<i>Midland Basin</i>	A large sedimentary basin in West Texas.
<i>MMbbls</i>	Million barrels.
<i>MMbtu</i>	Million British thermal units.
<i>MMcf</i>	Million cubic feet.
<i>MVC</i>	Minimum volume commitment.
<i>NGL</i>	Natural gas liquid.
<i>NGP</i>	NGP Natural Resources XI, LP.
<i>Operating Partnership</i>	EnLink Midstream Operating, LP, a Delaware limited partnership and wholly owned subsidiary of ENLK.
<i>ORV</i>	ENLK's Ohio River Valley crude oil, condensate stabilization, natural gas compression, and brine disposal assets in the Utica and Marcellus shales.
<i>OTC</i>	Over-the-counter.
<i>Permian Basin</i>	A large sedimentary basin that includes the Midland and Delaware Basins primarily in West Texas and New Mexico.
<i>POL contracts</i>	Percentage-of-liquids contracts.
<i>POP contracts</i>	Percentage-of-proceeds contracts.
<i>Revolving Credit Facility</i>	A \$1.40 billion unsecured revolving credit facility entered into by ENLC that matures on June 3, 2027, which includes a \$500.0 million letter of credit subfacility. The Revolving Credit Facility is guaranteed by ENLK.
<i>Series B Preferred Unit</i>	ENLK's Series B Cumulative Convertible Preferred Unit.
<i>Series C Preferred Unit</i>	ENLK's Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Unit.
<i>SOFR</i>	Secured overnight financing rate.
<i>STACK</i>	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties in Oklahoma.
<i>Term Loan</i>	A term loan originally in the amount of \$850.0 million entered into by ENLK on December 11, 2018 with Bank of America, N.A., as Administrative Agent, Bank of Montreal and Royal Bank of Canada, as Co-Syndication Agents, Citibank, N.A. and Wells Fargo Bank, National Association, as Co-Documentation Agents, and the lenders party thereto, which ENLC assumed in connection with the Merger and the obligations of which ENLK guaranteed. The Term Loan was paid upon maturity on December 10, 2021.

PART I—FINANCIAL INFORMATION
Item 1. Financial Statements
ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Consolidated Balance Sheets
(In millions, except unit data)

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	<u>(Unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18.1	\$ 26.2
Accounts receivable:		
Trade, net of allowance for bad debt of \$0.3 and \$0.3, respectively	101.1	94.9
Accrued revenue and other	913.7	693.3
Fair value of derivative assets	95.6	22.4
Other current assets	159.7	83.6
Total current assets	<u>1,288.2</u>	<u>920.4</u>
Property and equipment, net of accumulated depreciation of \$4,570.4 and \$4,332.0, respectively	6,259.0	6,388.3
Intangible assets, net of accumulated amortization of \$859.8 and \$795.1, respectively	985.0	1,049.7
Investment in unconsolidated affiliates	53.0	28.0
Fair value of derivative assets	—	0.2
Other assets, net	93.6	96.6
Total assets	<u>\$ 8,678.8</u>	<u>\$ 8,483.2</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable and drafts payable	\$ 177.9	\$ 139.6
Accrued gas, NGLs, condensate, and crude oil purchases (1)	768.9	521.5
Fair value of derivative liabilities	88.7	34.9
Other current liabilities	184.1	202.9
Total current liabilities	<u>1,219.6</u>	<u>898.9</u>
Long-term debt, net of unamortized issuance cost	4,320.0	4,363.7
Other long-term liabilities	93.3	93.9
Deferred tax liability, net	138.7	137.5
Fair value of derivative liabilities	1.2	2.2
Members' equity:		
Members' equity (479,825,804 and 484,277,258 units issued and outstanding, respectively)	1,293.3	1,325.8
Accumulated other comprehensive loss	(1.3)	(1.4)
Non-controlling interest	1,614.0	1,662.6
Total members' equity	<u>2,906.0</u>	<u>2,987.0</u>
Commitments and contingencies (Note 15)		
Total liabilities and members' equity	<u>\$ 8,678.8</u>	<u>\$ 8,483.2</u>

(1) Includes related party accounts payable balances of \$5.7 million and \$1.6 million at June 30, 2022 and December 31, 2021, respectively.

See accompanying notes to consolidated financial statements.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Consolidated Statements of Operations
(In millions, except per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(Unaudited)			
Revenues:				
Product sales	\$ 2,370.5	\$ 1,235.6	\$ 4,414.4	\$ 2,358.5
Midstream services	225.6	209.3	440.6	418.2
Gain (loss) on derivative activity	4.5	(38.2)	(26.7)	(121.6)
Total revenues	2,600.6	1,406.7	4,828.3	2,655.1
Operating costs and expenses:				
Cost of sales, exclusive of operating expenses and depreciation and amortization (1)	2,105.1	1,055.1	3,899.6	1,989.8
Operating expenses	128.9	96.8	249.8	153.1
Depreciation and amortization	159.0	151.9	311.9	302.9
(Gain) loss on disposition of assets	(0.4)	(0.3)	4.7	(0.3)
General and administrative	28.4	26.1	57.4	52.1
Total operating costs and expenses	2,421.0	1,329.6	4,523.4	2,497.6
Operating income	179.6	77.1	304.9	157.5
Other income (expense):				
Interest expense, net of interest income	(55.5)	(60.0)	(110.6)	(120.0)
Loss on extinguishment of debt	(0.5)	—	(0.5)	—
Loss from unconsolidated affiliate investments	(1.2)	(1.3)	(2.3)	(7.6)
Other income	0.2	0.2	0.3	0.1
Total other expense	(57.0)	(61.1)	(113.1)	(127.5)
Income before non-controlling interest and income taxes	122.6	16.0	191.8	30.0
Income tax benefit (expense)	1.3	(6.6)	(1.9)	(8.0)
Net income	123.9	9.4	189.9	22.0
Net income attributable to non-controlling interest	38.6	31.0	69.4	56.3
Net income (loss) attributable to ENLC	\$ 85.3	\$ (21.6)	\$ 120.5	\$ (34.3)
Net income (loss) attributable to ENLC per unit:				
Basic common unit	\$ 0.18	\$ (0.04)	\$ 0.25	\$ (0.07)
Diluted common unit	\$ 0.17	\$ (0.04)	\$ 0.25	\$ (0.07)

(1) Includes related party cost of sales of \$9.1 million and \$3.6 million for the three months ended June 30, 2022 and 2021, respectively, and \$19.7 million and \$6.8 million for the six months ended June 30, 2022 and 2021, respectively.

See accompanying notes to consolidated financial statements.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(Unaudited)			
Net income	\$ 123.9	\$ 9.4	\$ 189.9	\$ 22.0
Unrealized gain on designated cash flow hedge (1)	—	3.7	0.1	7.3
Comprehensive income	123.9	13.1	190.0	29.3
Comprehensive income attributable to non-controlling interest	38.6	31.0	69.4	56.3
Comprehensive income (loss) attributable to ENLC	\$ 85.3	\$ (17.9)	\$ 120.6	\$ (27.0)

(1) Includes tax expense of \$ 1.1 million and \$2.2 million for the three and six months ended June 30, 2021, respectively.

See accompanying notes to consolidated financial statements.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Consolidated Statements of Changes in Members' Equity
(In millions)

	Common Units		Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total
	\$	Units	\$	\$	\$
	(Unaudited)				
Balance, December 31, 2021	\$ 1,325.8	484.3	\$ (1.4)	\$ 1,662.6	\$ 2,987.0
Conversion of restricted units for common units, net of units withheld for taxes	(4.2)	1.2	—	—	(4.2)
Unit-based compensation	8.1	—	—	—	8.1
Contributions from non-controlling interests	—	—	—	7.3	7.3
Distributions	(56.4)	—	—	(34.6)	(91.0)
Unrealized gain on designated cash flow hedge	—	—	0.1	—	0.1
Redemption of Series B Preferred Units	—	—	—	(50.5)	(50.5)
Common units repurchased	(17.0)	(2.1)	—	—	(17.0)
Net income	35.2	—	—	30.8	66.0
Balance, March 31, 2022	1,291.5	483.4	(1.3)	1,615.6	2,905.8
Conversion of restricted units for common units, net of units withheld for taxes	(0.2)	—	—	—	(0.2)
Unit-based compensation	5.7	—	—	—	5.7
Contributions from non-controlling interests	—	—	—	2.0	2.0
Distributions	(55.3)	—	—	(42.2)	(97.5)
Common units repurchased	(33.7)	(3.6)	—	—	(33.7)
Net income	85.3	—	—	38.6	123.9
Balance, June 30, 2022	<u>\$ 1,293.3</u>	<u>479.8</u>	<u>\$ (1.3)</u>	<u>\$ 1,614.0</u>	<u>\$ 2,906.0</u>

See accompanying notes to consolidated financial statements.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Consolidated Statements of Changes in Members' Equity (Continued)
(In millions)

	Common Units		Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total	Redeemable Non-Controlling Interest (Temporary Equity)
	\$	Units	\$	\$	\$	\$
(Unaudited)						
Balance, December 31, 2020	\$ 1,508.8	489.4	\$ (15.3)	\$ 1,719.5	\$ 3,213.0	\$ —
Conversion of restricted units for common units, net of units withheld for taxes	(1.2)	0.7	—	—	(1.2)	—
Unit-based compensation	6.5	—	—	—	6.5	—
Contributions from non-controlling interests	—	—	—	0.9	0.9	—
Distributions	(47.1)	—	—	(25.8)	(72.9)	(0.2)
Unrealized gain on designated cash flow hedge (1)	—	—	3.6	—	3.6	—
Fair value adjustment related to redeemable non-controlling interest	(0.1)	—	—	—	(0.1)	0.2
Net income (loss)	(12.7)	—	—	25.3	12.6	—
Balance, March 31, 2021	1,454.2	490.1	(11.7)	1,719.9	3,162.4	—
Conversion of restricted units for common units, net of units withheld for taxes	(0.2)	0.1	—	—	(0.2)	—
Unit-based compensation	6.4	—	—	—	6.4	—
Contributions from non-controlling interests	—	—	—	1.0	1.0	—
Distributions	(46.7)	—	—	(36.0)	(82.7)	—
Unrealized gain on designated cash flow hedge (2)	—	—	3.7	—	3.7	—
Common units repurchased	(2.0)	(0.3)	—	—	(2.0)	—
Net income (loss)	(21.6)	—	—	31.0	9.4	—
Balance, June 30, 2021	\$ 1,390.1	489.9	\$ (8.0)	\$ 1,715.9	\$ 3,098.0	\$ —

(1) Includes tax expense of \$ 1.1 million.

(2) Includes tax expense of \$ 1.1 million.

See accompanying notes to consolidated financial statements.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In millions)

	Six Months Ended June 30,	
	2022	2021
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 189.9	\$ 22.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	311.9	302.9
Utility credits redeemed (earned)	11.6	(43.8)
Deferred income tax expense	1.2	7.9
(Gain) Loss on disposition of assets	4.7	(0.3)
Non-cash unit-based compensation	12.3	12.9
Amortization of designated cash flow hedge	0.1	6.0
Payments to terminate interest rate swaps	—	(1.3)
Non-cash (gain) loss on derivatives recognized in net income	(18.6)	34.2
Loss on extinguishment of debt	0.5	—
Amortization of debt issuance costs and net discount of senior unsecured notes	2.6	2.5
Loss from unconsolidated affiliate investments	2.3	7.6
Other operating activities	(2.0)	(2.5)
Changes in assets and liabilities:		
Accounts receivable, accrued revenue, and other	(226.7)	(61.4)
Natural gas and NGLs inventory, prepaid expenses, and other	(83.2)	(47.8)
Accounts payable, accrued product purchases, and other accrued liabilities	276.0	163.3
Net cash provided by operating activities	482.6	402.2
Cash flows from investing activities:		
Additions to property and equipment	(124.1)	(62.5)
Contributions to unconsolidated affiliate investments	(26.6)	—
Acquisitions, net of cash acquired	—	(55.0)
Distribution from unconsolidated affiliate investments in excess of earnings	0.4	3.7
Other investing activities	1.0	1.6
Net cash used in investing activities	(149.3)	(112.2)
Cash flows from financing activities:		
Proceeds from borrowings	1,135.0	539.5
Repayments on borrowings	(1,177.0)	(679.5)
Distributions to members	(111.7)	(93.8)
Distributions to non-controlling interests	(76.8)	(62.0)
Payment of installment payable for the Amarillo Rattler Acquisition	(10.0)	—
Redemption of Series B Preferred Units	(50.5)	—
Contributions from non-controlling interests	9.3	1.9
Common unit repurchases	(50.7)	(2.0)
Other financing activities	(9.0)	(0.9)
Net cash used in financing activities	(341.4)	(296.8)
Net decrease in cash and cash equivalents	(8.1)	(6.8)
Cash and cash equivalents, beginning of period	26.2	39.6
Cash and cash equivalents, end of period	\$ 18.1	\$ 32.8
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 107.8	\$ 97.1
Cash paid for income taxes	\$ 0.8	\$ 0.2
Non-cash investing activities:		
Non-cash accrual of property and equipment	\$ (1.6)	\$ 6.9
Non-cash acquisitions	\$ —	\$ 16.5
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 15.3	\$ 10.7

See accompanying notes to consolidated financial statements.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2022
(Unaudited)

(1) General

In this report, the terms “Company” or “Registrant,” as well as the terms “ENLC,” “our,” “we,” “us,” or like terms, are sometimes used as abbreviated references to EnLink Midstream, LLC itself or EnLink Midstream, LLC together with its consolidated subsidiaries, including ENLK and its consolidated subsidiaries. References in this report to “EnLink Midstream Partners, LP,” the “Partnership,” “ENLK,” or like terms refer to EnLink Midstream Partners, LP itself or EnLink Midstream Partners, LP together with its consolidated subsidiaries, including the Operating Partnership.

Please read the notes to the consolidated financial statements in conjunction with the Definitions page set forth in this report prior to Part I—Financial Information.

a. Organization of Business

ENLC is a Delaware limited liability company formed in October 2013. The Company’s common units are traded on the New York Stock Exchange under the symbol “ENLC.” ENLC owns all of ENLK’s common units and also owns all of the membership interests of the General Partner. The General Partner manages ENLK’s operations and activities.

b. Nature of Business

We primarily focus on providing midstream energy services, including:

- gathering, compressing, treating, processing, transporting, storing, and selling natural gas;
- fractionating, transporting, storing, and selling NGLs; and
- gathering, transporting, stabilizing, storing, trans-loading, and selling crude oil and condensate, in addition to brine disposal services.

As of June 30, 2022, our midstream energy asset network includes approximately 12,100 miles of pipelines, 22 natural gas processing plants with approximately 5.5 Bcf/d of processing capacity, seven fractionators with approximately 320,000 Bbls/d of fractionation capacity, barge and rail terminals, product storage facilities, purchasing and marketing capabilities, brine disposal wells, a crude oil trucking fleet, and equity investments in certain joint ventures. Our operations are based in the United States, and our sales are derived primarily from domestic customers.

Our natural gas business includes connecting the wells of producers in our market areas to our gathering systems. Our gathering systems consist of networks of pipelines that collect natural gas from points at or near producing wells and transport it to our processing plants or to larger pipelines for further transmission. We operate processing plants that remove NGLs from the natural gas stream that is transported to the processing plants by our own gathering systems or by third-party pipelines. In conjunction with our gathering and processing business, we may purchase natural gas and NGLs from producers and other supply sources and sell that natural gas or NGLs to utilities, industrial consumers, marketers, and pipelines. Our transmission pipelines receive natural gas from our gathering systems and from third-party gathering and transmission systems and deliver natural gas to industrial end-users, utilities, and other pipelines.

Our fractionators separate NGLs into separate purity products, including ethane, propane, iso-butane, normal butane, and natural gasoline. Our fractionators receive NGLs primarily through our transmission lines that transport NGLs from East Texas and from our South Louisiana processing plants. Our fractionators also have the capability to receive NGLs by truck or rail terminals. We also have agreements pursuant to which third parties transport NGLs from our West Texas and Central Oklahoma operations to our NGL transmission lines that then transport the NGLs to our fractionators. In addition, we have NGL storage capacity to provide storage for customers.

Our crude oil and condensate business includes the gathering and transmission of crude oil and condensate via pipelines, barges, rail, and trucks, in addition to condensate stabilization and brine disposal. We also purchase crude oil and condensate from producers and other supply sources and sell that crude oil and condensate through our terminal facilities to various markets.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Unaudited)

Across our businesses, we primarily earn our fees through various fee-based contractual arrangements, which include stated fee-only contract arrangements or arrangements with fee-based components where we purchase and resell commodities in connection with providing the related service and earn a net margin as our fee. We earn our net margin under our purchase and resell contract arrangements primarily as a result of stated service-related fees that are deducted from the price of the commodities purchased.

(2) Significant Accounting Policies

a. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q, are unaudited, and do not include all the information and disclosures required by GAAP for complete financial statements. All adjustments that, in the opinion of management, are necessary for a fair presentation of the results of operations for the interim periods have been made and are of a recurring nature unless otherwise disclosed herein. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Commission on February 16, 2022. Certain reclassifications were made to the financial statements for the prior period to conform to current period presentation. The effect of these reclassifications had no impact on previously reported members' equity or net income. All significant intercompany balances and transactions have been eliminated in consolidation.

b. Revenue Recognition

The following table summarizes the contractually committed fees (in millions) that we expect to recognize in our consolidated statements of operations, in either revenue or reductions to cost of sales, from MVC and firm transportation contractual provisions. Under these agreements, our customers or suppliers agree to transport or process a minimum volume of commodities on our system over an agreed period. If a customer or supplier fails to meet the minimum volume specified in such agreement, the customer or supplier is obligated to pay a contractually determined fee based upon the shortfall between actual volumes and the contractually stated volumes. All amounts in the table below are determined using the contractually-stated MVC or firm transportation volumes specified for each period multiplied by the relevant deficiency or reservation fee. Actual amounts could differ due to the timing of revenue recognition or reductions to cost of sales resulting from make-up right provisions included in our agreements, as well as due to nonpayment or nonperformance by our customers. We record revenue under MVC and firm transportation contracts during periods of shortfall when it is known that the customer cannot, or will not, make up the deficiency. These fees do not represent the shortfall amounts we expect to collect under our MVC and firm transportation contracts, as we generally do not expect volume shortfalls to equal the full amount of the contractual MVCs and firm transportation contracts during these periods.

Contractually Committed Fees	Commitments
2022 (remaining)	\$ 69.6
2023	119.7
2024	99.9
2025	67.0
2026	59.9
Thereafter	290.9
Total	\$ 707.0

(3) Intangible Assets

Intangible assets associated with customer relationships are amortized on a straight-line basis over the expected period of benefits of the customer relationships, which ranged from 10 to 20 years at the time the intangible assets were originally recorded. The weighted average amortization period for intangible assets is 4.9 years.

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Notes to Consolidated Financial Statements (Continued)
(Unaudited)

The following table represents our change in carrying value of intangible assets (in millions):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Six Months Ended June 30, 2022			
Customer relationships, beginning of period	\$ 1,844.8	\$ (795.1)	\$ 1,049.7
Amortization expense	—	(64.7)	(64.7)
Customer relationships, end of period	<u>\$ 1,844.8</u>	<u>\$ (859.8)</u>	<u>\$ 985.0</u>

Amortization expense was \$31.9 million and \$31.6 million for the three months ended June 30, 2022 and 2021, respectively, and \$64.7 million and \$62.5 million for the six months ended June 30, 2022 and 2021, respectively.

The following table summarizes our estimated aggregate amortization expense for the next five years and thereafter (in millions):

2022 (remaining)	\$ 63.7
2023	127.6
2024	127.6
2025	110.2
2026	106.3
Thereafter	449.6
Total	<u><u>\$ 985.0</u></u>

(4) Related Party Transactions

(a) Transactions with Cedar Cove JV

For the three and six months ended June 30, 2022, we recorded cost of sales of \$9.1 million and \$19.7 million, respectively, and for the three and six months ended June 30, 2021, we recorded cost of sales of \$3.6 million and \$6.8 million, respectively, related to our purchase of residue gas and NGLs from the Cedar Cove JV subsequent to processing at our Central Oklahoma processing facilities. Additionally, we had accounts payable balances related to transactions with the Cedar Cove JV of \$5.7 million and \$1.6 million at June 30, 2022 and December 31, 2021, respectively.

(b) Transactions with GIP

General and Administrative Expenses. For the three and six months ended June 30, 2021, we recorded general and administrative expenses of \$0.1 million and \$0.2 million, respectively, related to personnel secondment services provided by GIP. We did not record any expenses related to transactions with GIP for the three and six months ended June 30, 2022.

GIP Repurchase Agreement. On February 15, 2022, we and GIP entered into an agreement pursuant to which we are repurchasing, on a quarterly basis, a pro rata portion of the ENLC common units held by GIP, based upon the number of common units purchased by us during the applicable quarter from public unitholders under our common unit repurchase program. The number of ENLC common units held by GIP that we repurchase in any quarter is calculated such that GIP's then-existing economic ownership percentage of our outstanding common units is maintained after our repurchases of common units from public unitholders are taken into account, and the per unit price we pay to GIP is the average per unit price paid by us for the common units repurchased from public unitholders. See "Note 8—Members' Equity" for additional information on the activity relating to the GIP repurchase agreement.

Management believes the foregoing transactions with related parties were executed on terms that are fair and reasonable to us. The amounts related to related party transactions are specified in the accompanying consolidated financial statements.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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(5) Long-Term Debt

As of June 30, 2022 and December 31, 2021, long-term debt consisted of the following (in millions):

	June 30, 2022			December 31, 2021		
	Outstanding Principal	Premium (Discount)	Long-Term Debt	Outstanding Principal	Premium (Discount)	Long-Term Debt
Revolving Credit Facility due 2027 (1)	\$ —	\$ —	\$ —	\$ 15.0	\$ —	\$ 15.0
AR Facility due 2025 (2)	325.0	—	325.0	350.0	—	350.0
ENLK's 4.40% Senior unsecured notes due 2024	519.8	0.5	520.3	521.8	0.7	522.5
ENLK's 4.15% Senior unsecured notes due 2025	720.8	(0.3)	720.5	720.8	(0.4)	720.4
ENLK's 4.85% Senior unsecured notes due 2026	491.0	(0.3)	490.7	491.0	(0.3)	490.7
ENLC's 5.625% Senior unsecured notes due 2028	500.0	—	500.0	500.0	—	500.0
ENLC's 5.375% Senior unsecured notes due 2029	498.7	—	498.7	498.7	—	498.7
ENLK's 5.60% Senior unsecured notes due 2044	350.0	(0.2)	349.8	350.0	(0.2)	349.8
ENLK's 5.05% Senior unsecured notes due 2045	450.0	(5.3)	444.7	450.0	(5.5)	444.5
ENLK's 5.45% Senior unsecured notes due 2047	500.0	(0.1)	499.9	500.0	(0.1)	499.9
Debt classified as long-term	<u>\$ 4,355.3</u>	<u>\$ (5.7)</u>	<u>4,349.6</u>	<u>\$ 4,397.3</u>	<u>\$ (5.8)</u>	<u>4,391.5</u>
Debt issuance cost (3)			(29.6)			(27.8)
Long-term debt, net of unamortized issuance cost			<u>\$ 4,320.0</u>			<u>\$ 4,363.7</u>

(1) The effective interest rate was 3.9% at December 31, 2021.

(2) The effective interest rate was 2.8% and 1.2% at June 30, 2022 and December 31, 2021, respectively.

(3) Net of accumulated amortization of \$16.9 million and \$18.4 million at June 30, 2022 and December 31, 2021, respectively.

Revolving Credit Facility

On June 3, 2022, we amended and restated our prior revolving credit facility by entering into the Revolving Credit Facility. As a result, we recognized a \$0.5 million loss on extinguishment of debt. The Revolving Credit Facility amended our prior revolving credit facility by, among other things, (i) decreasing the lenders' commitments under the Revolving Credit Facility from \$1.75 billion to \$1.40 billion, (ii) modifying the leverage ratio financial covenant calculation to net from the funded indebtedness numerator the lesser of (a) consolidated unrestricted cash of ENLC and (b) \$50.0 million, (iii) removing the consolidated interest coverage ratio financial covenant, (iv) extending the maturity date from January 25, 2024 to June 3, 2027, (v) replacing the ability of ENLC to elect that borrowings accrue interest at LIBOR, plus a margin, with the ability of ENLC to elect that borrowings accrue interest at a forward-looking term rate based on SOFR ("Term SOFR"), plus a margin and a Term SOFR spread adjustment, (vi) increasing the size of a permitted receivables financing to \$500.0 million from \$350.0 million, and (vii) permitting, but not requiring, the establishment by ENLC (subject to approval by Bank of America, N.A., as administrative agent, and lenders holding a majority of the revolving commitments) of specified key performance indicators with respect to environmental, social, and/or governance targets that may result in a pricing increase or decrease under the Revolving Credit Facility of up to 0.05% per annum for the margin on borrowings and letters of credit and 0.02% per annum for the commitment fees.

Borrowings under the Revolving Credit Facility bear interest at ENLC's options at the Term SOFR plus a Term SOFR spread adjustment of 0.10% per annum and an applicable margin (ranging from 1.125% to 2.00%) or the Base Rate (the highest of the federal funds rate plus 0.50%, the Term SOFR plus 1.0% or the administrative agent's prime rate) plus an applicable margin (ranging from 0.125% to 1.00%). The applicable margins vary depending on ENLC's debt rating. Upon breach by ENLC of certain covenants governing the Revolving Credit Facility, amounts outstanding under the Revolving Credit Facility, if any, may become due and payable immediately.

There were no outstanding borrowings under the Revolving Credit Facility and \$44.6 million outstanding letters of credit as of June 30, 2022.

At June 30, 2022, we were in compliance with and expect to be in compliance with the financial covenants of the Revolving Credit Facility for at least the next twelve months.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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AR Facility

On October 21, 2020, EnLink Midstream Funding, LLC, a bankruptcy-remote special purpose entity that is an indirect subsidiary of ENLC (the “SPV”) entered into the AR Facility. We are the primary beneficiary of the SPV and we consolidate its assets and liabilities, which consisted primarily of billed and unbilled accounts receivable of \$946.7 million as of June 30, 2022. As of June 30, 2022, the AR Facility had a borrowing base of \$50.0 million and there were \$325.0 million in outstanding borrowings under the AR Facility.

At June 30, 2022, we were in compliance with and expect to be in compliance with the financial covenants of the AR Facility for at least the next twelve months.

On August 1, 2022, we amended certain terms of the AR Facility to, among other things, increase the commitments thereunder from \$50.0 million to \$500.0 million and extend the scheduled termination date from September 24, 2024 to August 1, 2025. See “Item 5. Other Information” for additional information.

Senior Unsecured Notes Repurchase

For the three and six months ended June 30, 2022, we repurchased \$2.0 million of ENLK’s outstanding senior unsecured notes due 2024 in open market transactions. We did not repurchase senior unsecured notes during the three and six months ended June 30, 2021.

(6) Income Taxes

The components of our total income tax benefit (expense) are as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Current income tax expense	\$ (0.5)	\$ —	\$ (0.7)	\$ (0.1)
Deferred income tax benefit (expense)	1.8	(6.6)	(1.2)	(7.9)
Total income tax benefit (expense)	<u>\$ 1.3</u>	<u>\$ (6.6)</u>	<u>\$ (1.9)</u>	<u>\$ (8.0)</u>

The following schedule reconciles total income tax benefit (expense) and the amount calculated by applying the statutory U.S. federal tax rate to income before non-controlling interest and income taxes (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Expected income tax benefit (expense) based on federal statutory rate	\$ (17.8)	\$ 3.8	\$ (25.9)	\$ 6.2
State income tax benefit (expense), net of federal benefit	(2.5)	0.6	(3.6)	0.8
Unit-based compensation (1)	—	(0.4)	(2.0)	(2.9)
Change in valuation allowance	21.0	(1.0)	28.1	(2.2)
Oklahoma statutory rate change (2)	—	(7.6)	—	(7.6)
Other	0.6	(2.0)	1.5	(2.3)
Total income tax benefit (expense)	<u>\$ 1.3</u>	<u>\$ (6.6)</u>	<u>\$ (1.9)</u>	<u>\$ (8.0)</u>

(1) Related to book-to-tax differences recorded upon the vesting of restricted incentive units.

(2) Oklahoma House Bill 2960 resulted in a change in the corporate income tax rate from 6% to 4%. Accordingly, we recorded deferred tax expense in the amount of \$7.6 million for the three and six months ended June 30, 2021 due to a remeasurement of deferred tax assets.

Deferred Tax Assets and Liabilities

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The deferred tax liabilities, net of deferred tax assets, are included in “Deferred tax liability, net” in the consolidated balance sheets. As of June 30, 2022, we had \$138.7 million of deferred tax liabilities, net of \$511.9 million of deferred tax assets, which included a \$123.5 million valuation

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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allowance. As of December 31, 2021, we had \$137.5 million of deferred tax liabilities, net of \$481.6 million of deferred tax assets, which included a \$151.6 million valuation allowance.

A valuation allowance is established to reduce deferred tax assets if all, or some portion, of such assets will more than likely not be realized. We have established a valuation allowance primarily related to federal and state tax operating loss carryforwards for which we do not believe a tax benefit is more likely than not to be realized. As of June 30, 2022, management believes it is more likely than not that the Company will realize the benefits of the deferred tax assets, net of valuation allowance.

