

**Unit Corporation**  
**Director Independence Standards**

**1. ABSENCE OF A MATERIAL RELATIONSHIP**

An “independent” director is a director who the Board of Directors has determined has no material relationship with the Company, either directly, or as a partner, shareholder, or executive officer of an organization that has a relationship with the Company. A relationship is “material” if, in the judgment of the Board, the relationship would interfere with the director’s independent judgment. For purposes of these standards, the “Company” means Unit Corporation and its consolidated subsidiaries, collectively.

**a. Materiality Guidelines**

The Board of Directors has established guidelines for determining when a relationship between a director (or an organization with which a director is associated), and the Company, is material. In determining whether a particular relationship would be viewed as interfering with a director’s independent judgment, the Board considers among other things, the guidelines set forth below.

A director is not deemed to be independent if:

- the director, or the director’s “immediate family member”<sup>1</sup> received any payment from the Company in excess of \$100,000 during any twelve-month period within the last three years, other than compensation for board service and pension or other forms of deferred compensation for prior service with the Company, except that compensation received by an immediate family member for service as an employee of the Company (other than as an executive officer) need not be considered in determining independence;
- the director is an executive officer or employee of, or his or her immediate family member, is an executive officer of, a company, or other for profit entity, to which the Company made, or from which the Company received for property or services (other than those arising solely from investments in the Company’s securities), payments in excess of the greater of \$1 million or 2% of such company’s consolidated gross revenues in any of the last three fiscal years;
- the director serves as an executive officer of any tax exempt organization which received contributions from the Company in any of the preceding three fiscal years in an aggregate amount that exceeded the greater of \$1 million or 2% of such tax exempt organization’s consolidated gross revenues.

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<sup>1</sup> An immediate family member includes a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, and brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person’s home.

## **b. Relationships**

The Board will consider each relationship not only from the standpoint of the director, but also from the standpoint of persons and organizations with which the director has a relationship.

Without limiting the types of relationships that the Board may determine to not be material, the Board has determined that relationships of the following types will not be considered material relationships that would impair a director's independence:

- commercial relationships in which a director (or a member of his or her immediate family)
  - (a) is the holder together with any other directors or executive officers of less than a 10% equity interest in an entity which is a party to a transaction with the Company; or
  - (b) is a director, officer or employee of or the holder together with any other directors or executive officers of a ten percent or greater equity interest in an entity with which the Company has ordinary course business dealings or with which the Company has a commercial banking, investment banking or insurance brokerage relationship, in each case, (i) to which the Company has not made, or from which the Company has not received for property or services (other than those arising solely from investments in the Company's securities), payments in excess of the greater of \$1 million or 2% of such entity's consolidated gross revenues in any of the last three fiscal years and (ii) where the director (or immediate family member) is not directly involved in the entity's business dealings with the Company; or
- membership in, or association with, the same professional association, social, educational, fraternal or religious organization, club or institution, as an executive officer or other director of the Company.

Notwithstanding the above, any other type of relationship not included in the categorical standards described in this section would have to be evaluated independently by the Board of Directors.

## **2. THREE-YEAR COOLING-OFF PERIOD**

In addition to the guidelines set forth above:

- No director will be independent if he or she is currently, or was at any time within the last three years, an employee of the Company.
- No director, and no immediate family member of a director, may currently be, or have been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee.
- No director will be independent if he or she has any immediate family member that is currently, or was at any time within the last three years, an executive officer of the Company.

- No director will be independent if (i) he or she or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (ii) the director is a current employee of such a firm; (iii) the director has an immediate family member who is a current employee of such a firm; and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (iv) the director or an immediate family member was at any time within the last three years but is no longer a partner or employee of such a firm and personally worked on the Company's audit within that time.

### **3. ADDITIONAL REQUIREMENTS FOR AUDIT COMMITTEE MEMBERS**

In addition to the guidelines