(7) Certain Provisions of the ENLK Partnership Agreement

a. Series B Preferred Units

As of June 30, 2022 and December 31, 2021, there were 54,168,359 and 57,501,693 Series B Preferred Units issued and outstanding, respectively.

In January 2022, we redeemed 3,333,334 Series B Preferred Units for total consideration of \$50.5 million plus accrued distributions. In addition, upon such redemption, a corresponding number of ENLC Class C Common Units were automatically cancelled. The redemption price represents 101% of the preferred units' par value. In connection with the Series B Preferred Unit redemption, we have agreed with the holders of the Series B Preferred Units that we will pay cash in lieu of making a quarterly PIK distribution through the distribution declared for the fourth quarter of 2022.

A summary of the distribution activity relating to the Series B Preferred Units during the six months ended June 30, 2022 and 2021 is provided below:

Declaration period	Distribution paid as additional Series B Preferred Units	Cash distribution (in millions)	Date paid/payable
2022			
Fourth Quarter of 2021	—	\$ 19.2	February 11, 2022 (1)
First Quarter of 2022	—	\$ 17.5	May 13, 2022 (2)
Second Quarter of 2022	—	\$ 17.3	August 12, 2022
2021			
Fourth Quarter of 2020	150,494	\$ 16.9	February 12, 2021
First Quarter of 2021	150,871	\$ 17.0	May 14, 2021
Second Quarter of 2021	151,248	\$ 17.0	August 13, 2021

(1) In December 2021 and January 2022, we paid \$0.9 million and \$1.0 million, respectively, of accrued distributions on the Series B Preferred Units redeemed.

(2) In January 2022, we paid \$0.3 million of accrued distributions on the Series B Preferred Units redeemed. The remaining distribution of \$ 17.2 million related to the first quarter of 2022 was paid on May 13, 2022.

b. Series C Preferred Units

As of June 30, 2022 and December 31, 2021, there were 400,000 Series C Preferred Units issued and outstanding, respectively. ENLK distributed \$12.0 million to holders of Series C Preferred Units during the three and six months ended June 30, 2022 and 2021, respectively.

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Notes to Consolidated Financial Statements (Continued)
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(8) Members' Equity

a. Common Unit Repurchase Program

In November 2020, the board of directors of the Managing Member (the "Board") authorized a common unit repurchase program for the repurchase of up to \$100.0 million of outstanding ENLC common units and reauthorized such program in April 2021. The Board reauthorized ENLC's common unit repurchase program and reset the amount available for repurchases of outstanding common units at up to \$100.0 million effective January 1, 2022. In July 2022, the Board increased the amount available for repurchases to \$200.0 million. Repurchases under the common unit repurchase program will be made, in accordance with applicable securities laws, from time to time in open market or private transactions and may be made pursuant to a trading plan meeting the requirements of Rule 10b5-1 under the Exchange Act. The repurchases will depend on market conditions and may be discontinued at any time.

On February 15, 2022, we and GIP entered into an agreement pursuant to which we agreed to repurchase, on a quarterly basis, a pro rata portion of the ENLC common units held by GIP, based upon the number of common units purchased by us during the preceding quarter from public unitholders under our common unit repurchase program. See "Note 4—Related Party Transactions" above.

The following table summarizes our ENLC common unit repurchase activity for the three and six months ended June 30, 2022 and 2021 (in millions, except for unit amounts):

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Publicly held ENLC common units repurchased	2,921,370	317,751	5,015,212	317,751
ENLC common units held by GIP repurchased (1)	675,095	—	675,095	—
Total ENLC common units repurchased	3,596,465	317,751	5,690,307	317,751
Aggregate cost for publicly held ENLC common units repurchased	\$ 27.7	\$ 2.0	\$ 44.7	\$ 2.0
Aggregate cost for ENLC common units held by GIP repurchased (3)	6.0	—	6.0	—
Total aggregate cost for ENLC common units repurchased	\$ 33.7	\$ 2.0	\$ 50.7	\$ 2.0

- (1) The units represent GIP's pro rata share of the aggregate number of common units repurchased by us under our common unit repurchase program during the period from February 15, 2022 (the date on which the Repurchase Agreement was signed) through March 31, 2022.
- (2) For the three and six months ended June 30, 2022, the average price paid per common unit repurchased was \$9.49 per common unit and \$8.92 per common unit, respectively. For the three and six months ended June 30, 2021, the average price paid per common unit repurchased was \$6.22 per common unit.
- (3) For the three and six months ended June 30, 2022, the average price paid per common unit repurchased was \$8.92. The per unit price we paid to GIP was the average per unit price paid by us for publicly held ENLC common units repurchased from February 15, 2022 (the date on which the Repurchase Agreement was signed) through March 31, 2022.

Additionally, on August 2, 2022, we repurchased 2,530,507 ENLC common units held by GIP at an aggregate cost of \$24.0 million, or an average of \$9.47 per common unit. These units represent GIP's pro rata share of the aggregate number of common units repurchased by us during the three months ended June 30, 2022. The per unit price we paid to GIP was the same as the average per unit price paid by us for publicly held ENLC common units repurchased during the same period, less broker commission, which were not paid with respect to the GIP units.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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b. Earnings Per Unit and Dilution Computations

As required under ASC 260, *Earnings Per Share*, unvested share-based payments that entitle employees to receive non-forfeitable distributions are considered participating securities for earnings per unit calculations. The following table reflects the computation of basic and diluted earnings per unit for the periods presented (in millions, except per unit amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Distributed earnings allocated to:				
Common units (1)	\$ 54.3	\$ 46.0	\$ 108.7	\$ 91.9
Unvested restricted units (1)	1.4	1.1	2.5	2.2
Total distributed earnings	\$ 55.7	\$ 47.1	\$ 111.2	\$ 94.1
Undistributed income (loss) allocated to:				
Common units	\$ 29.0	\$ (67.1)	\$ 9.1	\$ (125.4)
Unvested restricted units	0.6	(1.6)	0.2	(3.0)
Total undistributed income (loss)	\$ 29.6	\$ (68.7)	\$ 9.3	\$ (128.4)
Net income (loss) attributable to ENLC allocated to:				
Common units	\$ 83.3	\$ (21.1)	\$ 117.8	\$ (33.5)
Unvested restricted units	2.0	(0.5)	2.7	(0.8)
Total net income (loss) attributable to ENLC	\$ 85.3	\$ (21.6)	\$ 120.5	\$ (34.3)
Net income (loss) attributable to ENLC per unit:				
Basic	\$ 0.18	\$ (0.04)	\$ 0.25	\$ (0.07)
Diluted	\$ 0.17	\$ (0.04)	\$ 0.25	\$ (0.07)

(1) Represents distribution activity consistent with the distribution activity table below.

The following are the unit amounts used to compute the basic and diluted earnings per unit for the periods presented (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Basic weighted average units outstanding:				
Weighted average common units outstanding	482.0	490.0	483.0	490.0
Diluted weighted average units outstanding:				
Weighted average basic common units outstanding	482.0	490.0	483.0	490.0
Dilutive effect of non-vested restricted units (1)	7.0	—	6.7	—
Total weighted average diluted common units outstanding	489.0	490.0	489.7	490.0

(1) All common unit equivalents were antidilutive for the three and six months ended June 30, 2021, since a net loss existed for those periods.

All outstanding units were included in the computation of diluted earnings per unit and weighted based on the number of days such units were outstanding during the period presented.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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c. Distributions

A summary of our distribution activity related to the ENLC common units for the six months ended June 30, 2022 and 2021, respectively, is provided below:

Declaration period	Distribution/unit	Date paid/payable
2022		
Fourth Quarter of 2021	\$ 0.11250	February 11, 2022
First Quarter of 2022	\$ 0.11250	May 13, 2022
Second Quarter of 2022	\$ 0.11250	August 12, 2022
2021		
Fourth Quarter of 2020	\$ 0.09375	February 12, 2021
First Quarter of 2021	\$ 0.09375	May 14, 2021
Second Quarter of 2021	\$ 0.09375	August 13, 2021

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(9) Investment in Unconsolidated Affiliates

On May 16, 2022, we formed a joint venture with WhiteWater Midstream, LLC, Devon Energy Corporation, and MPLX LP (the “Matterhorn JV”) to construct a pipeline designed to transport up to 2.5 Bcf/d of natural gas through approximately 490 miles of 42-inch pipeline from the Waha Hub in West Texas to Katy, Texas (the “Matterhorn Express Pipeline”).

As of June 30, 2022, our unconsolidated investments consisted of a 38.75% ownership in GCF, a 30% ownership in the Cedar Cove JV, and a 15% ownership in the Matterhorn JV. The following table shows the activity related to our investment in unconsolidated affiliates for the periods indicated (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
GCF				
Contributions	\$ 0.5	\$ —	\$ 0.5	\$ —
Distributions	\$ —	\$ —	\$ —	\$ (3.5)
Equity in loss	\$ (0.9)	\$ (0.7)	\$ (1.6)	\$ (6.4)
Cedar Cove JV				
Distributions	\$ (0.2)	\$ (0.1)	\$ (0.4)	\$ (0.2)
Equity in loss	\$ (0.3)	\$ (0.6)	\$ (0.7)	\$ (1.2)
Matterhorn JV				
Contributions	\$ 26.1	\$ —	\$ 26.1	\$ —
Total				
Contributions	\$ 26.6	\$ —	\$ 26.6	\$ —
Distributions	\$ (0.2)	\$ (0.1)	\$ (0.4)	\$ (3.7)
Equity in loss	\$ (1.2)	\$ (1.3)	\$ (2.3)	\$ (7.6)

The following table shows the balances related to our investment in unconsolidated affiliates as of June 30, 2022 and December 31, 2021 (in millions):

	June 30, 2022	December 31, 2021
GCF	\$ 26.9	\$ 28.0
Cedar Cove JV (1)	(2.9)	(1.8)
Matterhorn JV	26.1	—
Total investment in unconsolidated affiliates	\$ 50.1	\$ 26.2

(1) As of June 30, 2022 and December 31, 2021, our investment in the Cedar Cove JV is classified as “Other long-term liabilities” on the consolidated balance sheets.

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Unaudited)

(10) Employee Incentive Plans

a. Long-Term Incentive Plans

We account for unit-based compensation in accordance with ASC 718, which requires that compensation related to all unit-based awards be recognized in the consolidated financial statements. Unit-based compensation cost is valued at fair value at the date of grant, and that grant date fair value is recognized as expense over each award's requisite service period with a corresponding increase to equity or liability based on the terms of each award and the appropriate accounting treatment under ASC 718.

Amounts recognized on the consolidated financial statements with respect to these plans are as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Cost of unit-based compensation charged to operating expense	\$ 1.2	\$ 1.7	\$ 2.8	\$ 3.4
Cost of unit-based compensation charged to general and administrative expense	4.5	4.7	9.5	9.5
Total unit-based compensation expense	\$ 5.7	\$ 6.4	\$ 12.3	\$ 12.9
Amount of related income tax benefit recognized in net income (1)	\$ 1.3	\$ 1.5	\$ 2.9	\$ 3.0

(1) For the six months ended June 30, 2022, the amount of related income tax benefit recognized in net income excluded \$2.0 million of income tax expense related to book-to-tax differences recorded upon the vesting of restricted units. For the three months ended June 30, 2022, there was no income tax expense related to book-to-tax differences recorded upon the vesting of units. For the three and six months ended June 30, 2021, the amount of related income tax benefit recognized in net income excluded \$0.4 million and \$2.9 million of income tax expense, respectively, related to book-to-tax differences recorded upon the vesting of restricted units.

b. ENLC Restricted Incentive Units

ENLC restricted incentive units were valued at their fair value at the date of grant, which is equal to the market value of ENLC common units on such date. A summary of the restricted incentive unit activity for the six months ended June 30, 2022 is provided below:

ENLC Restricted Incentive Units:	Six Months Ended June 30, 2022	
	Number of Units	Weighted Average Grant-Date Fair Value
Non-vested, beginning of period	7,507,471	\$ 5.46
Granted (1)	2,386,493	8.81
Vested (1)(2)	(1,100,302)	10.22
Forfeited	(131,415)	5.91
Non-vested, end of period	<u>8,662,247</u>	<u>\$ 5.77</u>
Aggregate intrinsic value, end of period (in millions)	\$ 73.6	

(1) Restricted incentive units typically vest at the end of three years. In March 2022, ENLC granted 193,935 restricted incentive units with a fair value of \$1.7 million. These restricted incentives units vested immediately and are included in the restricted incentive units granted and vested line items.

(2) Vested units included 296,453 units withheld for payroll taxes paid on behalf of employees.

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A summary of the restricted incentive units' aggregate intrinsic value (market value at vesting date) and fair value of units vested (market value at date of grant) for the three and six months ended June 30, 2022 and 2021 is provided below (in millions):

ENLC Restricted Incentive Units:	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Aggregate intrinsic value of units vested	\$ 0.6	\$ 0.9	\$ 8.2	\$ 3.9
Fair value of units vested	\$ 0.5	\$ 2.3	\$ 11.2	\$ 12.5

As of June 30, 2022, there were \$25.7 million of unrecognized compensation costs that related to non-vested ENLC restricted incentive units. These costs are expected to be recognized over a weighted-average period of 2.0 years.

c. ENLC Performance Units

ENLC grants performance awards under the 2014 Plan. The performance award agreements provide that the vesting of performance units (i.e., performance-based restricted incentive units) granted thereunder is dependent on the achievement of certain performance goals over the applicable performance period. At the end of the vesting period, recipients receive distribution equivalents, if any, with respect to the number of performance units vested. The vesting of such units ranges from zero to 200% of the units granted depending on the extent to which the related performance goals are achieved over the relevant performance period.

The following table presents a summary of the performance units:

ENLC Performance Units:	Six Months Ended June 30, 2022	
	Number of Units	Weighted Average Grant-Date Fair Value
Non-vested, beginning of period	3,574,827	\$ 6.40
Granted	1,204,882	11.60
Vested (1)	(708,361)	15.57
Non-vested, end of period	4,071,348	\$ 6.34
Aggregate intrinsic value, end of period (in millions)	\$ 34.6	

(1) Vested units included 273,357 units withheld for payroll taxes paid on behalf of employees.

A summary of the performance units' aggregate intrinsic value (market value at vesting date) and fair value of units vested (market value at date of grant) for the six months ended June 30, 2022 and 2021 is provided below (in millions).

ENLC Performance Units:	Six Months Ended June 30,	
	2022	2021
Aggregate intrinsic value of units vested	\$ 5.6	\$ 0.6
Fair value of units vested	\$ 11.0	\$ 4.4

As of June 30, 2022, there were \$20.3 million of unrecognized compensation costs that related to non-vested ENLC performance units. These costs are expected to be recognized over a weighted-average period of 2.0 years.

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The following table presents a summary of the grant-date fair value assumptions by performance unit grant date:

ENLC Performance Units:	June 2022		March 2022 (1)		January 2021	
Grant-date fair value	\$	11.71	\$	11.90	\$	4.70
Beginning TSR price	\$	8.54	\$	8.83	\$	3.71
Risk-free interest rate		3.35 %		2.15 %		0.17 %
Volatility factor		76.00 %		75.00 %		71.00 %

(1) Excludes certain ENLC performance units awarded March 1, 2022 with vesting conditions based on performance metrics. The 88,863 ENLC performance units have a grant-date fair value of \$8.90 and will vest in February 2023.

(11) Derivatives

Interest Rate Swaps

The components of the unrealized gain on designated cash flow hedge related to changes in the fair value of our interest rate swaps were as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Change in fair value of interest rate swaps	\$ —	\$ 4.8	\$ 0.1	\$ 9.5
Tax expense	—	(1.1)	—	(2.2)
Unrealized gain on designated cash flow hedge	\$ —	\$ 3.7	\$ 0.1	\$ 7.3

The interest expense, recognized from accumulated other comprehensive loss from the monthly settlement of our interest rate swaps and amortization of the termination payments, included in our consolidated statements of operations were as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Interest expense	\$ —	\$ 4.8	\$ 0.1	\$ 9.6

We expect to recognize an additional \$0.1 million of interest expense out of accumulated other comprehensive loss over the next twelve months.

Commodity Swaps

The components of gain (loss) on derivative activity in the consolidated statements of operations related to commodity swaps are (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Change in fair value of derivatives	\$ 35.3	\$ (23.8)	\$ 20.2	\$ (31.7)
Realized loss on derivatives	(30.8)	(14.4)	(46.9)	(89.9)
Gain (loss) on derivative activity	\$ 4.5	\$ (38.2)	\$ (26.7)	\$ (121.6)

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The fair value of derivative assets and liabilities related to commodity swaps are as follows (in millions):

	June 30, 2022	December 31, 2021
Fair value of derivative assets—current	\$ 95.6	\$ 22.4
Fair value of derivative assets—long-term	—	0.2
Fair value of derivative liabilities—current	(88.7)	(34.9)
Fair value of derivative liabilities—long-term	(1.2)	(2.2)
Net fair value of commodity swaps	<u>\$ 5.7</u>	<u>\$ (14.5)</u>

Set forth below are the summarized notional volumes and fair values of all instruments related to commodity swaps that we held for price risk management purposes and the related physical offsets at June 30, 2022 (in millions). The remaining term of the contracts extend no later than July 2023.

Commodity	Instruments	June 30, 2022		
		Unit	Volume	Net Fair Value
NGL (short contracts)	Swaps	Gals	(122.0)	\$ (4.1)
Natural gas (short contracts)	Swaps	MMbtu	(19.7)	26.8
Natural gas (long contracts)	Swaps	MMbtu	11.7	(19.5)
Crude and condensate (short contracts)	Swaps	MMbbls	(3.2)	(55.4)
Crude and condensate (long contracts)	Swaps	MMbbls	2.8	57.9
Total fair value of commodity swaps				<u>\$ 5.7</u>

On all transactions where we are exposed to counterparty risk, we analyze the counterparty's financial condition prior to entering into an agreement, establish limits, and monitor the appropriateness of these limits on an ongoing basis. We primarily deal with financial institutions when entering into financial derivatives on commodities. We have entered into Master ISDAs that allow for netting of swap contract receivables and payables in the event of default by either party. If our counterparties failed to perform under existing commodity swap contracts, the maximum loss on our gross receivable position of \$95.6 million as of June 30, 2022 would be reduced to \$9.6 million due to the offsetting of gross fair value payables against gross fair value receivables as allowed by the ISDAs.

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(12) Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis are summarized below (in millions):

	Level 2	
	June 30, 2022	December 31, 2021
Commodity swaps (1)	\$ 5.7	\$ (14.5)

(1) The fair values of commodity swaps represent the amount at which the instruments could be exchanged in a current arms-length transaction adjusted for our credit risk and/or the counterparty credit risk as required under ASC 820.

Fair Value of Financial Instruments

The estimated fair value of our financial instruments has been determined using available market information and valuation methodologies. Considerable judgment is required to develop the estimates of fair value; thus, the estimates provided below are not necessarily indicative of the amount we could realize upon the sale or refinancing of such financial instruments (in millions):

	June 30, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt (1)	\$ 4,320.0	\$ 3,750.6	\$ 4,363.7	\$ 4,520.0
Installment payable (2)	\$ —	\$ —	\$ 10.0	\$ 10.0
Contingent consideration (2)	\$ 7.2	\$ 7.2	\$ 6.9	\$ 6.9

(1) The carrying value of long-term debt is reduced by debt issuance cost, net of accumulated amortization, of \$ 29.6 million and \$27.8 million as of June 30, 2022 and December 31, 2021, respectively. The respective fair values do not factor in debt issuance costs.

(2) Consideration for the Amarillo Rattler Acquisition included a \$10.0 million installment payable, which was paid on April 30, 2022, and a contingent component capped at \$15.0 million and payable, if at all, between 2024 and 2026 based on Diamondback E&P LLC's drilling activity above historical levels. Estimated fair values were calculated using a discounted cash flow analysis that utilized Level 3 inputs.

The carrying amounts of our cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to the short-term maturities of these assets and liabilities.

The fair values of all senior unsecured notes as of June 30, 2022 and December 31, 2021 were based on Level 2 inputs from third-party market quotations.

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(13) Segment Information

We evaluate the financial performance of our segments by including realized and unrealized gains and losses resulting from commodity swaps activity in the Permian, Louisiana, Oklahoma, and North Texas segments. Identification of the majority of our operating segments is based principally upon geographic regions served:

- *Permian Segment.* The Permian segment includes our natural gas gathering, processing, and transmission activities and our crude oil operations in the Midland and Delaware Basins in West Texas and Eastern New Mexico;
- *Louisiana Segment.* The Louisiana segment includes our natural gas and NGL pipelines, natural gas processing plants, natural gas and NGL storage facilities, and fractionation facilities located in Louisiana and our crude oil operations in ORV;
- *Oklahoma Segment.* The Oklahoma segment includes our natural gas gathering, processing, and transmission activities, and our crude oil operations in the Cana-Woodford, Arkoma-Woodford, northern Oklahoma Woodford, STACK, and CNOW shale areas;
- *North Texas Segment.* The North Texas segment includes our natural gas gathering, processing, and transmission activities in North Texas; and
- *Corporate Segment.* The Corporate segment includes our unconsolidated affiliate investments in the Cedar Cove JV in Oklahoma, GCF in South Texas, and the Matterhorn JV in West Texas and our corporate assets and expenses.

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We evaluate the performance of our operating segments based on segment profit and adjusted gross margin. Adjusted gross margin is a non-GAAP financial measure. Summarized financial information for our reportable segments is shown in the following tables (in millions):

	Permian	Louisiana	Oklahoma	North Texas	Corporate	Totals
Three Months Ended June 30, 2022						
Natural gas sales	\$ 323.0	\$ 272.9	\$ 87.1	\$ 37.9	\$ —	\$ 720.9
NGL sales	—	1,163.7	3.6	0.1	—	1,167.4
Crude oil and condensate sales	331.6	110.0	40.6	—	—	482.2
Product sales	654.6	1,546.6	131.3	38.0	—	2,370.5
NGL sales—related parties	427.5	43.1	242.6	165.8	(879.0)	—
Crude oil and condensate sales—related parties	—	—	—	4.0	(4.0)	—
Product sales—related parties	427.5	43.1	242.6	169.8	(883.0)	—
Gathering and transportation	19.9	15.7	44.7	40.6	—	120.9
Processing	9.9	0.3	28.6	27.9	—	66.7
NGL services	—	18.4	—	0.1	—	18.5
Crude services	6.0	9.2	3.2	0.2	—	18.6
Other services	0.2	0.4	0.1	0.2	—	0.9
Midstream services	36.0	44.0	76.6	69.0	—	225.6
Crude services—related parties	—	—	0.1	—	(0.1)	—
Midstream services—related parties	—	—	0.1	—	(0.1)	—
Revenue from contracts with customers	1,118.1	1,633.7	450.6	276.8	(883.1)	2,596.1
Cost of sales, exclusive of operating expenses and depreciation and amortization (1)	(958.0)	(1,519.2)	(321.3)	(189.7)	883.1	(2,105.1)
Realized loss on derivatives	(10.2)	(2.5)	(15.8)	(2.3)	—	(30.8)
Change in fair value of derivatives	12.5	11.8	8.2	2.8	—	35.3
Adjusted gross margin	162.4	123.8	121.7	87.6	—	495.5
Operating expenses	(50.3)	(34.8)	(23.1)	(20.7)	—	(128.9)
Segment profit	112.1	89.0	98.6	66.9	—	366.6
Depreciation and amortization	(37.1)	(39.4)	(52.3)	(28.7)	(1.5)	(159.0)
Gain on disposition of assets	—	—	0.2	0.2	—	0.4
General and administrative	—	—	—	—	(28.4)	(28.4)
Interest expense, net of interest income	—	—	—	—	(55.5)	(55.5)
Loss on extinguishment of debt	—	—	—	—	(0.5)	(0.5)
Loss from unconsolidated affiliate investments	—	—	—	—	(1.2)	(1.2)
Other income	—	—	—	—	0.2	0.2
Income (loss) before non-controlling interest and income taxes	\$ 75.0	\$ 49.6	\$ 46.5	\$ 38.4	\$ (86.9)	\$ 122.6
Capital expenditures	\$ 34.7	\$ 6.3	\$ 11.5	\$ 8.1	\$ 1.9	\$ 62.5

(1) Includes related party cost of sales of \$9.1 million for the three months ended June 30, 2022.

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	Permian	Louisiana	Oklahoma	North Texas	Corporate	Totals
Three Months Ended June 30, 2021						
Natural gas sales	\$ 97.4	\$ 122.0	\$ 45.6	\$ 26.2	\$ —	\$ 291.2
NGL sales	0.5	706.6	0.4	(0.1)	—	707.4
Crude oil and condensate sales	170.4	50.9	15.7	—	—	237.0
Product sales	268.3	879.5	61.7	26.1	—	1,235.6
NGL sales—related parties	195.5	30.2	137.1	94.3	(457.1)	—
Crude oil and condensate sales—related parties	—	—	0.1	2.1	(2.2)	—
Product sales—related parties	195.5	30.2	137.2	96.4	(459.3)	—
Gathering and transportation	11.8	16.4	45.9	38.2	—	112.3
Processing	6.0	0.5	28.1	27.0	—	61.6
NGL services	—	17.1	—	0.1	—	17.2
Crude services	4.0	9.6	3.4	0.2	—	17.2
Other services	0.2	0.4	0.2	0.2	—	1.0
Midstream services	22.0	44.0	77.6	65.7	—	209.3
Revenue from contracts with customers	485.8	953.7	276.5	188.2	(459.3)	1,444.9
Cost of sales, exclusive of operating expenses and depreciation and amortization (1)	(402.3)	(838.9)	(164.9)	(108.3)	459.3	(1,055.1)
Realized loss on derivatives	(4.2)	(6.4)	(2.9)	(0.9)	—	(14.4)
Change in fair value of derivatives	(7.9)	(9.4)	(5.3)	(1.2)	—	(23.8)
Adjusted gross margin	71.4	99.0	103.4	77.8	—	351.6
Operating expenses	(27.4)	(31.7)	(17.8)	(19.9)	—	(96.8)
Segment profit	44.0	67.3	85.6	57.9	—	254.8
Depreciation and amortization	(34.6)	(36.1)	(50.6)	(28.8)	(1.8)	(151.9)
Gain on disposition of assets	—	0.2	—	0.1	—	0.3
General and administrative	—	—	—	—	(26.1)	(26.1)
Interest expense, net of interest income	—	—	—	—	(60.0)	(60.0)
Loss from unconsolidated affiliate investments	—	—	—	—	(1.3)	(1.3)
Other income	—	—	—	—	0.2	0.2
Income (loss) before non-controlling interest and income taxes	\$ 9.4	\$ 31.4	\$ 35.0	\$ 29.2	\$ (89.0)	\$ 16.0
Capital expenditures	\$ 39.5	\$ 2.2	\$ 4.9	\$ 1.9	\$ 0.1	\$ 48.6

(1) Includes related party cost of sales of \$3.6 million for the three months ended June 30, 2021.

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	Permian	Louisiana	Oklahoma	North Texas	Corporate	Totals
Six Months Ended June 30, 2022						
Natural gas sales	\$ 518.6	\$ 484.4	\$ 163.4	\$ 63.3	\$ —	\$ 1,229.7
NGL sales	—	2,315.2	6.7	—	—	2,321.9
Crude oil and condensate sales	603.6	183.9	75.3	—	—	862.8
Product sales	1,122.2	2,983.5	245.4	63.3	—	4,414.4
NGL sales—related parties	827.3	80.0	450.7	312.7	(1,670.7)	—
Crude oil and condensate sales—related parties	—	—	0.3	7.0	(7.3)	—
Product sales—related parties	827.3	80.0	451.0	319.7	(1,678.0)	—
Gathering and transportation	33.5	32.0	87.4	79.4	—	232.3
Processing	17.7	0.8	54.0	55.5	—	128.0
NGL services	—	42.3	—	0.1	—	42.4
Crude services	10.3	18.6	6.9	0.4	—	36.2
Other services	0.4	0.8	0.2	0.3	—	1.7
Midstream services	61.9	94.5	148.5	135.7	—	440.6
Crude services—related parties	—	—	0.1	—	(0.1)	—
Other services—related parties	—	0.1	—	—	(0.1)	—
Midstream services—related parties	—	0.1	0.1	—	(0.2)	—
Revenue from contracts with customers	2,011.4	3,158.1	845.0	518.7	(1,678.2)	4,855.0
Cost of sales, exclusive of operating expenses and depreciation and amortization (1)	(1,724.7)	(2,907.9)	(598.1)	(347.1)	1,678.2	(3,899.6)
Realized loss on derivatives	(12.6)	(9.1)	(19.5)	(5.7)	—	(46.9)
Change in fair value of derivatives	6.6	6.2	1.1	6.3	—	20.2
Adjusted gross margin	280.7	247.3	228.5	172.2	—	928.7
Operating expenses	(95.6)	(67.8)	(44.1)	(42.3)	—	(249.8)
Segment profit	185.1	179.5	184.4	129.9	—	678.9
Depreciation and amortization	(73.8)	(74.9)	(103.2)	(57.1)	(2.9)	(311.9)
Gain (loss) on disposition of assets	—	0.2	0.4	(5.3)	—	(4.7)
General and administrative	—	—	—	—	(57.4)	(57.4)
Interest expense, net of interest income	—	—	—	—	(110.6)	(110.6)
Loss on extinguishment of debt	—	—	—	—	(0.5)	(0.5)
Loss from unconsolidated affiliate investments	—	—	—	—	(2.3)	(2.3)
Other income	—	—	—	—	0.3	0.3
Income (loss) before non-controlling interest and income taxes	\$ 111.3	\$ 104.8	\$ 81.6	\$ 67.5	\$ (173.4)	\$ 191.8
Capital expenditures	\$ 68.9	\$ 12.0	\$ 26.9	\$ 11.2	\$ 3.5	\$ 122.5

(1) Includes related party cost of sales of \$19.7 million for the six months ended June 30, 2022.

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	Permian	Louisiana	Oklahoma	North Texas	Corporate	Totals
Six Months Ended June 30, 2021						
Natural gas sales	\$ 222.4	\$ 243.2	\$ 81.5	\$ 77.2	\$ —	\$ 624.3
NGL sales	0.5	1,332.6	1.0	1.1	—	1,335.2
Crude oil and condensate sales	277.7	92.0	29.3	—	—	399.0
Product sales	500.6	1,667.8	111.8	78.3	—	2,358.5
NGL sales—related parties	360.4	53.8	250.2	175.2	(839.6)	—
Crude oil and condensate sales—related parties	—	—	0.1	3.6	(3.7)	—
Product sales—related parties	360.4	53.8	250.3	178.8	(843.3)	—
Gathering and transportation	21.5	32.2	97.2	78.6	—	229.5
Processing	14.2	1.0	44.0	54.1	—	113.3
NGL services	—	39.1	—	0.2	—	39.3
Crude services	7.5	19.5	6.7	0.4	—	34.1
Other services	0.4	0.9	0.4	0.3	—	2.0
Midstream services	43.6	92.7	148.3	133.6	—	418.2
Crude services—related parties	—	—	0.1	—	(0.1)	—
Other services—related parties	—	2.3	—	—	(2.3)	—
Midstream services—related parties	—	2.3	0.1	—	(2.4)	—
Revenue from contracts with customers	904.6	1,816.6	510.5	390.7	(845.7)	2,776.7
Cost of sales, exclusive of operating expenses and depreciation and amortization (1)	(727.9)	(1,579.3)	(315.9)	(212.4)	845.7	(1,989.8)
Realized loss on derivatives	(61.1)	(17.1)	(8.9)	(2.8)	—	(89.9)
Change in fair value of derivatives	(13.2)	(9.8)	(7.1)	(1.6)	—	(31.7)
Adjusted gross margin	102.4	210.4	178.6	173.9	—	665.3
Operating expenses	(15.6)	(60.9)	(37.5)	(39.1)	—	(153.1)
Segment profit	86.8	149.5	141.1	134.8	—	512.2
Depreciation and amortization	(68.1)	(72.2)	(101.3)	(57.5)	(3.8)	(302.9)
Gain on disposition of assets	0.1	0.1	—	0.1	—	0.3
General and administrative	—	—	—	—	(52.1)	(52.1)
Interest expense, net of interest income	—	—	—	—	(120.0)	(120.0)
Loss from unconsolidated affiliate investments	—	—	—	—	(7.6)	(7.6)
Other income	—	—	—	—	0.1	0.1
Income (loss) before non-controlling interest and income taxes	\$ 18.8	\$ 77.4	\$ 39.8	\$ 77.4	\$ (183.4)	\$ 30.0
Capital expenditures	\$ 52.8	\$ 5.0	\$ 6.8	\$ 4.3	\$ 0.5	\$ 69.4

(1) Includes related party cost of sales of \$6.8 million for the six months ended June 30, 2021.

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The table below represents information about segment assets as of June 30, 2022 and December 31, 2021 (in millions):

Segment Identifiable Assets:	June 30, 2022	December 31, 2021
Permian	\$ 2,525.8	\$ 2,358.6
Louisiana	2,574.8	2,428.6
Oklahoma	2,581.1	2,619.5
North Texas	869.3	896.8
Corporate (1)	127.8	179.7
Total identifiable assets	<u>\$ 8,678.8</u>	<u>\$ 8,483.2</u>

(1) Accounts receivable and accrued revenue sold to the SPV for collateral under the AR Facility are included within the Permian, Louisiana, Oklahoma, and North Texas segments.

(14) Other Information

The following tables present additional detail for other current assets and other current liabilities, which consists of the following (in millions):

Other current assets:	June 30, 2022	December 31, 2021
Natural gas and NGLs inventory	\$ 124.9	\$ 49.4
Prepaid expenses and other	34.8	34.2
Other current assets	<u>\$ 159.7</u>	<u>\$ 83.6</u>

Other current liabilities:	June 30, 2022	December 31, 2021
Accrued interest	\$ 47.2	\$ 47.2
Accrued wages and benefits, including taxes	22.2	33.1
Accrued ad valorem taxes	24.3	28.3
Capital expenditure accruals	19.3	23.2
Short-term lease liability	21.2	18.1
Installment payable (1)	—	10.0
Inactive easement commitment (2)	10.0	9.8
Operating expense accruals	14.2	9.6
Other	25.7	23.6
Other current liabilities	<u>\$ 184.1</u>	<u>\$ 202.9</u>

(1) Consideration for the Amarillo Rattler Acquisition included an installment payable, which was paid on April 30, 2022.

(2) Amount related to inactive easements paid as utilized by us with the balance due in August 2022 if not utilized.

(15) Commitments and Contingencies

In February 2021, the areas in which we operate experienced a severe winter storm, with extreme cold, ice, and snow occurring over an unprecedented period of approximately 10 days (“Winter Storm Uri”). As a result of Winter Storm Uri, we have encountered customer billing disputes related to the delivery of gas during the storm, including one that resulted in litigation. The litigation is between one of our subsidiaries, EnLink Gas Marketing, LP (“EnLink Gas”), and Koch Energy Services, LLC (“Koch”) in the 162nd District Court in Dallas County, Texas. The dispute centers on whether EnLink Gas was excused from delivering gas or performing under certain delivery or purchase obligations during Winter Storm Uri, given our declaration of force majeure during the storm. Koch has invoiced us approximately \$53.9 million (after subtracting amounts owed to EnLink Gas) and does not recognize the declaration of force majeure. We believe the declaration of force majeure was valid and appropriate and we intend to vigorously defend against Koch’s claims.

Another of our subsidiaries, EnLink Energy GP, LLC, is also involved in litigation arising out of Winter Storm Uri. This matter is a multi-district litigation currently pending in Harris County, Texas, in which multiple individual plaintiffs assert personal injury and property damage claims arising out of Winter Storm Uri against an aggregate of over 350 power generators,

ENLINK MIDSTREAM, LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Unaudited)

transmission/distribution utility, retail electric provider, and natural gas defendants across over 150 filed cases. We believe the claims against our subsidiary lack merit and we intend to vigorously defend against such claims.

In addition, we are involved in various litigation and administrative proceedings arising in the normal course of business. In the opinion of management, any liabilities that may result from these claims would not, individually or in the aggregate, have a material adverse effect on our financial position, results of operations, or cash flows. We may also be involved from time to time in the future in various proceedings in the normal course of business, including litigation on disputes related to contracts, property rights, property use or damage (including nuisance claims), personal injury, or the value of pipeline easements or other rights obtained through the exercise of eminent domain or common carrier rights.

(16) Subsequent Event

Acquisition of Barnett Shale Assets from Crestwood Equity Partners LP. On May 19, 2022, we entered into an agreement to acquire the North Texas gathering and processing assets of Crestwood Equity Partners LP located in the Barnett Shale, for an upfront cash purchase price of approximately \$275.0 million, plus an amount equal to the estimated working capital of approximately \$14.5 million, subject to customary adjustments. These assets include approximately 500 miles of lean and rich gas gathering pipeline and three processing plants with 425 MMcf/d of total processing capacity. The acquisition closed on July 1, 2022. The initial accounting for this acquisition is not complete and therefore we cannot provide an estimated purchase price allocation as of the date of this report.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please read the following discussion of our financial condition and results of operations in conjunction with the financial statements and notes thereto included elsewhere in this report. In addition, please refer to the Definitions page set forth in this report prior to Part I—Financial Information.

In this report, the terms "Company" or "Registrant," as well as the terms "ENLC," "our," "we," "us," or like terms, are sometimes used as abbreviated references to EnLink Midstream, LLC itself or EnLink Midstream, LLC together with its consolidated subsidiaries, including ENLK and its consolidated subsidiaries. References in this report to "EnLink Midstream Partners, LP," the "Partnership," "ENLK," or like terms refer to EnLink Midstream Partners, LP itself or EnLink Midstream Partners, LP together with its consolidated subsidiaries, including the Operating Partnership.

Overview

ENLC is a Delaware limited liability company formed in October 2013. ENLC's assets consist of all of the outstanding common units of ENLK and all of the membership interests of the General Partner. All of our midstream energy assets are owned and operated by ENLK and its subsidiaries. We primarily focus on providing midstream energy services, including:

- gathering, compressing, treating, processing, transporting, storing, and selling natural gas;
- fractionating, transporting, storing, and selling NGLs; and
- gathering, transporting, stabilizing, storing, trans-loading, and selling crude oil and condensate, in addition to brine disposal services.

As of June 30, 2022, our midstream energy asset network includes approximately 12,100 miles of pipelines, 22 natural gas processing plants with approximately 5.5 Bcf/d of processing capacity, seven fractionators with approximately 320,000 Bbls/d of fractionation capacity, barge and rail terminals, product storage facilities, purchasing and marketing capabilities, brine disposal wells, a crude oil trucking fleet, and equity investments in certain joint ventures. We manage and report our activities primarily according to the nature of activity and geography.

We evaluate the financial performance of our segments by including realized and unrealized gains and losses resulting from commodity swaps activity in the Permian, Louisiana, Oklahoma, and North Texas segments. Identification of the majority of our operating segments is based principally upon geographic regions served:

- *Permian Segment.* The Permian segment includes our natural gas gathering, processing, and transmission activities and our crude oil operations in the Midland and Delaware Basins in West Texas and Eastern New Mexico;
- *Louisiana Segment.* The Louisiana segment includes our natural gas and NGL pipelines, natural gas processing plants, natural gas and NGL storage facilities, and fractionation facilities located in Louisiana and our crude oil operations in ORV;
- *Oklahoma Segment.* The Oklahoma segment includes our natural gas gathering, processing, and transmission activities, and our crude oil operations in the Cana-Woodford, Arkoma-Woodford, northern Oklahoma Woodford, STACK, and CNOW shale areas;
- *North Texas Segment.* The North Texas segment includes our natural gas gathering, processing, and transmission activities in North Texas; and
- *Corporate Segment.* The Corporate segment includes our unconsolidated affiliate investments in the Cedar Cove JV in Oklahoma, GCF in South Texas, and the Matterhorn JV in West Texas and our corporate assets and expenses.

We manage our consolidated operations by focusing on adjusted gross margin because our business is generally to gather, process, transport, or market natural gas, NGLs, crude oil, and condensate using our assets for a fee. We earn our fees through various fee-based contractual arrangements, which include stated fee-only contract arrangements or arrangements with fee-based components where we purchase and resell commodities in connection with providing the related service and earn a net margin as our fee. We earn our net margin under our purchase and resell contract arrangements primarily as a result of stated service-related fees that are deducted from the price of the commodity purchase. While our transactions vary in form, the essential element of most of our transactions is the use of our assets to transport a product or provide a processed product to an end-user or marketer at the tailgate of the plant, pipeline, or barge, truck, or rail terminal. Adjusted gross margin is a non-GAAP financial measure and is explained in greater detail under "Non-GAAP Financial Measures" below. Approximately 90% of our

adjusted gross margin was derived from fee-based contractual arrangements with minimal direct commodity price exposure for the six months ended June 30, 2022.

Our revenues and adjusted gross margins are generated from eight primary sources:

- gathering and transporting natural gas, NGLs, and crude oil on the pipeline systems we own;
- processing natural gas at our processing plants;
- fractionating and marketing recovered NGLs;
- providing compression services;
- providing crude oil and condensate transportation and terminal services;
- providing condensate stabilization services;
- providing brine disposal services; and
- providing natural gas, crude oil, and NGL storage.

The following customers individually represented greater than 10% of our consolidated revenues for the three and six months ended June 30, 2022 and 2021. The loss of these customers would have a material adverse impact on our results of operations because the revenues and adjusted gross margin received from transactions with these customers is material to us. No other customers represented greater than 10% of our consolidated revenues during the periods presented.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Dow Hydrocarbons and Resources LLC	14.8 %	15.2 %	14.4 %	14.9 %
Marathon Petroleum Corporation	15.5 %	12.8 %	15.8 %	13.8 %

We gather, transport, or store gas owned by others under fee-only contract arrangements based either on the volume of gas gathered, transported, or stored or, for firm transportation arrangements, a stated monthly fee for a specified monthly quantity with an additional fee based on actual volumes. We also buy natural gas from producers or shippers at a market index less a fee-based deduction subtracted from the purchase price of the natural gas. We then gather or transport the natural gas and sell the natural gas at a market index, thereby earning a margin through the fee-based deduction. We attempt to execute substantially all purchases and sales concurrently, or we enter into a future delivery obligation, thereby establishing the basis for the fee we will receive for each natural gas transaction. We are also party to certain long-term gas sales commitments that we satisfy through supplies purchased under long-term gas purchase agreements. When we enter into those arrangements, our sales obligations generally match our purchase obligations. However, over time, the supplies that we have under contract may decline due to reduced drilling or other causes, and we may be required to satisfy the sales obligations by buying additional gas at prices that may exceed the prices received under the sales commitments. In our purchase/sale transactions, the resale price is generally based on the same index at which the gas was purchased.

We typically buy mixed NGLs from our suppliers to our gas processing plants at a fixed discount to market indices for the component NGLs with a deduction for our fractionation fee. We subsequently sell the fractionated NGL products based on the same index-based prices. To a lesser extent, we transport and fractionate or store NGLs owned by others for a fee based on the volume of NGLs transported and fractionated or stored. The operating results of our NGL fractionation business are largely dependent upon the volume of mixed NGLs fractionated and the level of fractionation fees charged. With our fractionation business, we also have the opportunity for product upgrades for each of the discrete NGL products. We realize higher adjusted gross margins from product upgrades during periods with higher NGL prices.

We gather or transport crude oil and condensate owned by others by rail, truck, pipeline, and barge facilities under fee-only contract arrangements based on volumes gathered or transported. We also buy crude oil and condensate on our own gathering systems, third-party systems, and trucked from producers at a market index less a stated transportation deduction. We then transport and resell the crude oil and condensate through a process of basis and fixed price trades. We execute substantially all purchases and sales concurrently, thereby establishing the net margin we will receive for each crude oil and condensate transaction.

We realize adjusted gross margins from our gathering and processing services primarily through different contractual arrangements: processing margin (“margin”) contracts, POL contracts, POP contracts, fixed-fee based contracts, or a combination of these contractual arrangements. See “Item 3. Quantitative and Qualitative Disclosures about Market Risk—Commodity Price Risk” for a detailed description of these contractual arrangements. Under any of these gathering and processing arrangements, we may earn a fee for the services performed, or we may buy and resell the gas and/or NGLs as part of the processing arrangement and realize a net margin as our fee. Under margin contract arrangements, our adjusted gross

margins are higher during periods of high NGL prices relative to natural gas prices. Adjusted gross margin results under POL contracts are impacted only by the value of the liquids produced with margins higher during periods of higher liquids prices. Adjusted gross margin results under POP contracts are impacted only by the value of the natural gas and liquids produced with margins higher during periods of higher natural gas and liquids prices. Under fixed-fee based contracts, our adjusted gross margins are driven by throughput volume.

Operating expenses are costs directly associated with the operations of a particular asset. Among the most significant of these costs are those associated with direct labor and supervision, property insurance, property taxes, repair and maintenance expenses, contract services, and utilities. These costs are normally fairly stable across broad volume ranges and therefore do not normally increase or decrease significantly in the short term with increases or decreases in the volume of gas, liquids, crude oil, and condensate moved through or by our assets.

CCS Business

We are currently developing an integrated offering to bring CCS services to businesses along the Mississippi River corridor in Louisiana, one of the highest CO₂ emitting regions in the United States. We believe our existing asset footprint, including our extensive network of natural gas pipelines in Louisiana, our operating expertise and our customer relationships, provide EnLink an advantage in building a CCS business.

Recent Developments Affecting Industry Conditions and Our Business

Current Market Environment

The midstream energy business environment and our business are affected by the level of production of natural gas and oil in the areas in which we operate and the various factors that affect this production, including commodity prices, capital markets trends, competition, and regulatory changes. We believe these factors will continue to affect production and therefore the demand for midstream services and our business in the future. To the extent these factors vary from our underlying assumptions, our business and actual results could vary materially from market expectations and from the assumptions discussed in this section.

Production levels by our exploration and production customers are driven in large part by the level of oil and natural gas prices. New drilling activity is necessary to maintain or increase production levels as oil and natural gas wells experience production declines over time. New drilling activity generally moves in the same direction as crude oil and natural gas prices as those prices drive investment returns and cash flow available for reinvestment by exploration and production companies. Accordingly, our operations are affected by the level of crude, natural gas, and NGL prices, the relationship among these prices, and related activity levels from our customers.

There has been, and we believe there will continue to be, volatility in commodity prices and in the relationships among NGL, crude oil, and natural gas prices. Commodity markets have now fully recovered from the reduction in global demand and low market prices experienced in 2020 due to the COVID-19 pandemic. However, oil and natural gas prices continue to remain volatile. Oil and natural gas prices, rose during 2021 and have risen very rapidly in 2022 due to various factors, including a rebound in demand from economic activity after COVID-19 shutdowns, supply issues, and geopolitical events, including Russia's invasion of Ukraine. As of the date of this report, while both oil and natural gas prices have moderated from their peaks earlier in the year, the market price for both oil and natural gas are at higher levels than either has traded in recent years.

Capital markets and the demands of public investors also affect producer behavior, production levels, and our business. Over the last several years, public investors have exerted pressure on oil and natural gas producers to increase capital discipline and focus on higher investment returns even if it means lower growth. In addition, the ability of companies in the oil and gas industry to access the capital markets on favorable terms has been negatively impacted during this same period. This demand by investors for increased capital discipline from energy companies, as well as the difficulties in accessing capital markets, led to more modest capital investment by producers, curtailed drilling and production activity, and, accordingly, slower growth for us and other midstream companies during the past few years. This trend was amplified in 2020 by the COVID-19 pandemic, which reduced demand for commodities. However, in response to the rise of oil and natural gas prices during 2021 and in 2022 to date, capital investments by United States oil and natural gas producers have begun to rise, although global capital investments by oil and natural gas producers remain below historical levels and producers continue to remain cautious.

Producers generally focus their drilling activity on certain producing basins depending on commodity price fundamentals and favorable drilling economics. In the last few years, many producers have increasingly focused their activities in the Permian Basin, because of the availability of higher investment returns. Currently, a large percentage of all drilling rigs operating in the United States are operating in the Permian Basin. We continue to experience a robust increase in volumes in our Permian

segment as our operations in that basin are in a favorable position relative to producer activity. As a result of this concentration of drilling activity in the Permian Basin, other basins, including those in which we operate in Oklahoma and North Texas, have experienced reduced investment and declines in volumes produced. However, the rise in commodity prices during 2022 has led to renewed producer interest in both Oklahoma and North Texas and we expect activity to increase in both areas for the remainder of 2022 and during 2023.

Our Louisiana segment, while subject to commodity price trends, is less dependent on gathering and processing activities and more affected by industrial demand for the natural gas and NGLs that we supply. Industrial demand along the Gulf Coast region has remained strong throughout 2021 and through the first half of 2022, supported by regional industrial activity and export markets. Our activities and, in turn, our financial performance in the Louisiana segment is highly dependent on the availability of natural gas and NGLs produced by our upstream gathering and processing business and by other market participants. To date, the supply of natural gas and NGLs has remained at levels sufficient for us to supply our customers, and maintaining such supply is a key business focus.

For additional discussion regarding these factors, see “Item 1A—Risk Factors—Business and Industry Risks” in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Commission on February 16, 2022.

Regulatory Developments

On January 20, 2021, the Biden Administration came into office and immediately issued a number of executive orders related to climate change and the production of oil and gas that could affect our operations and those of our customers, particularly those who may operate on public lands. While none of these initiatives to date have adversely affected our operations or those of our customers, the Biden Administration could seek, in the future, to put into place executive orders, policy and regulatory reviews, or seek to have Congress pass legislation that could adversely affect the production of oil and natural gas, and our operations and those of our customers.

Only a small percentage of our operations are derived from customers operating on public land, mainly in the Delaware Basin. Our operations in the Delaware Basin are expected to represent only approximately 6% of our total segment profit, net to EnLink, during 2022. In addition, we have a robust program to monitor and prevent methane emissions in our operations and we maintain a comprehensive environmental program that is embedded in our operations. However, our activities that take place on public lands require that we and our producer customers obtain leases, permits, and other approvals from the federal government. While the future rules and rulemaking initiatives under the Biden Administration remain uncertain, the regulations that might result from such initiatives, could lead to increased costs for us or our customers, difficulties in obtaining leases, permits, and other approvals for us and our customers, reduced utilization of our gathering, processing and pipeline systems or reduced rates under renegotiated transportation or storage agreements in affected regions. These impacts could, in turn, adversely affect our business, financial condition, results of operations or cash flows, including our ability to make cash distributions to our unitholders.

For more information, see our risk factors under “Environmental, Legal Compliance, and Regulatory Risk” in Section 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Commission on February 16, 2022.

Other Recent Developments

Organic Growth and Acquisition

Acquisition of Barnett Shale Assets from Crestwood Equity Partners LP. On May 19, 2022, we entered into an agreement to acquire the North Texas gathering and processing assets of Crestwood Equity Partners LP located in the Barnett Shale, for an upfront cash purchase price of approximately \$275.0 million, plus an amount equal to the estimated working capital of approximately \$14.5 million, subject to customary adjustments. These assets include approximately 500 miles of lean and rich gas gathering pipeline and three processing plants with 425 MMcf/d of total processing capacity. The acquisition closed on July 1, 2022.

Matterhorn Express Pipeline Joint Venture. On May 16, 2022, we entered into an agreement with WhiteWater Midstream, LLC, Devon Energy Corporation, and MPLX LP to construct a pipeline designed to transport up to 2.5 Bcf/d of natural gas through approximately 490 miles of 42-inch pipeline from Waha Hub in West Texas to Katy, Texas. Supply for the Matterhorn JV will be sourced from multiple upstream connections in the Permian Basin, including direct connections to processing facilities in the Midland Basin through an approximately 75-mile lateral, as well as a direct connection to the 3.2 Bcf/d Agua Blanca Pipeline.

Phantom Processing Plant. In November 2021, we began moving equipment and facilities associated with the Thunderbird processing plant in Central Oklahoma to the Midland Basin. This processing plant relocation is expected to increase the processing capacity of our Permian Basin processing facilities by approximately 200 MMcf/d. We expect to complete the relocation in the fourth quarter of 2022.

CCS Business

BKV Agreement. In June 2022, we entered into an agreement with BKV to develop a CCS project in the Barnett Shale. Under this agreement, we will separate CO₂ from lean gas in our North Texas gathering systems and from rich gas delivered to our natural gas processing plant in Bridgeport, Texas. The CO₂ waste stream will then be captured, compressed, transported, and sequestered by BKV.

Debt and Equity

Amended AR Facility Agreement. On August 1, 2022, we amended certain terms of the AR Facility to, among other things, increase the commitments thereunder from \$350.0 million to \$500.0 million and extend the scheduled termination date from September 24, 2024 to August 1, 2025. See “Item 5. Other Information” for additional information.

Amended and Restated Revolving Credit Agreement. On June 3, 2022, we amended and restated our prior revolving credit facility by entering into the Revolving Credit Facility. See “Item 1. Financial Statements—Note 5” for more information.

Senior Unsecured Notes Repurchase. For the three and six months ended June 30, 2022, we repurchased approximately \$2.0 million of ENLK’s outstanding senior unsecured notes due 2024 in open market transactions. See “Item 1. Financial Statements—Note 5” for more information regarding the senior unsecured note repurchase.

Common Unit Repurchase Program. Effective January 1, 2022, the Board reauthorized our common unit repurchase program and reset the amount available for repurchases of outstanding common units at up to \$100.0 million. In July 2022, the Board increased the amount available for repurchase to \$200.0 million. See “Item 1. Financial Statements—Note 8” for more information regarding our common unit repurchase program.

GIP Repurchase Agreement. On February 15, 2022, we and GIP entered into an agreement pursuant to which we are repurchasing, on a quarterly basis, a pro rata portion of the ENLC common units held by GIP, based upon the number of common units purchased by us during the applicable quarter from public unitholders under our common unit repurchase program. The number of ENLC common units held by GIP that we repurchase in any quarter is calculated such that GIP’s then-existing economic ownership percentage of our outstanding common units is maintained after our repurchases of common units from public unitholders are taken into account, and the per unit price we pay to GIP is the average per unit price paid by us for the common units repurchased from public unitholders. See “Item 1. Financial Statements—Note 8” for more information regarding repurchases of ENLC common units held by GIP.

Redemption of Series B Preferred Units. In January 2022, we redeemed 3,333,334 Series B Preferred Units for total consideration of \$50.5 million plus accrued distributions. In addition, upon such redemption, a corresponding number of ENLC Class C Common Units were automatically cancelled. The redemption price represents 101% of the preferred units’ par value. In connection with the Series B Preferred Unit redemption, we have agreed with the holders of the Series B Preferred Units that we will pay cash in lieu of making a quarterly PIK distribution through the distribution declared for the fourth quarter of 2022. See “Item 1. Financial Statements—Note 7” for more information regarding distributions with respect to the Series B Preferred Units.

Non-GAAP Financial Measures

To assist management in assessing our business, we use the following non-GAAP financial measures: adjusted gross margin; adjusted earnings before interest, taxes, and depreciation and amortization (“adjusted EBITDA”); and free cash flow after distributions.

Adjusted Gross Margin

We define adjusted gross margin as revenues less cost of sales, exclusive of operating expenses and depreciation and amortization. We present adjusted gross margin by segment in "Results of Operations." We disclose adjusted gross margin in addition to gross margin as defined by GAAP because it is the primary performance measure used by our management to evaluate consolidated operations. We believe adjusted gross margin is an important measure because, in general, our business is to gather, process, transport, or market natural gas, NGLs, condensate, and crude oil for a fee or to purchase and resell natural gas, NGLs, condensate, and crude oil for a margin. Operating expense is a separate measure used by our management to evaluate the operating performance of field operations. Direct labor and supervision, property insurance, property taxes, repair and maintenance, utilities, and contract services comprise the most significant portion of our operating expenses. We exclude all operating expenses and depreciation and amortization from adjusted gross margin because these expenses are largely independent of the volumes we transport or process and fluctuate depending on the activities performed during a specific period. The GAAP measure most directly comparable to adjusted gross margin is gross margin. Adjusted gross margin should not be considered an alternative to, or more meaningful than, gross margin as determined in accordance with GAAP. Adjusted gross margin has important limitations because it excludes all operating expenses and depreciation and amortization that affect gross margin. Our adjusted gross margin may not be comparable to similarly titled measures of other companies because other entities may not calculate these amounts in the same manner.

The following table reconciles total revenues and gross margin to adjusted gross margin (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Total revenues	\$ 2,600.6	\$ 1,406.7	\$ 4,828.3	\$ 2,655.1
Cost of sales, exclusive of operating expenses and depreciation and amortization	(2,105.1)	(1,055.1)	(3,899.6)	(1,989.8)
Operating expenses	(128.9)	(96.8)	(249.8)	(153.1)
Depreciation and amortization	(159.0)	(151.9)	(311.9)	(302.9)
Gross margin	207.6	102.9	367.0	209.3
Operating expenses	128.9	96.8	249.8	153.1
Depreciation and amortization	159.0	151.9	311.9	302.9
Adjusted gross margin	<u>\$ 495.5</u>	<u>\$ 351.6</u>	<u>\$ 928.7</u>	<u>\$ 665.3</u>

Adjusted EBITDA

We define adjusted EBITDA as net income (loss) plus (less) interest expense, net of interest income; depreciation and amortization; impairments; (income) loss from unconsolidated affiliate investments; distributions from unconsolidated affiliate investments; (gain) loss on disposition of assets; (gain) loss on extinguishment of debt; unit-based compensation; income tax expense (benefit); unrealized (gain) loss on commodity swaps; costs associated with the relocation of processing facilities; accretion expense associated with asset retirement obligations; transaction costs; non-cash expense related to changes in the fair value of contingent consideration; (non-cash rent); and (non-controlling interest share of adjusted EBITDA from joint ventures). Adjusted EBITDA is one of the primary metrics used in our short-term incentive program for compensating employees. In addition, adjusted EBITDA is used as a supplemental liquidity and performance measure by our management and by external users of our financial statements, such as investors, commercial banks, research analysts, and others, to assess:

- the financial performance of our assets without regard to financing methods, capital structure, or historical cost basis;
- the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness, and make cash distributions to our unitholders;
- our operating performance and return on capital as compared to those of other companies in the midstream energy sector, without regard to financing methods or capital structure; and
- the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

The GAAP measures most directly comparable to adjusted EBITDA are net income (loss) and net cash provided by operating activities. Adjusted EBITDA should not be considered an alternative to, or more meaningful than, net income (loss), operating income (loss), net cash provided by operating activities, or any other measure of financial performance presented in accordance with GAAP. Adjusted EBITDA may not be comparable to similarly titled measures of other companies because other companies may not calculate adjusted EBITDA in the same manner.

Adjusted EBITDA does not include interest expense, net of interest income; income tax expense (benefit); and depreciation and amortization. Because we have borrowed money to finance our operations, interest expense is a necessary element of our costs and our ability to generate cash available for distribution. Because we have capital assets, depreciation and amortization are also necessary elements of our costs. Therefore, any measures that exclude these elements have material limitations. To compensate for these limitations, we believe that it is important to consider net income (loss) and net cash provided by operating activities as determined under GAAP, as well as adjusted EBITDA, to evaluate our overall performance.

The following table reconciles net income to adjusted EBITDA (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	\$ 123.9	\$ 9.4	\$ 189.9	\$ 22.0
Interest expense, net of interest income	55.5	60.0	110.6	120.0
Depreciation and amortization	159.0	151.9	311.9	302.9
Loss from unconsolidated affiliate investments	1.2	1.3	2.3	7.6
Distributions from unconsolidated affiliate investments	0.2	0.1	0.4	3.7
(Gain) loss on disposition of assets	(0.4)	(0.3)	4.7	(0.3)
Loss on extinguishment of debt	0.5	—	0.5	—
Unit-based compensation	5.7	6.4	12.3	12.9
Income tax expense (benefit)	(1.3)	6.6	1.9	8.0
Unrealized (gain) loss on commodity swaps	(35.3)	23.8	(20.2)	31.7
Costs associated with the relocation of processing facilities (1)	11.1	10.2	22.4	17.8
Other (2)	0.4	0.4	0.7	—
Adjusted EBITDA before non-controlling interest	320.5	269.8	637.4	526.3
Non-controlling interest share of adjusted EBITDA from joint ventures				
(3)	(20.8)	(12.3)	(33.4)	(19.4)
Adjusted EBITDA, net to ENLC	\$ 299.7	\$ 257.5	\$ 604.0	\$ 506.9

- (1) Represents cost incurred that are not part of our ongoing operations related to the relocation of equipment and facilities from the Thunderbird processing plant and Battle Ridge processing plant in the Oklahoma segment to the Permian segment. The relocation of equipment and facilities from the Battle Ridge processing plant was completed in the third quarter of 2021 and we expect to complete the relocation of equipment and facilities from the Thunderbird processing plant in the fourth quarter of 2022.
- (2) Includes transaction costs, non-cash expense related to changes in the fair value of contingent consideration, accretion expense associated with asset retirement obligations and non-cash rent, which relates to lease incentives pro-rated over the lease term.
- (3) Non-controlling interest share of adjusted EBITDA from joint ventures includes NGP's 49.9% share of adjusted EBITDA from the Delaware Basin JV and Marathon Petroleum Corporation's 50% share of adjusted EBITDA from the Ascension JV.

Free Cash Flow After Distributions

We define free cash flow after distributions as adjusted EBITDA, net to ENLC, plus (less) (growth and maintenance capital expenditures, excluding capital expenditures that were contributed by other entities and relate to the non-controlling interest share of our consolidated entities); (interest expense, net of interest income); (distributions declared on common units); (accrued cash distributions on Series B Preferred Units and Series C Preferred Units paid or expected to be paid); (costs associated with the relocation of processing facilities); non-cash interest (income)/expense; (contributions to investment in unconsolidated affiliates); (payments to terminate interest rate swaps); (current income taxes); and proceeds from the sale of equipment and land.

Free cash flow after distributions is the principal cash flow metric used by the Company. Free cash flow after distributions is one of the primary metrics used in our short-term incentive program for compensating employees. It is also used as a supplemental liquidity measure by our management and by external users of our financial statements, such as investors, commercial banks, research analysts, and others, to assess the ability of our assets to generate cash sufficient to pay interest costs, pay back our indebtedness, make cash distributions, and make capital expenditures.

Growth capital expenditures generally include capital expenditures made for acquisitions or capital improvements that we expect will increase our asset base, operating income, or operating capacity over the long-term. Examples of growth capital expenditures include the acquisition of assets and the construction or development of additional pipeline, storage, well connections, gathering, or processing assets, in each case, to the extent such capital expenditures are expected to expand our asset base, operating capacity, or our operating income.

Maintenance capital expenditures include capital expenditures made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of the assets and to extend their useful lives. Examples of maintenance capital expenditures are expenditures to refurbish and replace pipelines, gathering assets, well connections, compression assets, and processing assets up to their original operating capacity, to maintain pipeline and equipment reliability, integrity, and safety, and to address environmental laws and regulations.

The GAAP measure most directly comparable to free cash flow after distributions is net cash provided by operating activities. Free cash flow after distributions should not be considered an alternative to, or more meaningful than, net income (loss), operating income (loss), net cash provided by operating activities, or any other measure of liquidity presented in accordance with GAAP. Free cash flow after distributions has important limitations because it excludes some items that affect net income (loss), operating income (loss), and net cash provided by operating activities. Free cash flow after distributions may not be comparable to similarly titled measures of other companies because other companies may not calculate this non-GAAP metric in the same manner. To compensate for these limitations, we believe that it is important to consider net cash provided by operating activities determined under GAAP, as well as free cash flow after distributions, to evaluate our overall liquidity.

The following table reconciles net cash provided by operating activities to adjusted EBITDA and free cash flow after distributions (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$ 174.9	\$ 176.4	\$ 482.6	\$ 402.2
Interest expense (1)	54.2	55.6	107.9	111.5
Utility credits (redeemed) earned (2)	(6.0)	3.4	(11.6)	43.8
Payments to terminate interest rate swaps (3)	—	1.3	—	1.3
Accruals for settled commodity swap transactions	0.6	(2.6)	(1.6)	(2.5)
Distributions from unconsolidated affiliate investment in excess of earnings	0.2	0.1	0.4	3.7
Costs associated with the relocation of processing facilities (4)	11.1	10.2	22.4	17.8
Other (5)	1.7	1.4	3.4	2.6
Changes in operating assets and liabilities which (provided) used cash:				
Accounts receivable, accrued revenues, inventories, and other	137.2	91.7	309.9	109.2
Accounts payable, accrued product purchases, and other accrued liabilities	(53.4)	(67.7)	(276.0)	(163.3)
Adjusted EBITDA before non-controlling interest	320.5	269.8	637.4	526.3
Non-controlling interest share of adjusted EBITDA from joint ventures (6)	(20.8)	(12.3)	(33.4)	(19.4)
Adjusted EBITDA, net to ENLC	299.7	257.5	604.0	506.9
Growth capital expenditures, net to ENLC (7)	(49.9)	(40.0)	(90.4)	(55.9)
Maintenance capital expenditures, net to ENLC (7)	(11.1)	(7.5)	(25.0)	(12.2)
Interest expense, net of interest income	(55.5)	(60.0)	(110.6)	(120.0)
Distributions declared on common units	(54.6)	(46.7)	(110.1)	(93.4)
ENLK preferred unit accrued cash distributions (8)	(23.3)	(23.0)	(46.8)	(46.0)
Costs associated with the relocation of processing facilities (4)	(11.1)	(10.2)	(22.4)	(17.8)
Contribution to investment in unconsolidated affiliates	(26.6)	—	(26.6)	—
Payments to terminate interest rate swaps	—	(1.3)	—	(1.3)
Non-cash interest expense	—	2.4	—	4.6
Other (9)	(0.1)	0.3	0.3	0.8
Free cash flow after distributions	\$ 67.5	\$ 71.5	\$ 172.4	\$ 165.7

- (1) Net of amortization of debt issuance costs, net discount of senior unsecured notes, and designated cash flow hedge, which are included in interest expense but not included in net cash provided by operating activities, and non-cash interest income, which is netted against interest expense but not included in adjusted EBITDA.
- (2) Under our utility agreements, we are entitled to a base load of electricity and pay or receive credits, based on market pricing, when we exceed or do not use the base load amounts. Due to Winter Storm Uri, we received credits from our utility providers based on market rates for our unused electricity. These utility credits are recorded as “Other current assets” or “Other assets, net” on our consolidated balance sheets depending on the timing of their expected usage, and amortized as we incur utility expenses.
- (3) Represents cash paid for the early termination of \$100.0 million of our interest rate swaps due to the partial repayment of the Term Loan in May 2021.’
- (4) Represents cost incurred that are not part of our ongoing operations related to the relocation of equipment and facilities from the Thunderbird processing plant and Battle Ridge processing plant in the Oklahoma segment to the Permian segment. The relocation of equipment and facilities from the Battle Ridge processing plant was completed in the third quarter of 2021 and we expect to complete the relocation of equipment and facilities from the Thunderbird processing plant in the fourth quarter of 2022.
- (5) Includes transaction costs, current income tax expense, and non-cash rent, which relates to lease incentives pro-rated over the lease term.
- (6) Non-controlling interest share of adjusted EBITDA from joint ventures includes NGP’s 49.9% share of adjusted EBITDA from the Delaware Basin JV and Marathon Petroleum Corporation’s 50% share of adjusted EBITDA from the Ascension JV.
- (7) Excludes capital expenditures that were contributed by other entities and relate to the non-controlling interest share of our consolidated entities.
- (8) Represents the cash distributions earned by the Series B Preferred Units and Series C Preferred Units. See “Item 1. Financial Statements—Note 7” for information on the cash distributions earned by holders of the Series B Preferred Units and Series C Preferred Units. Cash distributions to be paid to holders of the Series B Preferred Units and Series C Preferred Units are not available to common unitholders.
- (9) Includes current income tax expense and proceeds from the sale of surplus or unused equipment and land, which occurred in the normal operation of our business.

Results of Operations

The tables below set forth certain financial and operating data for the periods indicated. We evaluate the performance of our consolidated operations by focusing on adjusted gross margin, while we evaluate the performance of our operating segments based on segment profit and adjusted gross margin, as reflected in the tables below (in millions, except volumes):

	Permian	Louisiana	Oklahoma	North Texas	Corporate	Totals
Three Months Ended June 30, 2022						
Gross margin	\$ 75.0	\$ 49.6	\$ 46.3	\$ 38.2	\$ (1.5)	\$ 207.6
Depreciation and amortization	37.1	39.4	52.3	28.7	1.5	159.0
Segment profit	112.1	89.0	98.6	66.9	—	366.6
Operating expenses	50.3	34.8	23.1	20.7	—	128.9
Adjusted gross margin	\$ 162.4	\$ 123.8	\$ 121.7	\$ 87.6	\$ —	\$ 495.5
Three Months Ended June 30, 2021						
Gross margin	\$ 9.4	\$ 31.2	\$ 35.0	\$ 29.1	\$ (1.8)	\$ 102.9
Depreciation and amortization	34.6	36.1	50.6	28.8	1.8	151.9
Segment profit	44.0	67.3	85.6	57.9	—	254.8
Operating expenses	27.4	31.7	17.8	19.9	—	96.8
Adjusted gross margin	\$ 71.4	\$ 99.0	\$ 103.4	\$ 77.8	\$ —	\$ 351.6
Six Months Ended June 30, 2022						
Gross margin	\$ 111.3	\$ 104.6	\$ 81.2	\$ 72.8	\$ (2.9)	\$ 367.0
Depreciation and amortization	73.8	74.9	103.2	57.1	2.9	311.9
Segment profit	185.1	179.5	184.4	129.9	—	678.9
Operating expenses	95.6	67.8	44.1	42.3	—	249.8
Adjusted gross margin	\$ 280.7	\$ 247.3	\$ 228.5	\$ 172.2	\$ —	\$ 928.7
Six Months Ended June 30, 2021						
Gross margin	\$ 18.7	\$ 77.3	\$ 39.8	\$ 77.3	\$ (3.8)	\$ 209.3
Depreciation and amortization	68.1	72.2	101.3	57.5	3.8	302.9
Segment profit	86.8	149.5	141.1	134.8	—	512.2
Operating expenses	15.6	60.9	37.5	39.1	—	153.1
Adjusted gross margin	\$ 102.4	\$ 210.4	\$ 178.6	\$ 173.9	\$ —	\$ 665.3

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Midstream Volumes:				
Permian Segment				
Gathering and Transportation (MMbtu/d)	1,494,400	1,025,900	1,421,200	976,000
Processing (MMbtu/d)	1,432,200	958,400	1,344,700	917,500
Crude Oil Handling (Bbls/d)	175,000	121,900	162,900	115,100
Louisiana Segment				
Gathering and Transportation (MMbtu/d)	2,696,500	2,139,300	2,597,700	2,145,300
Crude Oil Handling (Bbls/d)	17,700	15,200	16,800	15,100
NGL Fractionation (Gals/d)	7,896,900	7,729,300	7,965,000	7,419,500
Brine Disposal (Bbls/d)	3,200	2,900	3,100	2,200
Oklahoma Segment				
Gathering and Transportation (MMbtu/d)	1,016,100	1,016,200	1,008,100	977,000
Processing (MMbtu/d)	1,047,600	1,040,000	1,038,600	997,900
Crude Oil Handling (Bbls/d)	21,400	23,800	22,600	20,700
North Texas Segment				
Gathering and Transportation (MMbtu/d)	1,429,900	1,377,400	1,397,100	1,367,200
Processing (MMbtu/d)	661,900	627,600	638,300	626,100

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

Gross Margin. Gross margin was \$207.6 million for the three months ended June 30, 2022 compared to \$102.9 million for the three months ended June 30, 2021, an increase of \$104.7 million. The primary contributors to the increase were as follows:

- **Permian Segment.** Gross margin was \$75.0 million for the three months ended June 30, 2022 compared to \$9.4 million for the three months ended June 30, 2021, an increase of \$65.6 million primarily due to the following:
 - Adjusted gross margin in the Permian segment increased \$91.0 million, which was primarily driven by:
 - A \$95.9 million increase to adjusted gross margin associated with our Permian gas assets. Adjusted gross margin, excluding derivative activity, increased \$75.6 million, which was primarily due to higher volumes from increased producer activity and higher commodity prices. Derivative activity associated with our Permian gas assets increased margin by \$20.3 million, which included \$3.9 million from increased realized losses and \$24.2 million from increased unrealized gains.
 - A \$4.9 million decrease to adjusted gross margin associated with our Permian crude assets. Adjusted gross margin, excluding derivative activity, increased \$1.0 million, which was primarily due to higher volumes from increased producer activity. Derivative activity associated with our Permian crude assets decreased margin by \$5.9 million, which included \$2.1 million from increased realized losses and \$3.8 million from decreased unrealized gains.
 - Operating expenses in the Permian segment increased \$22.9 million. During the three months ended June 30, 2021, our Permian operating expenses were reduced by \$8.1 million due to electricity credits earned during Winter Storm Uri in February 2021 that were not available during the same quarter of 2022. Operating expenses also increased due to higher construction fees and services, labor and benefits costs, materials and supplies expense, and compressor rentals due to an increase in operating activity.
 - Depreciation and amortization in the Permian segment increased \$2.5 million primarily due to new assets placed into service, including gathering and processing assets associated with the Amarillo Rattler Acquisition in April 2021.

- *Louisiana Segment.* Gross margin was \$49.6 million for the three months ended June 30, 2022 compared to \$31.2 million for the three months ended June 30, 2021, an increase of \$18.4 million primarily due to the following:
 - Adjusted gross margin in the Louisiana segment increased \$24.8 million, resulting from:
 - An \$18.2 million increase to adjusted gross margin associated with our Louisiana NGL transmission and fractionation assets. Adjusted gross margin, excluding derivative activity, increased \$1.3 million, which was primarily due to higher volumes from existing customers. Derivative activity associated with our Louisiana NGL transmission and fractionation assets increased margin by \$16.9 million, which included \$5.2 million from increased realized gains and \$11.7 million from increased unrealized gains.
 - A \$7.6 million increase to adjusted gross margin associated with our Louisiana gas assets. Adjusted gross margin, excluding derivative activity, decreased \$2.2 million, which was primarily due to unfavorable imbalance activity on our gas storage assets. Derivative activity associated with our Louisiana gas assets increased margin by \$9.8 million, which included \$0.8 million from increased realized losses and \$10.6 million from increased unrealized gains.
 - A \$1.0 million decrease to adjusted gross margin associated with our ORV crude assets. Adjusted gross margin, excluding derivative activity, increased \$0.6 million, which was primarily due to higher volumes from existing customers. Derivative activity associated with our ORV crude assets decreased margin by \$1.6 million, which included \$0.5 million from increased realized losses and \$1.1 million from decreased unrealized gains.
 - Operating expenses in the Louisiana segment increased \$3.1 million primarily due to increases in materials and supplies expense, utility costs, construction fees and services, and vehicle expenses due to an increase in operating activity.
 - Depreciation and amortization in the Louisiana segment increased \$3.3 million primarily due to changes in estimated useful lives of certain non-core assets.
- *Oklahoma Segment.* Gross margin was \$46.3 million for the three months ended June 30, 2022 compared to \$35.0 million for the three months ended June 30, 2021, an increase of \$11.3 million primarily due to the following:
 - Adjusted gross margin in the Oklahoma segment increased \$18.3 million, resulting from:
 - A \$22.4 million increase to adjusted gross margin associated with our Oklahoma gas assets. Adjusted gross margin, excluding derivative activity, increased \$17.9 million, which was primarily due to higher commodity prices. Derivative activity associated with our Oklahoma gas assets increased margin by \$4.5 million, which included \$11.9 million from increased realized losses and \$16.4 million from increased unrealized gains.
 - A \$4.1 million decrease to adjusted gross margin associated with our Oklahoma crude assets. Adjusted gross margin, excluding derivative activity, decreased \$0.2 million, which was primarily due to lower volumes from existing customers as a result of declining production. Derivative activity associated with our Oklahoma crude assets decreased margin by \$3.9 million, which includes \$1.0 million from increased realized losses and \$2.9 million from decreased unrealized gains.
 - Operating expenses in the Oklahoma segment increased \$5.3 million primarily due to increases in materials and supplies expense, construction fees and services, and ad valorem taxes due to an increase in operating activity. Operating expenses also increased due to the transfer of equipment related to the Phantom processing facility.
 - Depreciation and amortization in the Oklahoma segment increased \$1.7 million due to additional assets placed in service, partially offset by the transfer of equipment to the Phantom and Warhorse processing facilities.

- *North Texas Segment.* Gross margin was \$38.2 million for the three months ended June 30, 2022 compared to \$29.1 million for the three months ended June 30, 2021, an increase of \$9.1 million primarily due to the following:
 - Adjusted gross margin in the North Texas segment increased \$9.8 million. Adjusted gross margin, excluding derivative activity, increased \$7.2 million, which was primarily due to higher volumes from existing customers. Derivative activity associated with our North Texas segment increased margin by \$2.6 million, which included \$1.4 million from increased realized losses and \$4.0 million from increased unrealized gains.
 - Operating expenses in the North Texas segment increased \$0.8 million primarily due to increases in materials and supplies expense and compressor rentals due to an increase in operating activity.
 - Depreciation and amortization in the North Texas segment decreased \$0.1 million primarily due to assets reaching the end of their depreciable lives.
- *Corporate Segment.* Gross margin was negative \$1.5 million for the three months ended June 30, 2022 compared to negative \$1.8 million for the three months ended June 30, 2021. Corporate gross margin consists of depreciation and amortization of corporate assets.

General and Administrative Expenses. General and administrative expenses were \$28.4 million for the three months ended June 30, 2022 compared to \$26.1 million for the three months ended June 30, 2021, an increase of \$2.3 million. The increase was primarily due to an increase in labor and benefits costs and consulting fees and services. The increase was partially offset by a reduction in transaction and transition costs related to the Amarillo Rattler Acquisition in April 2021.

Interest Expense. Interest expense was \$55.5 million for the three months ended June 30, 2022 compared to \$60.0 million for the three months ended June 30, 2021, a decrease of \$4.5 million. Interest expense consisted of the following (in millions):

	Three Months Ended June 30,	
	2022	2021
ENLK and ENLC Senior Notes	\$ 50.3	\$ 50.3
Term Loan	—	1.3
Revolving Credit Facility	2.2	1.4
AR Facility	1.7	0.8
Capitalized interest	—	(0.1)
Amortization of debt issuance costs and net discount of senior unsecured notes	1.3	1.3
Interest rate swaps - realized	—	4.8
Other	—	0.2
Total	\$ 55.5	\$ 60.0

Loss from Unconsolidated Affiliate Investments. Loss from unconsolidated affiliate investments was \$1.2 million for the three months ended June 30, 2022 compared to a loss of \$1.3 million for the three months ended June 30, 2021, a reduction in loss of \$0.1 million. The reduction in loss was primarily attributable to a reduction in loss of \$0.3 million from our Cedar Cove JV and was partially offset by an increase in loss of \$0.2 million from our GCF investment, as a result of the GCF assets being idled beginning in January 2021.

Income Tax Benefit (Expense). Income tax benefit was \$1.3 million for the three months ended June 30, 2022 compared to an income tax expense of \$6.6 million for the three months ended June 30, 2021. The increase in income tax benefit was primarily attributable to the changes in the valuation allowance and was partially offset by the increase in income between periods. See “Item 1. Financial Statements—Note 6” for additional information.

Net Income Attributable to Non-Controlling Interest. Net income attributable to non-controlling interest was \$38.6 million for the three months ended June 30, 2022 compared to net income of \$31.0 million for the three months ended June 30, 2021, an increase of \$7.6 million. ENLC’s non-controlling interest is comprised of Series B Preferred Units, Series C Preferred Units, NGP’s 49.9% share of the Delaware Basin JV, and Marathon Petroleum Corporation’s 50% share of the Ascension JV. The increase in income was primarily due to a \$8.8 million increase attributable to NGP’s 49.9% share of the Delaware Basin JV and was partially offset by a \$0.5 million decrease attributable to Marathon Petroleum Corporation’s 50% share of the Ascension JV and a \$0.7 million decrease in income attributable to the Series B Preferred Units following the partial redemptions of the Series B Units in December 2021 and January 2022.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

Gross Margin. Gross margin was \$367.0 million for the six months ended June 30, 2022 compared to \$209.3 million for the six months ended June 30, 2021, an increase of \$157.7 million. The primary contributors to the increase were as follows:

- *Permian Segment.* Gross margin was \$111.3 million for the six months ended June 30, 2022 compared to \$18.7 million for the six months ended June 30, 2021, an increase of \$92.6 million primarily due to the following:
 - Adjusted gross margin in the Permian segment increased \$178.3 million, which was primarily driven by:
 - A \$167.4 million increase to adjusted gross margin associated with our Permian gas assets. Adjusted gross margin, excluding derivative activity, increased \$95.7 million, which was primarily due to higher volumes from increased producer activity and higher commodity prices. Derivative activity associated with our Permian gas assets increased margin by \$71.7 million, which included \$52.8 million from decreased realized losses and \$18.9 million from increased unrealized gains.
 - A \$10.9 million increase to adjusted gross margin associated with our Permian crude assets. Adjusted gross margin, excluding derivative activity, increased \$14.3 million, which was primarily due to higher volumes from increased producer activity. Derivative activity associated with our Permian crude assets decreased margin by \$3.4 million, which included \$4.3 million from increased realized losses and \$0.9 million from increased unrealized gains.
 - Operating expenses in the Permian segment increased \$80.0 million. During the six months ended June 30, 2021, our Permian operating expenses were reduced by \$48.1 million due to electricity credits earned during Winter Storm Uri in February 2021 that were not available during the same quarter of 2022. Operating expenses also increased due to higher construction fees and services, labor and benefits costs, materials and supplies expense, compressor rentals, and ad valorem and sales and use taxes due to an increase in operating activity.
 - Depreciation and amortization in the Permian segment increased \$5.7 million primarily due to new assets placed into service, including gathering and processing assets associated with the Amarillo Rattler Acquisition in April 2021.
- *Louisiana Segment.* Gross margin was \$104.6 million for the six months ended June 30, 2022 compared to \$77.3 million for the six months ended June 30, 2021, an increase of \$27.3 million primarily due to the following:
 - Adjusted gross margin in the Louisiana segment increased \$36.9 million, resulting from:
 - A \$28.5 million increase to adjusted gross margin associated with our Louisiana NGL transmission and fractionation assets. Adjusted gross margin, excluding derivative activity, increased \$8.9 million, which was primarily due to higher volumes from existing customers. Derivative activity associated with our Louisiana NGL transmission and fractionation assets increased margin by \$19.6 million, which included \$12.2 million from decreased realized losses and \$7.4 million from increased unrealized gains.
 - An \$8.5 million increase to adjusted gross margin associated with our Louisiana gas assets. Adjusted gross margin, excluding derivative activity, increased \$2.2 million, which was primarily due to higher volumes from existing customers. Derivative activity associated with our Louisiana gas assets increased margin by \$6.3 million, which included \$3.4 million from increased realized losses and \$9.7 million from increased unrealized gains.
 - A \$0.1 million decrease to adjusted gross margin associated with our ORV crude assets. Adjusted gross margin, excluding derivative activity, increased \$1.8 million, which was primarily due to higher volumes from existing customers. Derivative activity associated with our ORV crude assets decreased margin by \$1.9 million, which included \$0.8 million from increased realized losses and \$1.1 million from decreased unrealized gains.
 - Operating expenses in the Louisiana segment increased \$6.9 million primarily due to increases in utility costs, construction fees and services, and compressor rentals due to an increase in operating activity. These increases were partially offset by decreases in consulting fees and services.
 - Depreciation and amortization in the Louisiana segment increased \$2.7 million primarily due to changes in estimated useful lives of certain non-core assets.

- *Oklahoma Segment.* Gross margin was \$81.2 million for the six months ended June 30, 2022 compared to \$39.8 million for the six months ended June 30, 2021, an increase of \$41.4 million primarily due to the following:
 - Adjusted gross margin in the Oklahoma segment increased \$49.9 million, resulting from:
 - A \$51.9 million increase to adjusted gross margin associated with our Oklahoma gas assets. Adjusted gross margin, excluding derivative activity, increased \$50.8 million, which was primarily due to higher volumes from existing customers and higher commodity prices. Derivative activity associated with our Oklahoma gas assets increased margin by \$1.1 million, which included \$9.6 million from increased realized losses and \$10.7 million from increased unrealized gains.
 - A \$2.0 million decrease to adjusted gross margin associated with our Oklahoma crude assets. Adjusted gross margin, excluding derivative activity, increased \$1.5 million, which was primarily due to higher volumes from existing customers. Derivative activity associated with our Oklahoma crude assets decreased margin by \$3.5 million, which included \$1.0 million from increased realized losses and \$2.5 million from decreased unrealized gains.
 - Operating expenses in the Oklahoma segment increased \$6.6 million primarily due to increases in materials and supplies expense and construction fees and services due to an increase in operating activity. Operating expenses also increased due to the transfer of equipment to the Phantom processing facility.
 - Depreciation and amortization in the Oklahoma segment increased \$1.9 million due to additional assets placed in service, partially offset by the transfer of equipment related to the Phantom and Warhorse processing facilities.
- *North Texas Segment.* Gross margin was \$72.8 million for the six months ended June 30, 2022 compared to \$77.3 million for the six months ended June 30, 2021, a decrease of \$4.5 million primarily due to the following:
 - Adjusted gross margin in the North Texas segment decreased \$1.7 million. Adjusted gross margin, excluding derivative activity, decreased \$6.7 million, which was primarily due to favorable market pricing resulting from Winter Storm Uri in February 2021, and was partially offset by higher volumes from existing customers in 2022. Derivative activity associated with our North Texas segment increased margin by \$5.0 million, which included \$2.9 million from increased realized losses and \$7.9 million from increased unrealized gains.
 - Operating expenses in the North Texas segment increased \$3.2 million primarily due to increases in materials and supplies expense, sales and use taxes, and utility costs due to an increase in operating activity.
 - Depreciation and amortization in the North Texas segment decreased \$0.4 million primarily due to assets reaching the end of their depreciable lives.
- *Corporate Segment.* Gross margin was negative \$2.9 million for the six months ended June 30, 2022 compared to negative \$3.8 million for the six months ended June 30, 2021. Corporate gross margin consists of depreciation and amortization of corporate assets.

General and Administrative Expenses. General and administrative expenses were \$57.4 million for the six months ended June 30, 2022 compared to \$52.1 million for the six months ended June 30, 2021, an increase of \$5.3 million. The increase was primarily due to an increase in labor and benefits costs and consulting fees and services. The increase was partially offset by a reduction in transaction and transition costs related to the Amarillo Rattler Acquisition in April 2021.

Interest Expense. Interest expense was \$110.6 million for the six months ended June 30, 2022 compared to \$120.0 million for the six months ended June 30, 2021, a decrease of \$9.4 million. Interest expense consisted of the following (in millions):

	Six Months Ended June 30,	
	2022	2021
ENLK and ENLC Senior Notes	\$ 100.6	\$ 100.6
Term Loan	—	2.7
Revolving Credit Facility	4.5	2.7
AR Facility	2.8	2.0
Capitalized interest	—	(0.3)
Amortization of debt issuance costs and net discount of senior unsecured notes	2.6	2.5
Interest rate swaps - realized	0.1	9.6
Other	—	0.2
Total	\$ 110.6	\$ 120.0

Loss from Unconsolidated Affiliate Investments. Loss from unconsolidated affiliate investments was \$2.3 million for the six months ended June 30, 2022 compared to a loss of \$7.6 million for the six months ended June 30, 2021, a reduction in loss of \$5.3 million. The reduction in loss was primarily attributable to a reduction in loss of \$4.8 million from our GCF investment, as a result of the GCF assets being idled beginning in January 2021, and a reduction of loss of \$0.5 million from our Cedar Cove JV.

Income Tax Benefit (Expense). Income tax expense was \$1.9 million for the six months ended June 30, 2022 compared to an income tax expense of \$8.0 million for the six months ended June 30, 2021. The decrease in income tax expense was primarily attributable to the changes in the valuation allowance and was partially offset by the increase in income between periods. See “Item 1. Financial Statements—Note 6” for additional information.

Net Income Attributable to Non-Controlling Interest. Net income attributable to non-controlling interest was \$69.4 million for the six months ended June 30, 2022 compared to net income of \$56.3 million for the six months ended June 30, 2021, an increase of \$13.1 million. ENLC’s non-controlling interest is comprised of Series B Preferred Units, Series C Preferred Units, NGP’s 49.9% share of the Delaware Basin JV, and Marathon Petroleum Corporation’s 50% share of the Ascension JV. The increase in income was primarily due to a \$13.4 million increase attributable to NGP’s 49.9% share of the Delaware Basin JV and a \$0.5 million increase attributable to Marathon Petroleum Corporation’s 50% share of the Ascension JV and was partially offset by a \$0.8 million decrease in income attributable to the Series B Preferred Units following the partial redemptions of the Series B Units in December 2021 and January 2022.

Critical Accounting Policies

Information regarding our critical accounting policies is included in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Commission on February 16, 2022.

Liquidity and Capital Resources

Cash Flows from Operating Activities. Net cash provided by operating activities was \$482.6 million for the six months ended June 30, 2022 compared to \$402.2 million for the six months ended June 30, 2021. Operating cash flows before working capital and changes in working capital for the comparative periods were as follows (in millions):

	Six Months Ended June 30,	
	2022	2021
Operating cash flows before working capital	\$ 516.5	\$ 348.1
Changes in working capital	(33.9)	54.1

Operating cash flows before changes in working capital increased \$168.4 million for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The primary contributor to the increase in operating cash flows was as follows:

- Gross margin, excluding depreciation and amortization, non-cash commodity swap activity, utility credits redeemed or earned, and unit-based compensation, increased \$168.7 million. The increase in gross margin is due to a \$210.6 million increase in adjusted gross margin, excluding non-cash commodity swap activity, which was partially offset by a \$41.9 million increase in operating expenses, excluding utility credits redeemed or earned and unit-based compensation. For more information regarding the changes in gross margin for the six months ended June 30, 2022 compared to the six months ended June 30, 2021, see “Results of Operations.”

The changes in working capital for the six months ended June 30, 2022 compared to the six months ended June 30, 2021 were primarily due to fluctuations in trade receivable and payable balances due to timing of collection and payments, changes in inventory balances attributable to normal operating fluctuations, and fluctuations in accrued revenue and accrued cost of sales.

Cash Flows from Investing Activities. Net cash used in investing activities was \$149.3 million for the six months ended June 30, 2022 compared to \$112.2 million for the six months ended June 30, 2021. Our primary investing activities consisted of the following (in millions):

	Six Months Ended June 30,	
	2022	2021
Additions to property and equipment (1)	\$ (124.1)	\$ (62.5)
Contributions to unconsolidated affiliate investments (2)	(26.6)	—
Acquisitions, net of cash acquired (3)	—	(55.0)

(1) The increase in capital expenditures was due to expansion projects to accommodate increased volumes on our systems.

(2) Represents contributions to the Matterhorn JV and GCF. See “Item 1. Financial Statements—Note 9” for more information regarding the contributions to unconsolidated affiliate investments.

(3) Represents cash paid for the Amarillo Rattler Acquisition in April 2021.

Cash Flows from Financing Activities. Net cash used in financing activities was \$341.4 million for the six months ended June 30, 2022 compared to \$296.8 million for the six months ended June 30, 2021. Our primary financing activities consisted of the following (in millions):

	Six Months Ended June 30,	
	2022	2021
Net repayments on the Term Loan	\$ —	\$ (100.0)
Net repayments on the AR Facility (1)	(25.0)	(40.0)
Net repayments on the Revolving Credit Facility (1)	(15.0)	—
Net repurchases of ENLK’s senior unsecured notes (1)	(2.0)	—
Contributions from non-controlling interests (2)	9.3	1.9
Distributions to members	(111.7)	(93.8)
Redemption of Series B Preferred Units (3)	(50.5)	—
Distributions to Series B Preferred Unitholders (3)	(35.8)	(33.9)
Distributions to Series C Preferred Unitholders (3)	(12.0)	(12.0)
Distributions to joint venture partners (4)	(29.0)	(16.1)
Common unit repurchases (5)	(50.7)	(2.0)
Payment of installment payable for Amarillo Rattler Acquisition (6)	(10.0)	—

- (1) See “Item 1. Financial Statements—Note 5” for more information regarding the AR Facility, the Revolving Credit Facility, and repurchases of ENLK’s senior unsecured notes.
- (2) Represents contributions from NGP to the Delaware Basin JV.
- (3) See “Item 1. Financial Statements—Note 7” for information on distributions to holders of the Series B Preferred Units and Series C Preferred Units and information on the partial redemption of the Series B Preferred Units.
- (4) Represents distributions to NGP for its ownership in the Delaware Basin JV and distributions to Marathon Petroleum Corporation for its ownership in the Ascension JV.
- (5) See “Item 1. Financial Statements—Note 8” for more information regarding the ENLC common unit repurchase program.
- (6) Consideration for the Amarillo Rattler Acquisition included an installment payable, which was paid on April 30, 2022.

Capital Requirements

The following table summarizes our expected remaining capital requirements for 2022 (in millions):

Capital expenditures, net to ENLC (1)	\$ 185
Operating expenses associated with the relocation of processing facilities (2)	23
Contributions to unconsolidated affiliate investments (3)	43
Total	<u>\$ 251</u>

- (1) Excludes capital expenditures that were contributed by other entities and relate to the non-controlling interest share of our consolidated entities.
- (2) Represents cost incurred that are not part of our ongoing operations related to the relocation of equipment and facilities from the Thunderbird processing plant in the Oklahoma segment to the Permian segment. We expect to complete the relocation of equipment and facilities from the Thunderbird processing plant in the fourth quarter of 2022.
- (3) Includes contributions made to GCF and the Matterhorn JV.

Our primary capital projects for 2022 include the relocation of the Phantom processing plant, CCS-related initiatives, contributions to unconsolidated affiliate investments, continued development of our existing systems through well connects, and other low-cost development projects. We expect to fund our remaining 2022 capital requirements from operating cash flows.

It is possible that not all of our planned projects will be commenced or completed. Our ability to pay distributions to our unitholders, to fund planned capital expenditures, and to make acquisitions will depend upon our future operating performance, which will be affected by prevailing economic conditions in the industry, financial, business, and other factors, some of which are beyond our control.

Off-Balance Sheet Arrangements. We had no off-balance sheet arrangements as of June 30, 2022.

Total Contractual Cash Obligations. A summary of our total contractual cash obligations as of June 30, 2022 is as follows (in millions):

	Payments Due by Period						
	Total	Remainder 2022	2023	2024	2025	2026	Thereafter
ENLC's & ENLK's senior unsecured notes	\$ 4,030.3	\$ —	\$ —	\$ 519.8	\$ 720.8	\$ 491.0	\$ 2,298.7
Revolving Credit Facility (1)	—	—	—	—	—	—	—
AR Facility (2)	325.0	—	—	—	325.0	—	—
Acquisition contingent consideration (3)	7.2	—	—	0.7	3.3	3.2	—
Interest payable on fixed long-term debt obligations	2,234.2	100.6	201.1	189.7	163.3	148.3	1,431.2
Operating lease obligations	115.0	12.5	21.7	11.6	9.8	8.9	50.5
Purchase obligations	5.9	5.9	—	—	—	—	—
Pipeline and trucking capacity and deficiency agreements (4)	286.2	26.5	55.7	44.2	39.4	30.9	89.5
Inactive easement commitment (5)	10.0	10.0	—	—	—	—	—
Total contractual obligations	\$ 7,013.8	\$ 155.5	\$ 278.5	\$ 766.0	\$ 1,261.6	\$ 682.3	\$ 3,869.9

- (1) The Revolving Credit Facility will mature on June 3, 2027. As of June 30, 2022, there were no amounts outstanding under the Revolving Credit Facility.
- (2) The AR Facility will terminate on August 1, 2025, unless extended or earlier terminated in accordance with its terms.
- (3) The estimated fair value of the Amarillo Rattler, LLC contingent consideration was calculated in accordance with the fair value guidance contained in ASC 820. There are a number of assumptions and estimates factored into these fair values and actual contingent consideration payments could differ from these estimated fair values. See "Item 1. Financial Statements—Note 12" for additional information.
- (4) Consists of pipeline capacity payments for firm transportation and deficiency agreements.
- (5) Amount related to inactive easements paid as utilized by us with the balance due in August 2022 if not utilized.

The above table does not include any physical or financial contract purchase commitments for natural gas and NGLs due to the nature of both the price and volume components of such purchases, which vary on a daily or monthly basis. Additionally, we do not have contractual commitments for fixed price and/or fixed quantities of any material amount that is not already disclosed in the table above.

The interest payable related to the Revolving Credit Facility and the AR Facility are not reflected in the above table because such amounts depend on the outstanding balances and interest rates of the Revolving Credit Facility and the AR Facility, which vary from time to time.

Our contractual cash obligations for the remainder of 2022 are expected to be funded from cash flows generated from our operations.

Indebtedness

As of June 30, 2022, the AR Facility had a borrowing base of \$350.0 million and there were \$325.0 million in outstanding borrowings under the AR Facility. On August 1, 2022, we amended certain terms of the AR Facility to, among other things, increase the commitments thereunder from \$350.0 million to \$500.0 million and extend the scheduled termination date from September 24, 2024 to August 1, 2025. See "Item 5. Other Information" for additional information.

In addition, as of June 30, 2022, we have \$4.0 billion in aggregate principal amount of outstanding unsecured senior notes maturing from 2024 to 2047. There were no outstanding borrowings under the Revolving Credit Facility and \$44.6 million outstanding letters of credit as of June 30, 2022.

Guarantees. The amounts outstanding on our senior unsecured notes and the Revolving Credit Facility are guaranteed in full by our subsidiary ENLK, including 105% of any letters of credit outstanding under the Revolving Credit Facility. ENLK's guarantees of these amounts are full, irrevocable, unconditional, and absolute, and cover all payment obligations arising under the senior unsecured notes and the Revolving Credit Facility. Liabilities under the guarantees rank equally in right of payment with all existing and future senior unsecured indebtedness of ENLK.

ENLC's assets consist of all of the outstanding common units of ENLK and all of the membership interests of the General Partner. Other than these equity interests, all of our assets and operations are held by our non-guarantor operating subsidiaries. ENLK, directly and indirectly, owns all of these non-guarantor operating subsidiaries, which in some cases are joint ventures that are partially owned by a third party. As a result, the assets, liabilities, and results of operations of ENLK are not materially different than the corresponding amounts presented in our consolidated financial statements.

As of June 30, 2022, ENLC records, on a stand-alone basis, transactions that do not occur at ENLK, which are primarily related to the taxation of ENLC and the elimination of intercompany borrowings.

See "Item 1. Financial Statements—Note 5" for more information on our outstanding debt.

Inflation

The annual U.S. inflation rate has increased significantly in the first half of 2022. The Federal Reserve has already increased its target for the federal funds rate (the benchmark for most interest rates) several times this year. It is widely expected that this trend will continue for the remainder of 2022. Inflation will increase the cost to acquire or replace property and equipment and the cost of labor and supplies. To the extent permitted by competition, regulation, and our existing agreements, we have and will continue to pass along increased costs to our customers in the form of higher fees. Additionally, certain of our revenue generating contracts contain clauses that increase our fees based on changes in inflation metrics.

Recent Accounting Pronouncements

We have reviewed recently issued accounting pronouncements that became effective during the three months ended June 30, 2022 and have determined that none would have a material impact to our consolidated financial statements.

Disclosure Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. Although these statements reflect the current views, assumptions and expectations of our management, the matters addressed herein involve certain assumptions, risks and uncertainties that could cause actual activities, performance, outcomes and results to differ materially from those indicated herein. Therefore, you should not rely on any of these forward-looking statements. All statements, other than statements of historical fact, included in this Quarterly Report constitute forward-looking statements, including, but not limited to, statements identified by the words "forecast," "may," "believe," "will," "should," "plan," "predict," "anticipate," "intend," "estimate," "expect," "continue," and similar expressions. Such forward-looking statements include, but are not limited to, statements about when additional capacity will be operational, timing for completion of construction or expansion projects, results in certain basins, profitability, financial or leverage metrics, future cost savings or operational, environmental and climate change initiatives, our future capital structure and credit ratings, objectives, strategies, expectations, and intentions, the impact of the COVID-19 pandemic, Winter Storm Uri, and other weather related events on us and our financial results and operations, and other statements that are not historical facts. Factors that could result in such differences or otherwise materially affect our financial condition, results of operations, or cash flows, include, without limitation, (a) the impact of the ongoing coronavirus (COVID-19) pandemic (including the impact of any new variants of the virus) on our business, financial condition, and results of operations, (b) potential conflicts of interest of GIP with us and the potential for GIP to favor GIP's own interests to the detriment of our unitholders, (c) GIP's ability to compete with us and the fact that it is not required to offer us the opportunity to acquire additional assets or businesses, (d) a default under GIP's credit facility could result in a change in control of us, could adversely affect the price of our common units, and could result in a default or prepayment event under our credit facility and certain of our other debt, (e) the dependence on our significant customers for a substantial portion of the natural gas and crude that we gather, process, and transport, (f) developments that materially and adversely affect our significant customers or other customers, (g) adverse developments in the midstream business that may reduce our ability to make distributions, (h) competition for crude oil, condensate, natural gas, and NGL supplies and any decrease in the availability of such commodities, (i) decreases in the volumes that we gather, process, fractionate, or transport, (j) increasing scrutiny and changing expectations from stakeholders with respect to our environment, social, and governance practices, (k) our ability to receive or renew required permits and other approvals, (l) increased federal, state, and local legislation, and regulatory initiatives, as well as government reviews relating to hydraulic fracturing resulting in increased costs and reductions or delays in natural gas production by our customers, (m) climate change legislation and regulatory initiatives resulting in increased operating costs and reduced demand for the natural gas and NGL services we

provide, (n) changes in the availability and cost of capital, including as a result of a change in our credit rating, (o) volatile prices and market demand for crude oil, condensate, natural gas, and NGLs that are beyond our control, (p) our debt levels could limit our flexibility and adversely affect our financial health or limit our flexibility to obtain financing and to pursue other business opportunities, (q) operating hazards, natural disasters, weather-related issues or delays, casualty losses, and other matters beyond our control, (r) reductions in demand for NGL products by the petrochemical, refining, or other industries or by the fuel markets, (s) impairments to goodwill, long-lived assets and equity method investments, (t) construction risks in our major development projects, (u) challenges we may face in connection with our strategy to enter into new lines of business related to the energy transition, and (v) the effects of existing and future laws and governmental regulations, including environmental and climate change requirements and other uncertainties. In addition to the specific uncertainties, factors, and risks discussed above and elsewhere in this Quarterly Report on Form 10-Q, the risk factors set forth in Part I, "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Commission on February 16, 2022 may affect our performance and results of operations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those in the forward-looking statements. We disclaim any intention or obligation to update or review any forward-looking statements or information, whether as a result of new information, future events, or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. Our primary market risk is the risk related to changes in the prices of natural gas, NGLs, condensate, and crude oil. In addition, we are also exposed to the risk of changes in interest rates on floating rate debt.

Comprehensive financial reform legislation was signed into law by the President on July 21, 2010. The legislation calls for the CFTC to regulate certain markets for derivative products, including OTC derivatives. The CFTC has issued several relevant regulations, and other rulemakings are pending at the CFTC, the product of which would be rules that implement the mandates in the legislation to cause significant portions of derivatives markets to clear through clearinghouses. While some of these rules have been finalized, some have not, and, as a result, the final form and timing of the implementation of the regulatory regime affecting commodity derivatives remains uncertain.

The legislation and potential new regulations may also require counterparties to our derivative instruments to spin off or result in such counterparties spinning off some of their derivatives activities to separate entities, which may not be as creditworthy as the current counterparties. The legislation and any new regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures and to generate sufficient cash flow to pay quarterly distributions at current levels or at all. Our revenues could be adversely affected if a consequence of the legislation and regulations is to lower commodity prices. Any of these consequences could have a material, adverse effect on us, our financial condition, and our results of operations.

Commodity Price Risk

We are also subject to direct risks due to fluctuations in commodity prices. While approximately 90% of our adjusted gross margin for the six months ended June 30, 2022 was generated from arrangements with fee-based structures with minimal direct commodity price exposure, the remainder is subject to more direct commodity price exposure. Our exposure to these commodity price fluctuations is primarily in the gas processing component of our business. We currently earn adjusted gross margin under four main types of contractual arrangements (or a combination of these types of contractual arrangements) as summarized below.

1. *Fee-based contracts.* Under fee-based contracts, we earn our fees through (1) stated fixed-fee arrangements in which we are paid a fixed fee per unit of volume or (2) arrangements where we purchase and resell commodities in connection with providing the related service and earn a net margin through a fee-like deduction subtracted from the purchase price of the commodities.
2. *Processing margin contracts.* Under these contracts, we pay the producer for the full amount of inlet gas to the plant, and we make a margin based on the difference between the value of liquids recovered from the processed natural gas as compared to the value of the natural gas volumes lost and the cost of fuel used in processing. The shrink and fuel losses are referred to as plant thermal reduction, or PTR. Our margins from these contracts are high during periods of high liquids prices relative to natural gas prices and can be negative during periods of high natural gas prices relative to liquids prices. However, we mitigate our risk of processing natural gas when margins are negative primarily through

our ability to bypass processing when it is not profitable for us or by contracts that revert to a minimum fee for processing if the natural gas must be processed to meet pipeline quality specifications. For the six months ended June 30, 2022, less than 1% of our adjusted gross margin was generated from processing margin contracts.

3. *POL contracts.* Under these contracts, we receive a fee in the form of a percentage of the liquids recovered, and the producer bears all the cost of the natural gas shrink. Therefore, our margins from these contracts are greater during periods of high liquids prices. Our margins from processing cannot become negative under POL contracts, but they do decline during periods of low liquids prices.
4. *POP contracts.* Under these contracts, we receive a fee in the form of a portion of the proceeds of the sale of natural gas and liquids. Therefore, our margins from these contracts are greater during periods of high natural gas and liquids prices. Our margins from processing cannot become negative under POP contracts, but they do decline during periods of low natural gas and liquids prices.

For the six months ended June 30, 2022, approximately 9% of our adjusted gross margin was generated from POL or POP contracts.

Our primary commodity risk management objective is to reduce volatility in our cash flows. We maintain a risk management committee, including members of senior management, which oversees all hedging activity. We enter into hedges for natural gas, crude and condensate, and NGLs using OTC derivative financial instruments with only certain well-capitalized counterparties which have been approved in accordance with our commodity risk management policy.

We have hedged our exposure to fluctuations in prices for natural gas, NGLs, and crude oil volumes produced for our account. We have tailored our hedges to generally match the product composition and the delivery points to those of our physical equity volumes. The hedges cover specific products based upon our expected equity composition.

We manage our exposure to changes in commodity prices by hedging the impact of market fluctuations. Commodity swaps are used both to manage and hedge price and location risk related to these market exposures and to manage margins on offsetting fixed-price purchase or sale commitments for physical quantities of NGLs, natural gas, and crude and condensate. The following table presents the relevant pricing index for each commodity:

Commodity	Index
NGLs	Oil Price Information Service
Natural gas	Henry Hub Gas Daily
Crude and condensate	New York Mercantile Exchange

The following table sets forth certain information related to derivative instruments outstanding at June 30, 2022.

Period	Underlying	Notional Volume	We Pay	We Receive (1)	Net Fair Value Asset/(Liability) (In millions)
July 2022 - June 2023	Ethane	575 (MMbbls)	\$0.5410/Gal	Index	\$ (0.6)
July 2022 - June 2023	Propane	1,940 (MMbbls)	Index	\$1.1987/Gal	(4.1)
July 2022 - March 2023	Normal butane	365 (MMbbls)	Index	\$1.4192/Gal	0.5
July 2022 - July 2022	Natural gasoline	25 (MMbbls)	Index	\$1.9851/Gal	0.1
July 2022 - June 2023	Natural gas	86,034 (MMbtu/d)	Index	\$5.5773/MMbtu	7.3
July 2022 - July 2023	Crude and condensate	5,975 (MMbbls)	Index	\$97.17/Bbl	2.5
					\$ 5.7

(1) Weighted average.

Another price risk we face is the risk of mismatching volumes of gas bought or sold on a monthly price versus volumes bought or sold on a daily price. We enter each month with a balanced book of natural gas bought and sold on the same basis. However, it is normal to experience fluctuations in the volumes of natural gas bought or sold under either basis, which leaves us with short or long positions that must be covered. We use financial swaps to mitigate the exposure at the time it is created to maintain a balanced position.

The use of financial instruments may expose us to the risk of financial loss in certain circumstances, including instances when (1) sales volumes are less than expected requiring market purchases to meet commitments or (2) counterparties fail to

purchase the contracted quantities of natural gas or otherwise fail to perform. To the extent that we engage in hedging activities, we may be prevented from realizing the benefits of favorable price changes in the physical market. However, we are similarly insulated against unfavorable changes in such prices.

As of June 30, 2022, outstanding natural gas swap agreements, NGL swap agreements, swing swap agreements, storage swap agreements, and other derivative instruments had a net fair value asset of \$5.7 million. The aggregate effect of a hypothetical 10% change, increase or decrease, in gas, crude and condensate, and NGL prices would result in a change of approximately \$21.0 million in the net fair value of these contracts as of June 30, 2022.

Interest Rate Risk

We are exposed to interest rate risk on the Revolving Credit Facility and the AR Facility. Amounts drawn on the Revolving Credit Facility and the AR Facility bear interest at rates based on SOFR. At June 30, 2022, we had no outstanding borrowings under the Revolving Credit Facility and \$325.0 million in outstanding borrowings under the AR Facility. A 1.0% increase or decrease in interest rates would change our annualized interest expense by approximately \$3.3 million for the AR Facility.

We are not exposed to changes in interest rates with respect to ENLK's senior unsecured notes due in 2024, 2025, 2026, 2044, 2045, or 2047 or our senior unsecured notes due in 2028 and 2029 as these are fixed-rate obligations. As of June 30, 2022, the estimated fair value of the senior unsecured notes was approximately \$3,425.6 million, based on the market prices of ENLK's and our publicly traded debt at June 30, 2022. Market risk is estimated as the potential decrease in fair value of our long-term debt resulting from a hypothetical increase of 1.0% in interest rates. Such an increase in interest rates would result in an approximate \$178.8 million decrease in fair value of the senior unsecured notes at June 30, 2022. See "Item 1. Financial Statements—Note 5" for more information on our outstanding indebtedness.

Beginning on December 15, 2022, distributions on ENLK's Series C Preferred Units will be based on a floating rate tied to LIBOR (or an alternative rate to be established) plus 4.11% rather than a fixed rate and, therefore, the amount paid by ENLK as a distribution will be more sensitive to changes in interest rates.

Item 4. Controls and Procedures

a. Evaluation of Disclosure Controls and Procedures

Management of the Managing Member is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting for us. We carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of the Managing Member, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Exchange Act Rules 13a-15 and 15d-15. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report (June 30, 2022), our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time period specified in the applicable rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding disclosure.

b. Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that occurred in the three months ended June 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various litigation and administrative proceedings arising in the normal course of business. For a discussion of certain litigation and similar proceedings, please refer to Note 15, “Commitments and Contingencies,” of the Notes to Consolidated Financial Statements contained in Part I of this Quarterly Report on Form 10-Q, which is incorporated by reference herein.

Item 1A. Risk Factors

Information about risk factors does not differ materially from that set forth in Part I, “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Commission on February 16, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended June 30, 2022, we re-acquired ENLC common units from certain employees in order to satisfy the employees’ tax liability in connection with the vesting of restricted incentive units and we repurchased common units in open market transactions and from GIP in connection with our common unit repurchase program.

Period	Total Number of Units Purchased (1)	Average Price Paid Per Unit	Total Number of Units Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Dollar Value of Units that May Yet Be Purchased under the Plans or Programs (in millions) (2)
April 1, 2022 to April 30, 2022	430,416	\$ 9.92	418,440	\$ 78.8
May 1, 2022 to May 31, 2022	1,656,301	9.53	1,650,690	\$ 63.2
June 1, 2022 to June 30, 2022	1,527,335	9.08	1,527,335	\$ 149.3
Total	3,614,052	\$ 9.39	3,596,465	

- (1) The total number of units purchased shown in the table includes 17,587 units received by us from employees for the payment of personal income tax withholding on vesting transactions.
- (2) Effective January 1, 2022, the Board reauthorized our common unit repurchase program and reset the amount available for repurchases of outstanding common units at up to \$100.0 million. In July 2022, the Board increased the amount available for repurchase to \$200.0 million. Future repurchases under the program may be made from time to time in open market or private transactions and may be made pursuant to a trading plan meeting the requirements of Rule 10b5-1 under the Exchange Act. The repurchases will depend on market conditions and may be discontinued at any time. For more information regarding common units repurchased from public unitholders and our repurchase of common units held by GIP, see “Item 1. Financial Statements—Note 8.”

Item 5. Other Information

Disclosure Pursuant to Item 1.01 of Form 8-K – Entry into a Material Definitive Agreement and Item 2.03 of Form 8-K – Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On August 1, 2022 (the “Amendment Date”), EnLink Midstream Funding, LLC, a bankruptcy-remote special purpose entity (the “SPV”) that is an indirect subsidiary of ENLC, entered into the Third Amendment to the Receivables Financing Agreement (the “Third Amendment”), which amended the AR Facility, in each case among the SPV, as borrower, the Operating Partnership, as initial servicer, PNC Bank, National Association, as administrative agent and lender, and PNC Capital Markets LLC, as structuring agent and sustainability agent.

Under the Third Amendment and related documentation, the SPV’s three-year committed accounts receivable securitization facility was amended to, among other things: (i) increase the facility limit and lender commitments under the AR Facility from \$350.0 million to \$500.0 million, (ii) extend the Scheduled Termination Date (as defined in the AR Facility) of the facility to August 1, 2025, and (iii) reduce the currently effective drawn fee to 90 bps from the previous 110 bps.

As of the Amendment Date, there were \$350.0 million of borrowings by the SPV under the AR Facility and the borrowing base was \$500.0 million.

The foregoing description of the Third Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Third Amendment, a copy of which is filed as Exhibit 10.2 to this report and is incorporated herein by reference.

Item 6. Exhibits

The exhibits filed as part of this report are as follows (exhibits incorporated by reference are set forth with the name of the registrant, the type of report and registration number or last date of the period for which it was filed, and the exhibit number in such filing):

Number	Description
3.1	— Certificate of Formation of EnLink Midstream, LLC (incorporated by reference to Exhibit 3.1 to our Registration Statement on Form S-4, filed with the Commission on November 20, 2013, file No. 333-192419).
3.2	— Certificate of Amendment to Certificate of Formation of EnLink Midstream, LLC (incorporated by reference to Exhibit 3.2 to Amendment No. 2 to our Registration Statement on Form S-4, filed with the Commission on January 21, 2014, file No. 333-192419).
3.3	— Second Amended and Restated Operating Agreement of EnLink Midstream, LLC, dated as of January 25, 2019 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated January 25, 2019, filed with the Commission on January 29, 2019, file No. 001-36336).
3.4	— Certificate of Formation of EnLink Midstream Manager, LLC (incorporated by reference to Exhibit 3.12 to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, filed with the Commission on August 6, 2014, file No. 001-36336).
3.5	— Certificate of Amendment to the Certificate of Formation of EnLink Midstream Manager, LLC (incorporated by reference to Exhibit 3.13 to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, filed with the Commission on August 6, 2014, file No. 001-36336).
3.6	— Second Amended and Restated Limited Liability Company Agreement of EnLink Midstream Manager, LLC, dated as of July 18, 2018 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated July 17, 2018, filed with the Commission on July 23, 2018, file No. 001-36336).
3.7	— Certificate of Formation of EnLink Midstream GP, LLC (incorporated by reference to Exhibit 3.7 to EnLink Midstream Partners, LP's Registration Statement on Form S-1, file No. 333-97779).
3.8	— Certificate of Amendment to the Certificate of Formation of EnLink Midstream GP, LLC (incorporated by reference to Exhibit 3.12 to EnLink Midstream Partners, LP's Registration Statement on Form S-3, filed with the Commission on March 10, 2014, file No. 333-194465).
3.9	— Fourth Amended and Restated Limited Liability Company Agreement of EnLink Midstream GP, LLC, dated as of July 18, 2018 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K dated July 17, 2018, filed with the Commission on July 23, 2018, file No. 001-36366).
3.10	— Certificate of Limited Partnership of EnLink Midstream Partners, LP (incorporated by reference to Exhibit 3.1 to EnLink Midstream Partners, LP's Registration Statement on Form S-1, filed with the Commission on August 7, 2012, file No. 333-97779).
3.11	— Certificate of Amendment to the Certificate of Limited Partnership of EnLink Midstream Partners, LP (incorporated by reference to Exhibit 3.2 to EnLink Midstream Partners, LP's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, filed with the Commission on August 7, 2012, file No. 000-50067).
3.12	— Second Amendment to the Certificate of Limited Partnership of EnLink Midstream Partners, LP (incorporated by reference to Exhibit 3.3 to EnLink Midstream Partners, LP's Current Report on Form 8-K dated March 6, 2014, filed with the Commission on March 11, 2014, file No. 001-36340).
3.13	— Third Amendment to the Certificate of Limited Partnership of EnLink Midstream Partners, LP (incorporated by reference to Exhibit 3.1 to EnLink Midstream Partners, LP's Current Report on Form 8-K dated June 16, 2017, filed with the Commission on June 19, 2017, file No. 001-36340).
3.14	— Tenth Amended and Restated Agreement of Limited Partnership of EnLink Midstream Partners, LP, dated as of January 25, 2019 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K dated January 25, 2019, filed with the Commission on January 29, 2019, file No. 001-36336).
10.1	— Amended and Restated Revolving Credit Agreement, dated as of June 3, 2022, by and among EnLink Midstream, LLC, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and each of the Lenders and other L/C Issuers party thereto (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated June 3, 2022, filed with the Commission on June 6, 2022, file No. 001-36336)
10.2*	— Third Amendment to the Receivables Financing Agreement, dated as of August 1, 2022, by and among EnLink Midstream Funding, LLC, as borrower, EnLink Midstream Operating, LP, as initial servicer, PNC Bank, National Association, as administrative agent and as lender and PNC Capital Markets LLC, as structuring agent and sustainability agent.
22.1	— Subsidiary Guarantors (incorporated by reference to Exhibit 22.1 to our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Commission on February 16, 2022, file No. 001-36336).
31.1 *	— Certification of the Principal Executive Officer.
31.2 *	— Certification of the Principal Financial Officer.
32.1 *	— Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350.
101 *	— The following financial information from EnLink Midstream, LLC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021, (ii) Consolidated Statements of Operations for the three and six months ended June 30, 2022 and 2021, (iii) Consolidated Statements of Changes in Members' Equity for the three months ended June 30, 2022 and 2021 and March 31, 2022 and 2021, (iv) Consolidated Statements of Cash Flows for the six months ended June 30, 2022 and 2021, and (v) the Notes to Consolidated Financial Statements.
104 *	— Cover Page Interactive Data File (formatted as Inline iXBRL and included in Exhibit 101).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EnLink Midstream, LLC

By: EnLink Midstream Manager, LLC, its managing member

By: /s/ J. PHILIPP ROSSBACH
J. Philipp Rossbach
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

August 4, 2022

**THIRD AMENDMENT TO THE
RECEIVABLES FINANCING AGREEMENT**

This THIRD AMENDMENT TO THE RECEIVABLES FINANCING AGREEMENT (this "Amendment"), dated as of August 1, 2022, is entered into by and among the following parties:

- (i) ENLINK MIDSTREAM FUNDING, LLC, a Delaware limited liability company, as Borrower (the "Borrower");
- (ii) ENLINK MIDSTREAM OPERATING, LP, a Delaware limited partnership, as initial Servicer (the "Servicer");
- (iii) PNC BANK, NATIONAL ASSOCIATION ("PNC"), as Lender and Administrative Agent (in such capacity, the "Administrative Agent"); and
- (iv) PNC CAPITAL MARKETS LLC, as Structuring Agent (in such capacity, the "Structuring Agent") and Sustainability Agent (in such capacity, the "Sustainability Agent").

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Receivables Financing Agreement described below.

BACKGROUND

A. The parties hereto have entered into a Receivables Financing Agreement, dated as of October 21, 2020 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Receivables Financing Agreement").

B. Concurrently herewith, the Borrower, PNC, as Administrative Agent, the Structuring Agent and the Sustainability Agent are entering into a Third Amended and Restated Administrative Agent Fee Letter, dated as of the date hereof (the "Administrative Agent Fee Letter").

C. Concurrently herewith, the Borrower and PNC, as Administrative Agent and as a Lender, are entering into a Third Amended and Restated Lender Fee Letter, dated as of the date hereof (the "Lender Fee Letter").

D. Concurrently herewith, each of Cowtown Gas Processing Partners L.P., a Texas limited partnership, Cowtown Pipeline Partners L.P., a Texas limited partnership, and Jefferson Island Storage & Hub L.L.C., a Delaware limited liability company, is becoming an Originator party to the Sale and Contribution Agreement, in each case, pursuant to a Joinder Agreement, dated as of the date hereof, between the Borrower and such Person and acknowledged by the Administrative Agent (together, the "Subject Joinder Agreements").

E. The parties hereto desire to amend the Receivables Financing Agreement as set forth herein.

NOW, THEREFORE, with the intention of being legally bound hereby, and in consideration of the mutual undertakings expressed herein, each party to this Amendment hereby agrees as follows:

SECTION 1. Amendments to the Receivables Financing Agreement. The Receivables Financing Agreement is hereby amended by adding the text marked with double-underlining and deleting the ~~struck through~~ text, in each case as set forth in Exhibit A attached hereto.

SECTION 2. Representations and Warranties of the Borrower and Servicer. Each of the Borrower and the Servicer hereby represents and warrants to each of the parties hereto as of the date hereof as follows:

(a) Representations and Warranties. Each of the representations and warranties made by it under the Receivables Financing Agreement and each of the other Transaction Documents to which it is a party are true and correct in all material respects as of the date hereof (unless such representations and warranties are stated to relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date).

(b) Enforceability. The execution and delivery by such Person of this Amendment, and the performance of its obligations under this Amendment, the Receivables Financing Agreement (as amended hereby) and the other Transaction Documents to which it is a party are within its organizational powers and have been duly authorized by all necessary action on its part, and this Amendment, the Receivables Financing Agreement (as amended hereby) and the other Transaction Documents to which it is a party are its valid and legally binding obligations, enforceable in accordance with its terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(c) No Event of Default. No Event of Default or Unmatured Event of Default has occurred and is continuing, or would occur as a result of this Amendment, the Subject Joinder Agreements or the transactions contemplated hereby or thereby.

SECTION 3. Effect of Amendment; Ratification. All provisions of the Receivables Financing Agreement and the other Transaction Documents, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Receivables Financing Agreement (or in any other Transaction Document) to "this Receivables Financing Agreement", "this Agreement", "hereof", "herein" or words of similar effect referring to the Receivables Financing Agreement shall be deemed to be references to the Receivables Financing Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Receivables Financing Agreement other than as set forth herein. The Receivables Financing Agreement, as amended by this Amendment, is hereby ratified and confirmed in all respects.

SECTION 4. Effectiveness. This Amendment shall become effective as of the date hereof, subject to the satisfaction of each of the following conditions precedent:

(a) receipt by the Administrative Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the parties hereto;

(b) receipt by the Administrative Agent of counterparts of the Administrative Agent Fee Letter (whether by facsimile or otherwise) executed by each of the parties thereto;

(c) receipt by the Administrative Agent of counterparts of the Lender Fee Letter (whether by facsimile or otherwise) executed by each of the parties thereto;

(d) receipt by the Administrative Agent of (i) counterparts of the Subject Joinder Agreements (whether by facsimile or otherwise) executed by each of the parties thereto and (ii) each of the documents and other deliverables specified as conditions precedent to the joinder of Originators in Section 4.3 of the Sale and Contribution Agreement;

(e) receipt by the Administrative Agent of (x) a certificate of the Secretary (or similar officer) of the Borrower, the Servicer and the Performance Guarantor certifying as to (i) attached copies of the organizational documents of such Person (or certifying that there have been no changes to such organizational documents since the applicable certificate delivered pursuant to Section 6.01 of the Receivables Financing Agreement on the Closing Date), (ii) the names and true signatures of the incumbent officers of such Person authorized to sign this Amendment or any of the other Transaction Documents, as applicable, and any other documents to be delivered by it hereunder or thereunder or in connection herewith or therewith, and (iii) attached copies of the resolutions or written consent, as applicable, of the board of directors (or equivalent governing body) of such Person required to authorize the execution, delivery and performance by it of this Amendment and the transactions contemplated hereby, and (y) copies of a certificate issued by the Secretary of State of the applicable state of organization as to the legal existence and good standing of such Person;

(f) receipt by the Administrative Agent of a favorable written opinion of Baker Botts L.L.P. addressed to the Administrative Agent and each Lender, dated as of the date hereof, in form and substance reasonably satisfactory to the Administrative Agent, as to certain enforceability and corporate matters; and

(g) evidence received by the Administrative Agent that the Borrower shall have paid in full all fees and other amounts due and payable on or prior to the date hereof pursuant to the Transaction Documents, including the "Closing Fee" under and as defined in the Administrative Agent Fee Letter, to the extent invoiced, including the fees and disbursements invoiced through the date hereof of the Administrative Agent's special counsel, Mayer Brown LLP.

SECTION 5. Severability. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 6. Transaction Document. This Amendment shall be a Transaction Document for purposes of the Receivables Financing Agreement.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart hereof by facsimile or other electronic means shall be equally effective as delivery of an originally executed counterpart.

SECTION 8. GOVERNING LAW; JURISDICTION.

(a) THIS AMENDMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF).

(b) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO (I) WITH RESPECT TO THE BORROWER AND THE SERVICER, THE EXCLUSIVE JURISDICTION, AND (II) WITH RESPECT TO EACH OF THE OTHER PARTIES HERETO, THE NON-EXCLUSIVE JURISDICTION, IN EACH CASE, OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING (I) IF BROUGHT BY THE BORROWER, THE SERVICER OR ANY AFFILIATE THEREOF, SHALL BE HEARD AND DETERMINED, AND (II) IF BROUGHT BY ANY OTHER PARTY TO THIS AMENDMENT, MAY BE HEARD AND DETERMINED, IN EACH CASE, IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS SECTION 8 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE BORROWER OR THE SERVICER OR ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. EACH OF THE BORROWER AND THE SERVICER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION 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.

SECTION 9. Performance Guarantor Acknowledgment and Consent. The Performance Guarantor hereby acknowledges (i) the parties' entry into this Amendment and (ii) the Subject Joinder Agreements, and hereby consents to the terms and conditions hereof and thereof, it being understood that such terms and conditions may affect the extent of the Guaranteed Obligations (as defined in the Performance Guaranty) for which the Performance Guarantor may be liable under the Performance Guaranty. The Performance Guarantor further confirms and agrees that the Performance Guaranty remains in full force and effect after giving effect to this Amendment and the Subject Joinder Agreements and, for the avoidance of doubt, acknowledges that any amendment herein to a defined term in the Receivables Financing Agreement shall apply to terms in the Performance Guaranty which are defined by reference to the Receivables Financing Agreement.

SECTION 10. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Receivables Financing Agreement or any provision hereof or thereof.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

ENLINK MIDSTREAM FUNDING, LLC,
as Borrower

By: /s/ Pablo G. Mercado
Name: Pablo G. Mercado
Title: Executive Vice President and Chief Financial Officer

ENLINK MIDSTREAM OPERATING, LP,
as the Servicer

By: EnLink Midstream Operating GP, LLC,
its general partner

By: /s/ Pablo G. Mercado
Name: Pablo G. Mercado
Title: Executive Vice President and Chief Financial Officer

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Imad Naja
Name: Imad Naja
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as Lender

By: /s/ Imad Naja
Name: Imad Naja
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as Structuring Agent and Sustainability Agent

By: /s/ Imad Naja
Name: Imad Naja
Title: Senior Vice President

Solely with respect to Section 9:

ENLINK MIDSTREAM, LLC,
as Performance Guarantor

By: EnLink Midstream Manager, LLC,
its managing member

By: /s/ Pablo G. Mercado
Name: Pablo G. Mercado
Title: Executive Vice President and Chief Financial Officer

EXHIBIT A

[Attached]

RECEIVABLES FINANCING AGREEMENT

Dated as of October 21, 2020

by and among

ENLINK MIDSTREAM FUNDING, LLC,
as Borrower,

THE PERSONS FROM TIME TO TIME PARTY HERETO,
as Lenders,

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent,

ENLINK MIDSTREAM OPERATING, LP,
as initial Servicer,

and

PNC CAPITAL MARKETS LLC,
as Structuring Agent and Sustainability Agent

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This RECEIVABLES FINANCING AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of October 21, 2020 by and among the following parties:

- (i) ENLINK MIDSTREAM FUNDING, LLC, a Delaware limited liability company, as Borrower (together with its successors and assigns, the "Borrower");
- (ii) the Persons from time to time party hereto as Lenders;
- (iii) PNC BANK, NATIONAL ASSOCIATION ("PNC"), as Administrative Agent;
- (iv) ENLINK MIDSTREAM OPERATING, LP, a Delaware limited partnership, in its individual capacity ("EMO") and as initial Servicer (in such capacity, together with its successors and assigns in such capacity, the "Servicer"); and
- (v) PNC CAPITAL MARKETS LLC, a Pennsylvania limited liability company, as Structuring Agent and as Sustainability Agent.

PRELIMINARY STATEMENTS

The Borrower has acquired, and will acquire from time to time, Receivables from the Originator(s) pursuant to the Sale and Contribution Agreement. The Borrower has requested that the Lenders make Loans from time to time to the Borrower, on the terms, and subject to the conditions set forth herein, secured by, among other things, the Receivables.

In consideration of the mutual agreements, provisions and covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account Control Agreement" means (i) the WF Deposit Account Control Agreement and (ii) each agreement, in form and substance reasonably satisfactory to the Administrative Agent, among the Borrower, the Servicer (if applicable), the Administrative Agent and a Collection Account Bank, governing the terms of the related Collection Accounts that provides the Administrative Agent with control within the meaning of the UCC over the deposit accounts subject to such agreement.

~~"Adjusted LIBOR" means with respect to any Tranche Period, the interest rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1.00% per annum) (i) the rate of interest determined by the Administrative Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the rate per annum for deposits in Dollars as reported on the Reuters Screen LIBOR01 Page as the composite offered rate for London interbank deposits for such Tranche Period (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at or about 11:00 a.m. (London time) on the Business Day which is two (2) Business Days prior to the first day of such Tranche Period for an amount comparable to the Portion of Capital to be funded at Adjusted LIBOR during such Tranche Period, by (ii) a number equal to 1.00 minus the Euro Rate Reserve Percentage; provided, however, that with respect to the initial Tranche Period for a Loan that is not advanced on a Tranche Reset Date, Adjusted LIBOR shall be the interest rate per~~

~~annum equal to LMIR for each day during such initial Tranche Period from the date that such Loan is made pursuant to Section 2.01 until the next occurring Tranche Reset Date. The calculation of Adjusted LIBOR may also be expressed by the following formula:~~

$$\text{Adjusted LIBOR} = \frac{\text{Composite of London interbank offered rates shown on Reuters Screen LIBOR01 Page or appropriate successor}}{1.00 \text{ Euro Rate Reserve Percentage}}$$

~~Adjusted LIBOR shall be adjusted on the effective date of any change in the Euro Rate Reserve Percentage as of such effective date. The Administrative Agent shall give prompt notice to the Borrower of Adjusted LIBOR as determined or adjusted in accordance herewith (which determination shall be conclusive absent manifest error). Notwithstanding the foregoing, if Adjusted LIBOR as determined herein would be less than zero (0.00)% per annum, such rate shall be deemed to be zero (0.00)% per annum for purposes of this Agreement.~~

“Administrative Agent” means PNC, in its capacity as contractual representative for the Credit Parties, and any successor thereto in such capacity appointed pursuant to Article XI or Section 14.03(f).

“Adverse Claim” means any Lien, other than a Permitted Lien.

“Advisors” has the meaning set forth in Section 14.06(c).

“Affected Person” means each Credit Party and each of their respective Affiliates.

“Affiliate” means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person. For purposes of this definition, control of a Person shall mean the power, direct or indirect: (x) to vote twenty-five percent (25.00%) or more of the securities having ordinary voting power for the election of directors or managers of such Person or (y) to direct or cause the direction of the management and policies of such Person, in either case whether by ownership of securities, contract, proxy or otherwise.

“Affiliate Collections” means, with respect to any Affiliate Receivable: (a) all funds that are received by any Affiliate of Parent or any other Person on their behalf in payment of any

which any of its property is bound. For the avoidance of doubt, FATCA shall constitute an “Applicable Law” for all purposes of this Agreement.

“Assignment and Acceptance Agreement” means an assignment and acceptance agreement entered into by a Lender, an Eligible Assignee and the Administrative Agent, and, if required, the Borrower, pursuant to which such Eligible Assignee may become a party to this Agreement, in substantially the form of Exhibit C hereto.

“Assumption Agreement” has the meaning set forth in Section 14.03(h).

“Attorney Costs” means and includes all reasonable and documented out-of-pocket fees, costs, expenses and disbursements of any law firm or other external counsel. Except after the occurrence and continuance of an Event of Default, for any Attorney Costs for the Borrower Indemnified Parties and the Servicer Indemnified Parties, such Attorney Costs shall be limited to one counsel to all Borrower Indemnified Parties and Servicer Indemnified Parties (taken as a whole) and, if reasonably necessary, a single local counsel for all Borrower Indemnified Parties and Servicer Indemnified Parties (taken as a whole) in each relevant jurisdiction and with respect to each relevant specialty, and in the case of an actual or perceived conflict of interest, one additional counsel in each relevant jurisdiction to the affected Borrower Indemnified Parties and Servicer Indemnified Parties similarly situated and taken as a whole.

“Bankruptcy Code” means the United States Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, et seq.), as amended from time to time.

“Base Rate” means, for any day ~~and any Lender, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the greater of:~~ per annum rate of interest equal to the highest of (i) the Overnight Bank Funding Rate, plus 0.50%, and (ii) the Prime Rate; provided, however, if the Base Rate as determined above would be less than zero, then such rate shall be deemed to be zero. Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs.

“Base Rate Loan” means, at any time, any Loan or any related Capital (or portion thereof) on which Interest accrues by reference to the Base Rate.

“Benchmark Replacement” has the meaning set forth in Section 5.06.

~~(a) the rate of interest in effect for such day as publicly announced from time to time by such Lender or its Affiliate as its “reference rate” or “prime rate”; as applicable. Such “reference rate” or “prime rate” is set by the applicable Lender or its Affiliate based upon various factors, including such Person’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate, and is not necessarily the lowest rate charged to any customer; and~~

~~(b) 0.50% per annum above the latest Overnight Bank Funding Rate; and~~

~~(c) 0.625% per annum above Adjusted LIBOR applicable to the Interest Period for which the Base Rate is then being determined.~~

“Beneficial Owner” means, for the Borrower, each of the following: (a) each individual, if any, who, directly or indirectly, owns twenty-five percent (25.00%) or more of the Borrower’s Capital Stock; and (b) a single individual with significant responsibility to control, manage, or direct the Borrower.

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

“Borrower” has the meaning specified in the preamble to this Agreement.

“Borrower Indemnified Amounts” has the meaning set forth in Section 13.01(a).

“Borrower Indemnified Party” has the meaning set forth in Section 13.01(a).

“Borrower Obligations” means all present and future indebtedness, reimbursement obligations, and other liabilities and obligations (howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or due or to become due) of the Borrower to any Credit Party, Borrower Indemnified Party and/or any Affected Person, arising under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, and shall include, all Capital and Interest on the Loans, all Fees and all other amounts due or to become due under the Transaction Documents (whether in respect of fees, costs, expenses, indemnifications or otherwise), including interest, fees and other obligations that accrue after the commencement of any Insolvency Proceeding with respect to the Borrower (in each case whether or not allowed as a claim in such proceeding).

“Borrower’s Net Worth” means, at any time of determination, an amount equal to (i) the aggregate Outstanding Balance of all Pool Receivables at such time minus (ii) the sum of (A) the Aggregate Capital at such time, plus (B) the Aggregate Interest at such time, plus (C) the aggregate accrued and unpaid Fees at such time, plus (D) the aggregate outstanding principal balance of all Intercompany Loans at such time, plus (E) the aggregate accrued and unpaid interest on all Intercompany Loans at such time, plus (F) without duplication, the aggregate accrued and unpaid other Borrower Obligations at such time.

“Borrowing Base” means, at any time of determination, the amount equal to the lesser of (a) the Facility Limit and (b) the amount equal to (i) the Net Receivables Pool Balance at such time, minus (ii) the Total Reserves at such time.

“Borrowing Base Deficit” means, at any time of determination, the amount, if any, by which (a) the Aggregate Capital at such time exceeds (b) the Borrowing Base at such time.

“Borrowing Tranche” means specified portions of Loans outstanding as follows: (a) any Loans (or Portions of Capital thereof) for which the applicable Interest Rate is determined by reference to the Term SOFR Rate and which have the same Interest Period shall constitute one Borrowing Tranche, (b) all Loans (or Portions of Capital thereof) for which the applicable Interest Rate is determined by reference to Daily 1M SOFR shall constitute one Borrowing Tranche, and (c) all Loans (or Portions of Capital thereof) for which the applicable Interest Rate is determined by reference to Base Rate shall constitute one Borrowing Tranche.

“Breakage Fee” means (a) for any Interest Period for which Interest is computed by reference to ~~Adjusted LIBOR~~ the Term SOFR Rate and a reduction of Capital is made for any reason on any day other than the last day of the related Tranche Period or (b) to the extent that the Borrower shall for any reason fail to borrow (but excluding any failures to borrow resulting from a Lender default under this Agreement) on the date specified by the Borrower in the applicable Loan Request in connection with any request for funding pursuant to Article II of this Agreement, the amount, if any, of the resulting loss (other than lost profits), cost or expense incurred by reason of the liquidation or reemployment of deposits actually sustained by any Lender; ~~provided, however,~~ that the affected Lender shall use commercially reasonable efforts to minimize such loss or expense (including from the investment of the proceeds of such reductions of Capital or such amounts failed to be borrowed by the Borrower) and a certificate as to the amount of any Breakage Fee (including the computation of such amount) shall be submitted by the affected Lender to the Borrower and shall be conclusive and binding for all purposes, absent manifest error.

“Business Day” means any day (other than a Saturday or Sunday) on which: (a) banks are not authorized or required to close in Pittsburgh, Pennsylvania, or New York City, New York and (b) if this definition of “Business Day” is utilized in connection with ~~Adjusted LIBOR or LMIR, dealings are carried out in the London interbank market~~ an amount that bears interest at a rate based on SOFR or any direct or indirect calculation or determination of SOFR, the term “Business Day” means any such day that is also a U.S. Government Securities Business Day.

“Capital” means, with respect to any Lender, the aggregate amounts advanced to, or on behalf of, the Borrower in connection with all Loans made by such Lender pursuant to Article II, as reduced from time to time by Collections distributed and applied on account of such Capital pursuant to Section 4.01 and as reduced in accordance with Section 2.02; ~~provided,~~ that if such Capital shall have been reduced by any distribution and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, such Capital shall be increased by the amount of such rescinded or returned distribution as though it had not been made.

“Capital Stock” means, with respect to any Person, any and all common shares, preferred shares, interests, participations, rights in or other equivalents (however designated) of such Person’s capital stock, partnership interests, limited liability company interests, membership interests or other equivalent interests and any rights (other than debt securities convertible into or exchangeable for capital stock), warrants or options exchangeable for or convertible into such capital stock or other equity interests.

“Certificate of Beneficial Ownership” means, for the Borrower, a certificate in form and substance acceptable to the Administrative Agent (as amended or modified by the Administrative Agent from time to time in its sole discretion), certifying, among other things, the Beneficial Owner of the Borrower.

“Change in Control” means the occurrence of any of the following:

- (a) EnLink NGL Marketing, LP ceases to own, directly, 100.00% of the issued and outstanding Capital Stock, membership interests and all other equity interests of the Borrower free and clear of all Adverse Claims;

such Obligor and such Special Obligor and shall be calculated as if such Obligor and such Special Obligor were a single Obligor.

Special Obligor	Special Concentration Limit
Devon Energy Corp	20.00%

“Concentration Reserve Percentage” means, at any time of determination, the largest of: (a) the sum of the five (5) largest Obligor Percentages of the Group D Obligors, (b) the sum of the three (3) largest Obligor Percentages of the Group C Obligors, (c) the sum of the two (2) largest Obligor Percentages of the Group B Obligors and (d) the largest Obligor Percentage of the Group A Obligors; provided, that, for purposes of determining the Concentration Reserve Percentage, with respect to any Eligible Receivable that is supported by an Eligible Supporting Letter of Credit or is an Insured Receivable, the “Obligor” thereof (including for purposes of determining such Obligor’s Obligor Percentage and status as a Group A Obligor, Group B Obligor, Group C Obligor or Group D Obligor) shall be deemed to be the related Eligible Supporting Letter of Credit Provider or Eligible Credit Insurance Provider, as applicable; provided, further, that (x) if any Pool Receivable is partially supported by an Eligible Supporting Letter of Credit, then the “Obligor” thereof shall be deemed to be (i) with respect to the Unsupported Outstanding Balance of such Pool Receivable, the Obligor of such Pool Receivable and (ii) with respect to the Supported Outstanding Balance of such Pool Receivable, the related Eligible Supporting Letter of Credit Provider and (y) with respect to any Insured Receivable, the “Obligor” thereof shall be deemed to be (i) with respect to the Insured Amount of the Outstanding Balance of any Insured Receivable, the related Eligible Credit Insurance Provider and (ii) with respect to the remaining Outstanding Balance, if any, the Obligor of such Insured Receivable.

“Conforming Changes” means, with respect to Daily 1M SOFR, the Term SOFR Rate or any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of Daily 1M SOFR, the Term SOFR Rate or such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of Daily 1M SOFR, the Term SOFR Rate or the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Transaction Documents).

“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.

“Contra Account Amount” means, at any time of determination and with respect to any Obligor, an amount equal to the lesser of (i) the Contra Amount at such time with respect to such

“Daily 1M SOFR” means, for any day, the rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, at the Administrative Agent’s discretion, to the nearest 1/100th of 1%) (a) the Term SOFR Reference Rate for such day for a one (1) month period, as published by the Term SOFR Administrator, by (b) a number equal to 1.00 minus the SOFR Reserve Percentage; provided, that if Daily 1M SOFR, determined as provided above, would be less than the SOFR Floor, then Daily 1M SOFR shall be deemed to be the SOFR Floor. Such rate of interest will be adjusted automatically as of each Business Day based on changes in Daily 1M SOFR without notice to the Borrower.

“Daily Simple SOFR” means, for any day (a “SOFR Rate Day”), the interest rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, at the Administrative Agent’s discretion, to the nearest 1/100th of 1%) (A) SOFR for the day (the “SOFR Determination Date”) that is 2 Business Days prior to (i) such SOFR Rate Day if such SOFR Rate Day is a Business Day or (ii) the Business Day immediately preceding such SOFR Rate Day if such SOFR Rate Day is not a Business Day, by (B) a number equal to 1.00 minus the SOFR Reserve Percentage, in each case, as such SOFR is published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source identified by the Federal Reserve Bank of New York or its successor administrator for the secured overnight financing rate from time to time. If Daily Simple SOFR as determined above would be less than the SOFR Floor, then Daily Simple SOFR shall be deemed to be the SOFR Floor. If SOFR for any SOFR Determination Date has not been published or replaced with a Benchmark Replacement by 5:00 p.m. (Pittsburgh, Pennsylvania time) on the second Business Day immediately following such SOFR Determination Date, then SOFR for such SOFR Determination Date will be SOFR for the first Business Day preceding such SOFR Determination Date for which SOFR was published in accordance with the definition of “SOFR”; provided that SOFR determined pursuant to this sentence shall be used for purposes of calculating Daily Simple SOFR for no more than 3 consecutive SOFR Rate Days. If and when Daily Simple SOFR as determined above changes, any applicable rate of interest based on Daily Simple SOFR will change automatically without notice to the Borrower, effective on the date of any such change.

“Days’ Sales Outstanding” means, for any Fiscal Month, an amount computed as of the last day of such Fiscal Month equal to: (a) the average of the Outstanding Balance of all Pool Receivables as of the last day of each of the three (3) most recent Fiscal Months ended on the last day of such Fiscal Month, divided by (b) (i) the aggregate initial Outstanding Balance of all Pool Receivables generated by the Originators during the three (3) most recent Fiscal Months ended on the last day of such Fiscal Month, divided by (ii) ninety (90).

“Debt” means, as to any Person at any time of determination, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person for or in respect of: (i) borrowed money, (ii) amounts raised under or liabilities in respect of any bonds, debentures, notes, note purchase, acceptance or credit facility, or other similar instruments or facilities, (iii) reimbursement obligations (contingent or otherwise) under any letter of credit, (iv) any other transaction (including production payments (excluding royalties), installment purchase agreements, forward sale or purchase agreements, capitalized leases and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations

and (ii) with respect to the remaining Outstanding Balance, if any, the Obligor of such Insured Receivable.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to an Affected Person or required to be withheld or deducted from a payment to an Affected Person: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Affected Person being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires an interest in the Loan or Commitment (for the avoidance of doubt, including, without limitation, by funding such Loan or becoming a party to this Agreement) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 5.03, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Affected Person’s failure to comply with Sections 5.03(f), (g) or (i), and (d) any withholding Taxes imposed pursuant to FATCA.

“Exiting Lender” has the meaning set forth in Section 2.02(g).

“Facility Limit” means ~~\$350,000,000~~ 500,000,000 as reduced from time to time pursuant to Section 2.02(e). References to the unused portion of the Facility Limit shall mean, at any time of determination, an amount equal to (x) the Facility Limit at such time, minus (y) the Aggregate Capital at such time.

“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 agreements entered into pursuant to Section 1471(b)(1) of the Code, any applicable intergovernmental agreement, treaty or convention entered into between the United States and any other Governmental Authority in connection with the implementation of the foregoing and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any such intergovernmental agreement, treaty or convention.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

“Fee Letter” has the meaning specified in Section 2.03(a). “Fees” has the meaning specified in Section 2.03(a).

“Final Maturity Date” means the date that (i) is ninety (90) days following the Scheduled Termination Date or (ii) such earlier date on which the Aggregate Capital and all other Borrower Obligations become due and payable pursuant to Section 10.01.

“Insured Amount” means, with respect to any Insured Receivable, the excess, if any, of (a) the Outstanding Balance of such Receivable, over (b) the total amount of deductibles and coinsurance with respect to a claim in an amount equal to the Outstanding Balance of such Insured Receivable and such other amounts as reasonably determined by the Administrative Agent (in its sole and absolute discretion) likely to diminish any recovery for a related claim under the related Eligible Credit Insurance (including, without limitation, fees associated with claims, any discount to present value based on the expected timing of such recovery, other “haircut” amounts based on the likelihood of recovery under the related Eligible Credit Insurance or proportionate reductions in circumstances in which a Credit Insurance Policy is issued by multiple insurers and one or more insurers in the syndicate (considered individually) is not an Eligible Credit Insurance Provider).

“Insured Receivable” means each Receivable of an Obligor for which the Outstanding Balance (when aggregated with each other Receivable owing by such Obligor that was originated prior to such Receivable) is less than or equal to the then-effective maximum amount available for payments established for such Obligor for all claims relating to such Obligor during the related policy period under and pursuant to Eligible Credit Insurance; provided that no Receivable shall constitute an Insured Receivable at any time the Credit Insurance Policy relating thereto shall cease to constitute Eligible Credit Insurance; provided, further, that no Receivable shall constitute an Insured Receivable unless (a) such Receivable and the related Contract (pursuant to its express terms) is governed by the laws of the United States and (b) under such related Contract, the related Obligor expressly submits to the jurisdiction of the courts or binding arbitration body, in either case, in the United States for purposes of any litigation, arbitration or similar proceeding with respect to any dispute regarding such Receivable.

“Intended Tax Treatment” has the meaning set forth in Section 14.14.

“Intercompany Loan” has the meaning set forth in the Sale and Contribution Agreement.

“Intercompany Loan Agreement” has the meaning set forth in the Sale and Contribution Agreement.

“Interest” means, for each Loan for any day during any Interest Period (or portion thereof), the amount of interest accrued on the Capital of such Loan during such Interest Period (or portion thereof) in accordance with Section 2.03(b) this Agreement.

“Interest Period” means, with respect to each Loan, (a) before the Termination Date: (i) initially, the period commencing on the date such Loan is made pursuant to Section 2.01 (or in the case of any fees payable hereunder, commencing on the Closing Date) and ending on (but not including) the next Monthly Settlement Date and (ii) thereafter, each period commencing on such Monthly Settlement Date and ending on (but not including) the next Monthly Settlement Date and (b) on and after the Termination Date, such period (including a period of one day) as shall be selected from time to time by the Administrative Agent (with the consent or at the direction of the Majority Lenders) or, in the absence of any such selection, each period of thirty (30) days from the last day of the preceding Interest Period.

“Interest Rate” means, subject to Sections 2.03, 5.04 and 5.06, for any day in any Interest Period for any Loan (or any portion of Capital thereof):

~~(a) subject to Sections 5.04 and 5.06 and so long as no Event of Default has occurred and is continuing on such day, LMIR or Adjusted LIBOR as determined pursuant to Section 2.05; provided, however, that the Interest Rate applicable to any LIBOR Loan that is not advanced on a Tranche Reset Date shall be LMIR for each day during the initial Interest Period applicable to such Loan from the date such Loan is made pursuant to Section 2.01 until the next occurring Tranche Reset Date; or~~

(a) if no Event of Default is then continuing, the sum of (i) either (x) if the Borrower has elected for such Loan (or any Portion of Capital thereof) to accrue interest by reference to the Term SOFR Rate during such Interest Period in accordance with Section 2.05(a), the Term SOFR Rate for such day, or (y) in any other case (including if no such election has been made), Daily 1M SOFR plus (ii) the SOFR Adjustment; or

(b) ~~for any day while~~if an Event of Default has occurred and is continuing, an interest rate per annum equal to the sum of 2.00% per annum plus the greater of (i) the ~~interest rate per annum determined for such Loan and~~ sum of the Daily 1M SOFR for such day ~~pursuant to clause (a) above~~ plus the SOFR Adjustment, and (ii) the Base Rate in effect on such day; ~~provided, however, that no provision of this Agreement shall require the payment or permit the collection of Interest in excess of the maximum permitted by Applicable Law; provided, further, however,~~ that Interest for any Loan shall not be considered paid by any distribution to the extent that at any time all or a portion of such distribution is rescinded or must otherwise be returned for any reason.

For the avoidance of doubt, if any Loan is converted to, or deemed to be, a Base Rate Loan pursuant to the terms hereof, the Interest Rate for such Loan shall be the Base Rate as in effect from time to time (plus any additional margin or spread imposed pursuant to clause (b) above).

“Investment Company Act” means the Investment Company Act of 1940, as amended or otherwise modified from time to time.

“LCR Security” means any commercial paper or security (other than equity securities issued to Parent or any Originator that is a consolidated subsidiary of Parent under GAAP) within the meaning of Paragraph __.32(e)(viii) of the final rules titled Liquidity Coverage Ratio: Liquidity Risk Measurement Standards, 79 Fed. Reg. 197, 61440 et seq. (October 10, 2014).

“Lenders” means PNC and each other Person that is or becomes a party to this Agreement in the capacity of a “Lender”.

“Level 1 Ratings Event” means at any time Parent has (a) a Long-term Issuer Credit Rating by S&P below “BB-” or (b) a Long-term Corporate Family Rating by Moody’s below “Ba3”.

“Level 2 Ratings Event” means at any time Parent (a) has a Long-term Issuer Credit Rating by S&P below “B”, (b) has a Long-term Corporate Family Rating by Moody’s below “B2” or (c) is no longer rated by both S&P and Moody’s.

~~“LIBOR Loan” means any Loan accruing Interest at Adjusted LIBOR.~~

“Lien” means any ownership interest or claim, mortgage, deed of trust, pledge, lien, security interest, hypothecation, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given and whether or not evidenced by a filed financing statement, including, but not limited to, any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security and any filed financing statement or other notice of any of the foregoing (whether or not a lien or other encumbrance is created or exists at the time of the filing).

“Linked Account” means any controlled disbursement account, controlled balance account or other deposit account maintained by a Collection Account Bank for the Parent, Performance Guarantor, Servicer, Originator or any Affiliate thereof and linked to any Collection Account by a zero balance account connection or other automated funding mechanism or controlled balance arrangement.

~~“LMIR” means for any day during any Interest Period, the interest rate per annum determined by the Administrative Agent (which determination shall be conclusive absent manifest error) by dividing (i) the one month eurodollar rate for Dollar deposits as reported on the Reuters Screen LIBOR01 Page or any other service or page that may replace such page from time to time for the purpose of displaying offered rates of leading banks for London interbank deposits in Dollars, as of 11:00 a.m. (London time) on such day, or if such day is not a Business Day, then the immediately preceding Business Day (or if not so reported, then as determined by the Administrative Agent from another recognized source for interbank quotation), in each case, changing when and as such rate changes, by (ii) a number equal to 1.00 minus the Euro Rate Reserve Percentage on such day. The calculation of LMIR may also be expressed by the following formula:~~

$$\text{LMIR} = \frac{\text{One month Eurodollar rate for Dollars shown on the Reuters Screen LIBOR01 Page or appropriate successor}}{1.00 \text{ Euro Rate Reserve Percentage}}$$

~~LMIR shall be adjusted on the effective date of any change in the Euro Rate Reserve Percentage as of such effective date. Notwithstanding the foregoing, if LMIR as determined herein would be less than zero (0.00)% per annum, such rate shall be deemed to be zero (0.00)% per annum for purposes of this Agreement.~~

“Loan” means any loan made by a Lender pursuant to Article II.

“Loan Request” means a letter in substantially the form of Exhibit A hereto executed and delivered by the Borrower to the Administrative Agent and the Lenders pursuant to Section 2.02(a).

“Lock-Box” means each locked postal box with respect to which a Collection Account Bank has executed an Account Control Agreement pursuant to which it has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables and which is listed on Schedule II (as such schedule may be modified from time to time in connection with the addition or removal of any Lock-Box in accordance with the terms hereof).

“Prime Rate” means the interest rate per annum announced from time to time by the Administrative Agent at its main offices in Pittsburgh, Pennsylvania as its then prime rate, which rate may not be the lowest or most favorable rate then being charged to commercial borrowers or others by the Administrative Agent and may not be tied to any external rate of interest or index. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced.

“Qualifying Owners” means GIP and its Subsidiaries.

“Receivable” means any right to payment of a monetary obligation, whether or not earned by performance, owed to any Originator or the Borrower (as assignee of an Originator), whether constituting an account, chattel paper, payment intangible, instrument or general intangible, in each instance arising in connection with the sale of goods that have been or are to be sold or for services rendered or to be rendered, and includes, without limitation, the obligation to pay any service charges, finance charges, interest, fees, Sales Taxes and other charges with respect thereto. Any such right to payment arising from any one transaction, including, without limitation, any such right to payment represented by an individual invoice or agreement, shall constitute a Receivable separate from a Receivable consisting of any such right to payment arising from any other transaction.

“Receivables Pool” means, at any time of determination, all of the then outstanding Receivables transferred (or purported to be transferred) to the Borrower pursuant to the Sale and Contribution Agreement prior to the Termination Date.

“Register” has the meaning set forth in Section 14.03(b).

“Related Rights” has the meaning set forth in Section 1.1 of the Sale and Contribution Agreement.

“Related Security” means, with respect to any Receivable:

- (a) all of the Borrower’s and each Originator’s interest in any goods (including Returned Goods), and documentation of title evidencing the shipment or storage of any goods (including Returned Goods), the sale of which gave rise to such Receivable;
- (b) all instruments and chattel paper that may evidence such Receivable;
- (c) all letter of credit rights, other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all UCC financing statements or similar filings relating thereto;
- (d) solely to the extent applicable to such Receivable, all of the Borrower’s and each Originator’s rights, interests and claims under the related Contracts and all guaranties, indemnities, insurance and other agreements (including any Eligible Credit Insurance or Eligible Supporting Letter of Credit and any other supporting letter of credit or any proceeds of any drawings thereunder, and the related Contract) or arrangements of whatever character from time to time supporting or securing payment of such Receivable

deposited in a Collection Account with respect to the full Outstanding Balance of the related Receivables.

“S&P” means Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, and any successor thereto that is a nationally recognized statistical rating organization.

“Sale and Contribution Agreement” means the Sale and Contribution Agreement, dated as of the Closing Date, among the Servicer, the Originators and the Borrower, as such agreement may be amended, supplemented or otherwise modified from time to time.

“Sale and Contribution Termination Event” has the meaning set forth in the Sale and Contribution Agreement.

“Sales Taxes” means sales, use or similar Taxes that are (i) imposed in connection with the sale of goods or services rendered, (ii) payable in connection with the Receivables and their creation and satisfaction and (iii) required by Applicable Law to be remitted by an Originator or the Borrower to a Governmental Authority. For the avoidance of doubt, “Sales Taxes” shall not include any Taxes imposed on or with respect to payments of Capital, Interest, or Fees under this Agreement.

“Sanctioned Jurisdiction” means any country, territory, or region that is itself the subject of sanctions administered by OFAC.

“Sanctioned Person” means (a) a Person that is the subject of sanctions administered by OFAC or the U.S. Department of State, including by virtue of being (i) named on OFAC’s list of “Specially Designated Nationals and Blocked Persons”; (ii) organized under the laws of, ordinarily resident in, or physically located in a Sanctioned Jurisdiction; (iii) owned or controlled 50% or more in the aggregate, by one or more Persons that are the subject of sanctions administered by OFAC; (b) a Person that is the subject of sanctions maintained by the European Union (“E.U.”), including by virtue of being named on the E.U.’s “Consolidated list of persons, groups and entities subject to E.U. financial sanctions” or other, similar lists; (c) a Person that is the subject of sanctions maintained by the United Kingdom (“U.K.”), including by virtue of being named on the “Consolidated List Of Financial Sanctions Targets in the U.K.” or other, similar lists; or (d) a Person that is the subject of sanctions imposed by any Governmental Authority of a jurisdiction whose laws apply to this Agreement.

“Scheduled Termination Date” means ~~September 24~~August 1, 2024~~2025~~, as such date may be extended from time to time pursuant to Section 2.02(g).

“SEC” means the U.S. Securities and Exchange Commission or any governmental agencies substituted therefor.

“Secured Parties” means each Credit Party, each Borrower Indemnified Party and each Affected Person.

“Securities Act” means the Securities Act of 1933, as amended or otherwise modified from time to time.

“Servicer” has the meaning set forth in the preamble to this Agreement.

“Servicer Indemnified Amounts” has the meaning set forth in Section 13.02(a).

“Servicer Indemnified Party” has the meaning set forth in Section 13.02(a).

“Servicing Fee” means the fee referred to in Section 9.06(a) of this Agreement.

“Servicing Fee Rate” means the rate referred to in Section 9.06(a) of this Agreement.

“Settlement Date” means with respect to any Portion of Capital for any Interest Period or any Interest or Fees, (i) so long as no Event of Default has occurred and is continuing and the Termination Date has not occurred, the Monthly Settlement Date and (ii) on and after the Termination Date or if an Event of Default has occurred and is continuing, each day selected from time to time by the Administrative Agent (with the consent or at the direction of the Majority Lenders) (it being understood that the Administrative Agent (with the consent or at the direction of the Majority Lenders) may select such Settlement Date to occur as frequently as daily), or, in the absence of such selection, the Monthly Settlement Date.

“SOFR” means, for any day, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Adjustment” means ten basis points (0.10%).

“SOFR Floor” means a rate of interest per annum equal to zero basis points (0.00%).

“SOFR Reserve Percentage” means, for any day, the maximum effective percentage in effect on such day, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to SOFR funding. As of August 1, 2022, the SOFR Reserve Percentage is zero.

“Solvent” means, with respect to any Person and as of any particular date, (i) the present fair market value (or present fair saleable value) of the assets of such Person is not less than the total amount required to pay the probable liabilities of such Person on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured, (ii) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and commitments as they mature and become due in the normal course of business, (iii) such Person is not incurring debts or liabilities beyond its ability to pay such debts and liabilities as they mature and (iv) such Person is not engaged in any business or transaction, and is not about to engage in any business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged.

“Special Concentration Limit” has the meaning set forth in the definition of Concentration Percentage.

“Special Obligor” has the meaning set forth in the definition of Concentration Percentage.

“Specified Paydown Event” means the occurrence of any of the following: (i) an Event of Default or Unmatured Event of Default pursuant to Section 10.01(f) or (ii) the Borrower or the Servicer reasonably believes that an Event of Default pursuant to Section 10.01(f) will occur within the next thirty (30) days as specified by the Borrower or the Servicer by written notice to the Administrative Agent setting forth in reasonable detail the calculations to support such notice.

“Specified Pool Receivables” has the meaning set forth in the Fee Letter.

“Structuring Agent” means PNC Capital Markets LLC, a Pennsylvania limited liability company.

“Sub-Servicer” has the meaning set forth in Section 9.01(d).

“Subsidiary” means, as to any Person, a corporation, partnership, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) for the election of the board of directors or other governing body of such entity are at the time owned, or management of which is otherwise controlled, or both: (a) by such Person, (b) by one or more Subsidiaries of such Person or (c) by such Person and one or more Subsidiaries of such Person.

“Supported Outstanding Balance” means, for any Receivable at any time that is supported in whole or in part by an Eligible Supporting Letter of Credit, the lesser of (a) the Outstanding Balance of such Receivable and (b) the face amount of such Eligible Supporting Letter of Credit.

“Sustainability Agent” means PNC Capital Markets LLC, a Pennsylvania limited liability company.

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

“Terminating Originator” has the meaning set forth in Section 8.3 of the Sale and Contribution Agreement.

“Terminating Originator Effective Date” has the meaning set forth in Section 8.3 of the Sale and Contribution Agreement.

“Termination Date” means the earliest to occur of (a) the Scheduled Termination Date, (b) the date on which the “Termination Date” is declared or deemed to have occurred under Section 10.01 and (c) the date selected by the Borrower on which all Commitments have been reduced to zero pursuant to Section 2.02(e).

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

“Term SOFR Rate” means, with respect to any amount for which the Term SOFR Reference Rate applies, for any day in any Interest Period, the interest rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, at the Administrative Agent’s discretion, to the nearest 1/100th of 1%) (A) the Term SOFR Reference Rate for a term of one month on the day (the “Term SOFR Determination Date”) that is two (2) Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator, by (B) a number equal to 1.00 minus the SOFR Reserve Percentage. If the Term SOFR Reference Rate for the applicable tenor has not been published or replaced with a Benchmark Replacement by 5:00 p.m. (Pittsburgh, Pennsylvania time) on the Term SOFR Determination Date, then the Term SOFR Reference Rate, for purposes of clause (A) in the preceding sentence, shall be the Term SOFR Reference Rate for such tenor on the first Business Day preceding such Term SOFR Determination Date for which such Term SOFR Reference Rate for such tenor was published in accordance herewith, so long as such first preceding Business Day is not more than three (3) Business Days prior to such Term SOFR Determination Date. If the Term SOFR Rate, determined as provided above, would be less than the SOFR Floor, then the Term SOFR Rate shall be deemed to be the SOFR Floor.

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

“Total Reserves” means, at any time of determination, an amount equal to the product of (i) the sum of: (a) the Yield Reserve Percentage plus (b) the greater of (I) the sum of the Concentration Reserve Percentage, plus the Minimum Dilution Reserve Percentage and (II) the sum of the Loss Reserve Percentage, plus the Dilution Reserve Percentage, times (ii) the Net Receivables Pool Balance at such time.

~~“Tranche Period” means, with respect to any LIBOR Loan, a period of one, two, three or six months selected by the Borrower pursuant to Section 2.05. Each Tranche Period shall commence on a Tranche Reset Date and end on (but not including) the day which corresponds numerically to such Tranche Reset Date occurring one, two, three or six calendar months thereafter, as selected by the Borrower pursuant to Section 2.05; provided, however, that if the date any Loan made pursuant to Section 2.01 is not a Tranche Reset Date, the initial Tranche Period for such Loan shall commence on the date such Loan is made pursuant to Section 2.01 and end on the next Tranche Reset Date occurring after the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such initial Tranche Period; provided, further, that if any Tranche Period would end after the Termination Date, such Tranche Period (including a period of one day) shall end on the Termination Date.~~

~~“Tranche Reset Date” means, with respect to any LIBOR Loan, the Business Day on which the Borrower elects to change or continue the type of Interest Rate and/or Tranche Period borne by such LIBOR Loan pursuant to Section 2.05; provided, however, that there shall not be more than one (1) Tranche Reset Date for any Fiscal Month.~~

“Transaction Documents” means this Agreement, the Sale and Contribution Agreement, the Account Control Agreements, the Fee Letter, each Intercompany Loan Agreement, the Performance Guaranty, any Credit Insurance Policy and all other certificates, instruments, UCC financing statements, reports, notices, agreements and documents executed or delivered under or

in connection with this Agreement, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with this Agreement.

“UCC” means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction.

“Unbilled Receivable” means, at any time, any Receivable as to which the invoice or bill with respect thereto has not yet been sent to the Obligor thereof.

“Unmatured Event of Default” means an event that but for notice or lapse of time or both would constitute an Event of Default.

“Unsupported Outstanding Balance” means, for any Receivable at any time, (a) the then Outstanding Balance of such Receivable, less (b) the Supported Outstanding Balance for such Receivable.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday or Sunday or (b) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“U.S. Obligor” means an Obligor that is a corporation or other business organization and is organized under the laws of the United States of America (or of a United States of America territory, district, state, commonwealth, or possession, including, without limitation, Puerto Rico and the U.S. Virgin Islands) or any political subdivision thereof.

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

“U.S. Tax Compliance Certificate” has the meaning set forth in Section 5.03(f)(ii)(B)(3).

“Volcker Rule” means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.

“Weekly Report” means a report, in substantially the form of Exhibit J.

“WF Deposit Account Control Agreement” means that certain deposit account control agreement, dated on or about the Closing Date, by and among the Borrower, the Servicer, the Administrative Agent and Wells Fargo Bank, National Association.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Yield Reserve Percentage” means, at any time of determination (expressed as a percentage and rounded to the nearest 1/100th of 1.00%, with 5/1000th of 1.00% rounded upward):

where:

BR = the Base Rate at such time;

DSO = the Days' Sales Outstanding for the most recently ended Fiscal Month; and

SFR = the Servicing Fee Rate.

SECTION 1.02. Other Interpretative Matters. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York and not specifically defined herein, are used herein as defined in such Article 9. Unless otherwise expressly indicated, all references herein to "Article", "Section", "Schedule", "Exhibit" or "Annex" shall mean articles and sections of, and schedules, exhibits and annexes to, this Agreement. For purposes of this Agreement, the other Transaction Documents and all such certificates and other documents, unless the context otherwise requires: (a) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (b) the words "hereof", "herein" and "hereunder" and words of similar import refer to such agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of such agreement (or such certificate or document); (c) references to any Article, Section, Schedule, Exhibit or Annex are references to Articles, Sections, Schedules, Exhibits and Annexes in or to such agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (d) the term "include" or "including" means "includes, without limitation," or "including, without limitation," as applicable; (e) references to any Applicable Law refer to that Applicable Law as amended from time to time and include any successor Applicable Law; (f) references to any agreement refer to that agreement as from time to time amended, restated or supplemented or as the terms of such agreement are waived or modified in accordance with its terms; (g) references to any Person include that Person's permitted successors and assigns; (h) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof; (i) unless otherwise provided, in the calculation of time from a specified date to a later specified date, the term "from" means "from and including", and the terms "to" and "until" each means "to but excluding"; (j) terms in one gender include the parallel terms in the neuter and opposite gender; (k) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day and (l) the term "or" is not exclusive. If both short-term and long-term ratings exist for an Obligor, short-term ratings will be used. If only one short-term rating exists for an Obligor, that rating will be used. If no short-term ratings and only one long-term rating exists for an Obligor, that rating will be used. If S&P and Moody's ratings for an Obligor indicate a different group, the higher of the ratings will be used.

SECTION 1.03. [Benchmark Replacement Notification. Section 5.06 of this Agreement provides a mechanism for determining an alternative rate of interest in the event that Daily IM](#)

[SOFR or the Term SOFR Rate is no longer available or in certain other circumstances. The Administrative Agent does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to Daily 1M SOFR or the Term SOFR Rate, or with respect to any alternative or successor rate thereto, or replacement rate therefor.](#)

ARTICLE II

TERMS OF THE LOANS

SECTION 2.01. Loan Facility. Upon a request by the Borrower pursuant to Section 2.02, and on the terms and subject to the conditions hereinafter set forth, each Lender shall, ratably in accordance with its respective Commitment, severally and not jointly, make Loans to the Borrower from time to time during the period from the Closing Date to the Termination Date. Under no circumstances shall any Lender be obligated to make any such Loan if, after giving effect to such Loan:

- (i) the Aggregate Capital would exceed the Facility Limit at such time;
- (ii) the aggregate outstanding Capital of such Lender would exceed its Commitment; or
- (iii) the Aggregate Capital would exceed the Borrowing Base at such time.

SECTION 2.02. Making Loans; Repayment of Loans. (a) Each Loan hereunder shall be made on at least one (1) Business Day's prior written request from the Borrower to the Administrative Agent and each Lender in the form of a Loan Request attached hereto as Exhibit A, provided that, at any time when PNC (or an Affiliate thereof) is both the Administrative Agent and the sole Lender hereunder, if the Borrower enters into a separate written agreement with the Administrative Agent regarding Administrative Agent's PINACLE® auto-advance service (or any similar or replacement electronic loan administration service implemented by the Administrative Agent), then any request for a Loan made using such service shall constitute a Loan Request, and each Loan made pursuant to such service shall be made on the date such Loan Request is received by the Administrative Agent. Each such request for a Loan shall be made no later than 3:00 p.m. (New York City time) on a Business Day (it being understood that any such request made after such time shall be deemed to have been made on the following Business Day) and shall specify (i) the amount of the Loan(s) requested (which shall not be less than \$100,000 and shall be an integral multiple of \$100,000), (ii) the allocation of such amount among the Lenders (which shall be ratably based on the Commitments), (iii) the account to which the proceeds of such Loan shall be distributed and (iv) the date such requested Loan is to be made (which shall be a Business Day).

(b) On the date of each Loan specified in the applicable Loan Request, the Lenders shall, upon satisfaction of the applicable conditions set forth in Article VI and pursuant to the other conditions set forth in this Article II, make available to the Borrower in same day funds an aggregate amount equal to the amount of such Loans requested, at the account set forth in the related Loan Request.

Obligations with respect to such reduction, including any Breakage Fees, by paying such amounts to the Lenders.

(g) Provided that no Event of Default or Unmatured Event of Default has occurred and is continuing, the Borrower may from time to time advise the Administrative Agent in writing of its desire to extend the Scheduled Termination Date for an additional 364 day period, provided that such request is made not more than one hundred twenty (120) days prior to, and not less than sixty (60) days prior to, the then current Scheduled Termination Date. The Administrative Agent and each Lender shall notify the Borrower and the Administrative Agent in writing whether or not such Person is agreeable to such extension (it being understood that the Administrative Agent and the Lenders may accept or decline such a request in their sole discretion and on such terms as they may elect) not less than thirty (30) days prior to the then current Scheduled Termination Date; provided, however, that if the Administrative Agent or any Lender fails to so notify the Borrower and the Administrative Agent, the Administrative Agent or such Lender, as the case may be, shall be deemed to have declined such extension. In the event that the Administrative Agent and one or more Lenders have so notified the Borrower and the Administrative Agent in writing that they are agreeable to such extension, the Borrower, the Servicer, the Administrative Agent and the applicable Lenders shall enter into such documents as the Administrative Agent and the applicable Lenders may deem necessary or appropriate to effect such extension, and all reasonable and documented out-of-pocket costs and expenses incurred by the Administrative Agent and the applicable Lenders in connection therewith (including Attorney Costs) shall be paid by the Borrower. In the event any Lender declines such request to extend the Scheduled Termination Date or is deemed to have declined such extension, such Lender shall be an “Exiting Lender” for all purposes of this Agreement.

SECTION 2.03. Interest and Fees.

(a) On each Settlement Date, the Borrower shall, in accordance with the terms and priorities for payment set forth in Section 4.01, pay to each Lender, the Administrative Agent, the Structuring Agent and the Sustainability Agent certain fees (collectively, the “Fees”) in the amounts set forth in the fee letter agreements from time to time entered into, among the Borrower and/or the Lenders and/or the Administrative Agent and/or the Structuring Agent and/or the Sustainability Agent (each such fee letter agreement, as amended, restated, supplemented or otherwise modified from time to time, collectively being referred to herein as the “Fee Letter”).

(b) Each Loan of each Lender and the Capital thereof shall accrue interest on each day when such Capital remains outstanding at the then applicable Interest Rate for such Loan. The Borrower shall pay all Interest ~~(including, for the avoidance of doubt, all Interest accrued on LIBOR Loans during an Interest Period regardless of whether the applicable Tranche Period has ended)~~, Fees and Breakage Fees accrued during each Interest Period on each Settlement Date in accordance with the terms and priorities for payment set forth in Section 4.01. For the avoidance of doubt, Interest accrued during each Interest Period shall be due and payable on the first Settlement Date after such Interest Period without regard to the availability of Collections for payment thereof.

(c) If at any time the designated rate of interest applicable to any Loan made by any Lender exceeds such Lender's highest lawful rate, the rate of interest on such Lender's Loan shall be limited to such Lender's highest lawful rate.

SECTION 2.04. Records of Loans. Each Lender shall record in its records, the date and amount of each Loan made by such Lender hereunder, the interest rate with respect thereto, the Interest accrued thereon and each repayment and payment thereof. Subject to Section 14.03(b), such records shall be conclusive and binding absent manifest error. The failure to so record any such information or any error in so recording any such information shall not, however, limit or otherwise affect the obligations of the Borrower hereunder or under the other Transaction Documents to repay the Capital of each Lender, together with all Interest accruing thereon and all other Borrower Obligations.

SECTION 2.05. Selection of ~~Interest Rates and Tranche Periods~~ Daily 1M SOFR and Term SOFR Rate; Rate Quotations; Conforming Changes

~~(a) Subject to the following sentence, each Loan shall bear interest initially at LMIR. Thereafter, so long as no Event of Default has occurred and is continuing, the Borrower may from time to time elect to change or continue the type of Interest Rate and/or Tranche Period borne by each Loan or, subject to the minimum amount requirement for each outstanding Loan set forth in Section 2.02, a portion thereof by notice to the Administrative Agent not later than 11:00 a.m. (New York City time), one (1) Business Day prior to the expiration of any Tranche Period or Interest Period, as applicable; provided, that there shall not be more than three (3) LIBOR Loans outstanding hereunder at any one time; provided, further, that for the avoidance of doubt, any change from LMIR to Adjusted LIBOR and/or any change to a Tranche Period applicable to a Loan that did not occur on a Tranche Reset Date shall not be effective until the Tranche Reset Date occurring after the date of such request. Any such notices requesting the continuation or conversion of a Loan to the Administrative Agent may be given by telephone, telecopy, or other telecommunication device acceptable to the Administrative Agent (which notice shall be irrevocable once given and, if by telephone, shall be promptly confirmed in writing in a manner acceptable to the Administrative Agent).~~

~~(b) If, by the time required in Section 2.05(a), the Borrower fails to select a Tranche Period or Interest Rate for any Loan, such Loan shall automatically accrue Interest at LMIR for the next occurring Interest Period.~~

(a) So long as no Event of Default is continuing, the Borrower may, by written notice to the Administrative Agent, elect for all or any portion of the Aggregate Capital to accrue interest by reference to the Term SOFR Rate (rather than Daily 1M SOFR) during any Interest Period. Any such notice must specify the amount of the Aggregate Capital subject of such election and must be delivered not later than two (2) Business Days prior to the first day of the affected Interest Period. Any such portion of the Aggregate Capital that is subject to such an election shall be apportioned among the respective Lenders' Capital ratably. Notwithstanding the foregoing, (x) the Borrower shall not make such an election if, as a result thereof, more than five Borrowing Tranches would exist and (y) each Borrowing Tranche for Loans accruing interest by reference to the Term SOFR Rate shall be not be less than \$1,000,000 and shall be an integral multiple of \$100,000. For the avoidance of doubt, if an Event of Default is then continuing, the Interest Rate

for any Loan (and any Portion of Capital thereof) shall be determined pursuant to the definition of Interest Rate notwithstanding any otherwise applicable election by the Borrower.

(b) The Borrower may call the Administrative Agent on or before the date on which a Loan Request is to be delivered to receive an indication of the rates then in effect, but it is acknowledged that such projection shall not be binding on the Administrative Agent or the Lenders nor affect the rate of interest which thereafter is actually in effect when the election is made.

(c) With respect to Daily 1M SOFR and the Term SOFR Rate, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Document; provided that, with respect to any such amendment effected, the Administrative Agent shall provide notice to the Borrower and the Lenders each such amendment implementing such Conforming Changes reasonably promptly after such amendment becomes effective.

SECTION 2.06. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) The Unused Fee (as defined in the Fee Letter) shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender.

(b) The Commitment and Capital of such Defaulting Lender shall not be included in determining whether the Majority Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 14.01); provided, that, except as otherwise provided in Section 14.01, this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby (if such Lender is directly affected thereby).

(c) In the event that the Administrative Agent and the Borrower each agrees in writing that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then on such date such Lender shall purchase at par such of the Loans of the other Lenders or take such other actions as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its percentage of the aggregate Commitments of all Lenders, whereupon such Lender will cease to be a Defaulting Lender; provided, that no adjustments shall be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender, and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender having been a Defaulting Lender.

(b) Each of the Borrower and the Servicer shall, to the extent permitted by Applicable Law, pay interest on any amount not paid or deposited by it when due hereunder, at an interest rate per annum equal to 2.50% per annum above the Base Rate, payable on demand.

(c) All computations of interest under subsection (b) above and all computations of Interest, Fees and other amounts hereunder shall be made on the basis of a year of 360 days (or, in the case of amounts determined by reference to the Base Rate, 365 or 366 days, as applicable) for the actual number of days (including the first but excluding the last day) elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of such payment or deposit.

ARTICLE V

INCREASED COSTS; FUNDING LOSSES; TAXES; ILLEGALITY AND SECURITY INTEREST

SECTION 5.01. Increased Costs.

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

(i) impose, modify or deem applicable any reserve, special deposit, liquidity, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Affected Person (except any reserve requirement reflected in ~~Adjusted LIBOR or LMR~~the Interest Rate due to application of the SOFR Reserve Percentage);

(ii) subject any Credit Party to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Affected Person any other condition, cost or expense (other than Taxes) (A) affecting the Collateral, this Agreement, any other Transaction Document, any Loan or any participation therein or (B) affecting its obligations or rights to make Loans;

and the result of any of the foregoing shall be to increase the cost to such Affected Person of (A) acting as the Administrative Agent or a Lender hereunder, (B) funding or maintaining any Loan or (C) maintaining its obligation to fund or maintain any Loan, or to reduce the amount of any sum received or receivable by such Affected Person hereunder, then, upon request of such Affected Person, the Borrower shall pay to such Affected Person such additional amount or amounts as will compensate such Affected Person for such additional costs incurred or reduction suffered; provided that no Affected Person shall make a demand for payment hereunder unless such Affected Person or any Affiliate thereof is also making or has made a demand for reimbursement under one

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.

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

SECTION 5.04. ~~Inability to Determine Adjusted LIBOR or LMIR; Change in Legality; Daily 1M SOFR or Term SOFR Rate Unascertainable; Increased Costs; Illegality.~~

~~(a) Unascertainable; Increased Costs. If, on or prior to the first day of an Interest Period:~~

~~(i) (a) If any Lender the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the parties hereto absent manifest error) on any day, by reason of circumstances affecting the interbank Eurodollar market, either that: (i) dollar deposits in the relevant amounts and for the relevant Interest Period or day, as applicable, are not available, (ii) adequate and reasonable means do not exist for ascertaining Adjusted LIBOR or LMIR for such Interest Period or day, as applicable, or (iii) Adjusted LIBOR or LMIR determined pursuant hereto does not accurately reflect the cost to such Lender (as conclusively determined by such Lender) of maintaining any Portion of Capital during such Interest Period or day, as applicable, such Lender shall promptly give telephonic notice of such determination, confirmed in writing, to the Administrative Agent and the Borrower on such day. Upon delivery of such notice: (i) no Portion of Capital shall be funded thereafter at Adjusted LIBOR or LMIR unless and until such Lender shall have given notice to the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist and (ii) with respect to any outstanding Portion of Capital then funded at Adjusted LIBOR or LMIR, such Interest Rate shall automatically and immediately be converted to the Base Rate; that (x)~~

Daily 1M SOFR or the Term SOFR Rate cannot be determined pursuant to the definition thereof; or (y) a fundamental change has occurred with respect to Daily 1M SOFR or the Term SOFR Rate (including, without limitation, changes in national or international financial, political or economic conditions); or

~~(b) If on any day any Lender shall have been notified by any Lender that such Lender has determined (which determination shall be final and conclusive absent manifest error) that any Change in Law, or compliance by such Lender with any Change in Law, shall make it unlawful or impossible for such Lender to fund or maintain any Portion of Capital at or by reference to Adjusted LIBOR or LMIR, such Lender shall notify the Borrower and the Administrative Agent thereof. Upon receipt of such notice, until such Lender notifies the Borrower and the Administrative Agent that the circumstances giving rise to such determination no longer apply, (i) no Portion of Capital shall be funded at or by reference to Adjusted LIBOR or LMIR and (ii) the Interest Rate for any outstanding Portion of Capital then funded at Adjusted LIBOR or LMIR shall automatically and immediately be converted to the Base Rate.~~

(ii) any Lender determines that for any reason that Daily 1M SOFR or the Term SOFR Rate for any requested Interest Period does not adequately and fairly reflect the cost to such Lender of funding such Lender's Loans, and such Lender has provided notice of such determination to the Administrative Agent; provided that no Lender shall make such determination pursuant to this clause (ii) unless such Lender is generally making similar determinations upon, or otherwise similarly enforcing its agreements with, companies of substantially the same creditworthiness as the Borrower (and provided further that no Lender shall have any obligation to disclose confidential information about any other borrower);

then the Administrative Agent shall have the rights specified in Section 5.04(c).

(b) Illegality. If at any time any Lender shall have determined that the making, maintenance or funding of any Loan accruing interest by reference to Daily 1M SOFR or the Term SOFR Rate has been made impracticable or unlawful, by compliance by such Lender in good faith with any Law or any interpretation or application thereof by any Governmental Authority or with any request or directive of any such Governmental Authority (whether or not having the force of Law), then the Administrative Agent shall have the rights specified in Section 5.04(c).

(c) Administrative Agent's and Lender's Rights. In the case of any event specified in Section 5.04(a), the Administrative Agent shall promptly so notify the Lenders and the Borrower thereof, and in the case of an event specified in Section 5.04(b), such Lender shall promptly so notify the Administrative Agent and endorse a certificate to such notice as to the specific circumstances of such notice, and the Administrative Agent shall promptly send copies of such notice and certificate to the other Lenders and the Borrower.

Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of (i) the Lenders, in the case of such notice given by the Administrative Agent, or (ii) such Lender, in the case of such notice given by such Lender, to allow the Borrower to select, convert to or renew a Loan accruing interest by reference to Daily

1M SOFR or the Term SOFR Rate shall be suspended (to the extent of the affected Interest Rate or the applicable Interest Periods) until the Administrative Agent shall have later notified the Borrower, or such Lender shall have later notified the Administrative Agent, of the Administrative Agent's or such Lender's, as the case may be, determination that the circumstances giving rise to such previous determination no longer exist.

If at any time the Administrative Agent makes a determination under Section 5.04(a), (A) if the Borrower has delivered a Loan Request for an affected Loan that has not yet been made, such Loan Request shall be deemed to request a Base Rate Loan, (B) any outstanding affected Loans shall be deemed to have been converted into Base Rate Loans at the end of the applicable Interest Period.

SECTION 5.05. Security Interest.

(a) As security for the performance by the Borrower of all the terms, covenants and agreements on the part of the Borrower to be performed under this Agreement or any other Transaction Document, including the punctual payment when due of the Aggregate Capital and all Interest in respect of the Loans and all other Borrower Obligations, the Borrower hereby grants to the Administrative Agent for its benefit and the ratable benefit of the Secured Parties, a continuing security interest in, all of the Borrower's right, title and interest in, to and under all of the following, whether now or hereafter owned, existing or arising (collectively, the "Collateral"): (i) all Pool Receivables, (ii) all Related Security with respect to such Pool Receivables, (iii) all Collections with respect to such Pool Receivables, (iv) the Lock-Boxes and Collection Accounts and all amounts on deposit therein, and all certificates and instruments, if any, from time to time evidencing such Lock-Boxes and Collection Accounts and amounts on deposit therein, (v) all rights (but none of the obligations) of the Borrower under the Sale and Contribution Agreement and any Credit Insurance Policy and (vi) all proceeds of, and all amounts received or receivable under any or all of, the foregoing.

(b) The Administrative Agent (for the benefit of the Secured Parties) shall have, with respect to all the Collateral, and in addition to all the other rights and remedies available to the Administrative Agent (for the benefit of the Secured Parties), all the rights and remedies of a secured party under any applicable UCC. The Borrower hereby authorizes the Administrative Agent to file financing statements describing as the collateral covered thereby as "all of the debtor's personal property or assets" or words to that effect, notwithstanding that such wording may be broader in scope than the collateral described in this Agreement.

(c) Immediately upon the occurrence of the Final Payout Date, the Collateral shall be automatically released from the lien created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent, the Lenders and the other Credit Parties hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Borrower; provided, however, that promptly following written request therefor by the Borrower delivered to the Administrative Agent following any such termination, and at the expense of the Borrower, the Administrative Agent shall execute and deliver to the Borrower UCC-3 termination statements and such other documents as the Borrower shall reasonably request to evidence such termination.

SECTION 5.06. Benchmark Replacement Setting.

~~(a) Announcements Related to LIBOR. On March 5, 2021, the ICE Benchmark Administration, the administrator of USD LIBOR (the “IBA”) and the U.K. Financial Conduct Authority, the regulatory supervisor for the IBA, announced in a public statement the future cessation or loss of representativeness of overnight/Spot Next, 1 week, 1 month, 2 month, 3 month, 6 month and 12 month USD LIBOR tenor settings (collectively, the “Cessation Announcements”). The parties hereto acknowledge that, as a result of the Cessation Announcements, a Benchmark Transition Event occurred on March 5, 2021 with respect to USD LIBOR under clauses (1) and (2) of the definition of Benchmark Transition Event below; provided, however, no related Benchmark Replacement Date occurred as of such date.~~

~~(a) (b) Benchmark Replacement.~~ Notwithstanding anything to the contrary herein or in any other Transaction Document, if a Benchmark Transition Event, ~~an Early Opt-in Election or an Other Benchmark Rate Election, as applicable,~~ and its related Benchmark Replacement Date have occurred prior to ~~the Reference Time in respect of~~ any setting of the then-current Benchmark, then (xA) if a Benchmark Replacement is determined in accordance with ~~clause (1) or of the definition of “Benchmark Replacement”~~ for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Transaction Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document and (B) if a Benchmark Replacement is determined in accordance with ~~clause (2)~~ of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Transaction Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document and (y) if a Benchmark Replacement is determined in accordance with ~~clause (3)~~ of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Transaction Document in respect of any Benchmark setting at or after 5:00 p.m. ~~(New York City) time~~ Eastern Time on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Majority Lenders.

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

~~(c) (d) Notices; Standards for Decisions and Determinations.~~ The Administrative Agent will promptly notify the Borrower and the Lenders of ~~(i) any occurrence of~~

~~a Benchmark Transition Event, a Term SOFR Transition Event, an Early Opt-in Election or an Other Benchmark Rate Election, as applicable, and its related Benchmark Replacement Date, (ii)A~~ the implementation of any Benchmark Replacement, ~~and (iii)B~~ the effectiveness of any ~~Benchmark Replacement~~ Conforming Changes, ~~(iv) in connection with the use, administration, adoption, or implementation of a Benchmark Replacement. The Administrative Agent will notify the Borrower of (x)~~ the removal or reinstatement of any tenor of a Benchmark pursuant to ~~Section 5.06~~ paragraph ~~(e)~~ below and ~~(v)~~ the commencement ~~or conclusion~~ of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this ~~Section 5.06~~, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Transaction Document, except, in each case, as expressly required pursuant to this ~~Section 5.06~~.

~~(d)~~ ~~(e)~~ Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Transaction Document, at any time (including in connection with the implementation of a Benchmark Replacement), ~~(i)A~~ if the then-current Benchmark is a term rate ~~(including Term SOFR or USD LIBOR)~~ and either ~~(A)~~ any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or ~~(B)II~~ the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will be no longer ~~not be~~ representative, then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor; and ~~(i)B~~ if a tenor that was removed pursuant to clause (i)A above either ~~(A)~~ is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or ~~(B)II~~ is not, or is no longer, subject to an announcement that it is not or will no longer ~~not be~~ representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

~~(e)~~ ~~(f)~~ Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any pending request for a Loan bearing interest based on ~~USD LIBOR~~ Daily 1M SOFR or the Term SOFR Rate, conversion to or continuation of Loans bearing interest based on ~~USD LIBOR~~ Daily 1M SOFR or the Term SOFR Rate to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a ~~Loan of or conversion to Loans bearing interest under the~~ Base Rate Loan. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

~~(g) Term SOFR Transition Event. Notwithstanding anything to the contrary herein or in any other Transaction Document and subject to the proviso below in this paragraph, if a Term SOFR Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then current Benchmark, then (i) the applicable Benchmark Replacement will replace the then current Benchmark for all purposes hereunder or under any Transaction Document in respect of such Benchmark setting (the "Secondary Term SOFR Conversion Date") and subsequent Benchmark settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document; and (ii) Loans outstanding on the Secondary Term SOFR Conversion Date bearing interest based on the then current Benchmark shall be deemed to have been converted to Loans bearing interest at the Benchmark Replacement with a tenor approximately the same length as the interest payment period of the then current Benchmark; provided that, this Section 5.06(g) shall not be effective unless the Administrative Agent has delivered to the Lenders and the Borrower a Term SOFR Notice. For the avoidance of doubt, the Administrative Agent shall not be required to deliver a Term SOFR Notice after a Term SOFR Transition Event and may do so in its sole discretion.~~

~~(f) (h) Certain Defined Terms Definitions.~~ As used in this Section 5.06:

~~"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then current such Benchmark is a term rate or is based on a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an Interest Period interest period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor for of such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (d) of this Section 5.06(e), or (y) if the then-current Benchmark is not a term rate nor based on a term rate, any payment period for interest calculated with reference to such Benchmark pursuant to this Agreement as of such date. For the avoidance of doubt, the Available Tenor for LMIR is one month.~~

~~"Benchmark" means, initially, USD LIBOR Daily 1M SOFR and the Term SOFR Rate; provided that if a Benchmark Transition Event, a Term SOFR Transition Event, an Early Opt in Election or an Other Benchmark Rate Election, as applicable, and its related Benchmark Replacement Date have has occurred with respect to USD LIBOR Daily 1M SOFR, the Term SOFR Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to this Section 5.06(b) or Section 5.06(g).~~

~~"Benchmark Replacement" means, for any Available Tenor with respect to any Benchmark Transition Event the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:~~

~~(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;~~

~~(2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement SOFR Adjustment; and~~

~~(3) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then current Benchmark for the applicable Corresponding Tenor, giving due consideration to (x) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (y) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated Dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment;~~

~~provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; provided, further, that, in the case of an Other Benchmark Rate Election, the "Benchmark Replacement" shall mean the alternative set forth in clause (3) above and when such clause is used to determine the Benchmark Replacement in connection with the occurrence of an Other Benchmark Rate Election, the alternate benchmark rate selected by the Administrative Agent and the Borrower shall be the term benchmark rate that is used in lieu of a USD LIBOR-based rate in relevant other U.S. dollar-denominated syndicated credit facilities; provided, further, that, with respect to a Term SOFR Transition Event, on the applicable Benchmark Replacement Date, the "Benchmark Replacement" shall revert to and shall be determined as set forth in clause (1) of this definition. If provided, that if the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Transaction Documents; and provided further, that any Benchmark Replacement shall be administratively feasible as determined by the Administrative Agent in its sole discretion.~~

~~"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor for any setting of such Unadjusted Benchmark Replacement:~~

~~(1) for purposes of clauses (1) and (2) of the definition of "Benchmark Replacement", the first alternative set forth in the order below that can be determined by the Administrative Agent:~~

~~(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark~~

Replacement is first set for such Available Tenor that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Available Tenor that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index-cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(2) for purposes of clause (3) of the definition of “Benchmark Replacement,” Adjustment means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower ~~for the applicable Corresponding Tenor,~~ giving due consideration to ~~(iA)~~ any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body ~~on the applicable Benchmark Replacement Date or~~ ~~(iiB)~~ any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for ~~U.S. dollar-denominated~~ Dollar-denominated syndicated credit facilities; at such time.

~~provided that, (x) in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion and (y) if the then-current Benchmark is a term rate, more than one tenor of such Benchmark is available as of the applicable Benchmark Replacement Date and the applicable Unadjusted Benchmark Replacement will not be a term rate, the Available Tenor of such Benchmark for purposes of this definition of “Benchmark Replacement Adjustment” shall be deemed to be the Available Tenor that has approximately the same length (disregarding business day adjustments) as the payment period for interest calculated with reference to such Unadjusted Benchmark Replacement.~~

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be

~~appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Transaction Documents);~~

“Benchmark Replacement Date” means a date and time determined by the Administrative Agent, which date shall be no later than the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of ~~(A)~~ 4A the date of the public statement or publication of information referenced therein and ~~(B)~~ B the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date determined by the Administrative Agent, which date shall promptly follow the date of the public statement or publication of information referenced therein;

~~(3) in the case of a Term SOFR Transition Event, the date that is set forth in the Term SOFR Notice provided to the Lenders and the Borrower pursuant to Section 5.06, which date shall be at least 30 days from the date of the Term SOFR Notice; or~~

~~(4) in the case of an Early Opt in Election or an Other Benchmark Rate Election, the sixth (6th) Business Day after the date notice of such Early Opt in Election or an Other Benchmark Rate Election, as applicable, is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Early Opt in Election or an Other Benchmark Rate Election, as applicable, is provided to the Lenders, written notice of objection to such Early Opt in Election or an Other Benchmark Rate Election, as applicable, from Lenders comprising the Majority Lenders.~~

For the avoidance of doubt, ~~(i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) above~~ with respect to any Benchmark upon the occurrence of the

applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

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

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

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

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) or a Governmental Authority having jurisdiction over the Administrative Agent announcing that all Available Tenors of such Benchmark (or such component thereof) are ~~no longer not, or as of a specified future date will not be,~~ representative.

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

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date ~~pursuant to clause (1) or (2) of that~~

~~definition~~ has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Document in accordance with ~~this Section 5.06(e) titled “Benchmark Replacement Setting”~~ and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Document in accordance with ~~this Section 5.06(e) titled “Benchmark Replacement Setting.”~~

~~“Corresponding Tenor” with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.~~

~~“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.~~

~~“Early Opt in Election” means, if the then current Benchmark is USD LIBOR, the occurrence of:~~

~~(1) a notification by the Administrative Agent to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review); and~~

~~(2) the joint election by the Administrative Agent and the Borrower to trigger a fallback from USD LIBOR and the provision by the Administrative Agent of written notice of such election to the Lenders.~~

~~“Floor” means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to USD LIBOR or, if no floor is specified, zero (0.00). As of the First Amendment Effective Date, the Floor is 0.00% per annum.~~

~~“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.~~

~~“Other Benchmark Rate Election” means, if the then current Benchmark is USD LIBOR, the occurrence of: (x) either (i) a request by the Borrower to the Administrative Agent, or (ii) notice by the Administrative Agent to the Borrower, that, at the determination of the Borrower or the Administrative Agent, as applicable, U.S. dollar denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed), in lieu of a USD LIBOR based rate, a term benchmark rate as a benchmark rate, and (y) the Administrative Agent, in its sole discretion, and the Borrower jointly elect to trigger a fallback from USD LIBOR and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders.~~

~~“Reference Time” with respect to any setting of the then current Benchmark means (1) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not USD LIBOR, the time determined by the Administrative Agent in its reasonable discretion.~~

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

~~“Secondary Term SOFR Conversion Date” has the meaning set forth in Section 5.06(g).~~

~~“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.~~

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

~~“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.~~

~~“Term SOFR” means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.~~

~~“Term SOFR Notice” means a notification by the Administrative Agent to the Lenders and the Borrower of the occurrence of a Term SOFR Transition Event.~~

~~“Term SOFR Transition Event” means the determination by the Administrative Agent that (a) Term SOFR has been recommended for use by the Relevant Governmental Body, and is determinable for each Available Tenor, (b) the administration of Term SOFR is administratively feasible for the Administrative Agent and (c) a Benchmark Transition Event or an Early Opt in Election, as applicable (and, for the avoidance of doubt, not in~~

~~the case of an Other Benchmark Rate Election), has previously occurred resulting in a Benchmark Replacement in accordance with Section 5.06 that is not Term SOFR.~~

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

~~“USD LIBOR” means the London interbank offered rate for U.S. dollars. For the avoidance of doubt, each of Adjusted LIBOR and LMIR constitute USD LIBOR.~~

SECTION 5.07. Designation of a Different Lending Office.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 5.01, or the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 5.03, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 5.01 or 5.03, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

ARTICLE VI

CONDITIONS TO EFFECTIVENESS AND CREDIT EXTENSIONS

SECTION 6.01. Conditions Precedent to Effectiveness and the Initial Credit Extension This Agreement shall become effective as of the Closing Date when (a) the Administrative Agent shall have received each of the documents, agreements (in fully executed form), opinions of counsel, lien search results, UCC filings, certificates and other deliverables listed on the closing memorandum attached as Exhibit H hereto, in each case, in form and substance acceptable to the Administrative Agent and (b) all fees and expenses payable by the Borrower on the Closing Date to the Credit Parties have been paid in full in accordance with the terms of the Transaction Documents.

SECTION 6.02. Conditions Precedent to All Credit Extensions. Each Credit Extension hereunder on or after the Closing Date shall be subject to the conditions precedent that:

- (a) the Borrower shall have delivered to the Administrative Agent and each Lender a Loan Request for such Loan, in accordance with Section 2.02(a);
- (b) the Servicer shall have delivered to the Administrative Agent and each Lender all Information Packages, Weekly Reports and/or Daily Reports required to be delivered hereunder on or prior to the date of such Credit Extension;
- (c) the conditions precedent to such Credit Extension specified in Section 2.01(i) through (iii), shall be satisfied; and

economic sanctions or other Anti-Terrorism Laws, or which otherwise are prohibited by any Applicable Laws of the United States of America or Applicable Laws of other applicable jurisdictions relating to economic sanctions and other Anti-Terrorism Laws; (b) Collateral is Embargoed Property.

(s) [Reserved].

(t) Bulk Sales Act. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.

(u) Taxes. The Servicer has (i) timely filed or caused to be filed all tax returns (federal, state and local) required to be filed by it and (ii) paid, or caused to be paid, all material taxes, assessments and other governmental charges owing by it, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP, except in the case of each of clauses (i) and (ii) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(v) No Linked Accounts. Except for any Permitted Linked Account, there are no Linked Accounts with respect to any Collection Account.

(w) ERISA. The Servicer's assets are not (i) deemed to constitute Plan Assets or (ii) subject to any law that is similar to the provisions of Section 406 of ERISA or Section 4975 of the Code that would be violated by any of the transactions contemplated by the Transaction Documents.

(x) Opinions. The facts regarding the Borrower, the Servicer, each Originator, the Performance Guarantor, the Receivables, the Related Security and the related matters set forth or assumed in each of the opinions of counsel delivered in connection with this Agreement and the Transaction Documents are true and correct in all material respects.

ARTICLE VIII

COVENANTS

SECTION 8.01. Covenants of the Borrower. At all times from the Closing Date until the Final Payout Date:

- a. Payment of Principal, Capital and Interest. The Borrower shall duly and punctually pay Capital, Interest, Fees and all other amounts payable by the Borrower hereunder in accordance with the terms of this Agreement.
- b. Existence. The Borrower shall keep in full force and effect its existence and rights as a limited liability company under the laws of the State of Delaware, and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the other Transaction Documents and the Collateral.

SECTION 11.09. Successor Administrative Agent.

- a. The Administrative Agent may, upon at least thirty (30) days' notice to the Borrower, the Servicer and each Lender, resign as Administrative Agent. Except as provided below, such resignation shall not become effective until a successor Administrative Agent is appointed by the Majority Lenders as a successor Administrative Agent and has accepted such appointment. If no successor Administrative Agent shall have been so appointed by the Majority Lenders, within thirty (30) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Secured Parties, appoint a successor Administrative Agent as successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Lenders within sixty (60) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Secured Parties, petition a court of competent jurisdiction to appoint a successor Administrative Agent.
- a. Upon such acceptance of its appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall succeed to and become vested with all the rights and duties of the resigning Administrative Agent, and the resigning Administrative Agent shall be discharged from its duties and obligations under the Transaction Documents. After any resigning Administrative Agent's resignation hereunder, the provisions of this Article XI and Article XIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent.

SECTION 11.10. Structuring Agent and Sustainability Agent. Each of the parties hereto hereby acknowledges and agrees that each of the Structuring Agent and the Sustainability Agent shall not have any right, power, obligation, liability, responsibility or duty under this Agreement, other than the Structuring Agent's or the Sustainability Agent's, as applicable, right to receive fees pursuant to Section 2.03. Each Credit Party acknowledges that it has not relied, and will not rely, on the Structuring Agent or the Sustainability Agent in deciding to enter into this Agreement and to take, or omit to take, any action under any Transaction Document.

SECTION 11.11. LIBOR Notification~~[Reserved]~~.

~~Section 5.06 of this Agreement provides a mechanism for determining an alternative rate of interest in the event that the London interbank offered rate is no longer available or in certain other circumstances. The Administrative Agent does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "Adjusted LIBOR" or "LMIR" or with respect to any alternative or successor rate thereto, or replacement rate therefor.~~

SECTION 11.12. Erroneous Payments.

(a) If the Administrative Agent notifies a Lender or any Person who has received funds on behalf of a Lender, such Lender (any such Lender or other recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause (b)) that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously

**SCHEDULE I
Commitments**

PNC Bank, National Association		
<u>Party</u>	<u>Capacity</u>	<u>Commitment</u>
PNC Bank, National Association	Lender	\$350,000,000 <u>\$500,000,000</u>

Schedule I-1

CERTIFICATIONS

I, Jesse Arenivas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EnLink Midstream, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/s/ JESSE ARENIVAS

Jesse Arenivas

Chief Executive Officer

(principal executive officer)

CERTIFICATIONS

I, Pablo G. Mercado, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EnLink Midstream, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/s/ PABLO G. MERCADO

Pablo G. Mercado

Executive Vice President and Chief Financial Officer
(principal financial officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of EnLink Midstream, LLC (the "Registrant") on Form 10-Q of the Registrant for the quarter ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, Jesse Arenivas, Chief Executive Officer of EnLink Midstream Manager, LLC, and Pablo G. Mercado, Chief Financial Officer of EnLink Midstream Manager, LLC, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 4, 2022

/s/ JESSE ARENIVAS

Jesse Arenivas

Chief Executive Officer

Date: August 4, 2022

/s/ PABLO G. MERCADO

Pablo G. Mercado

Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report.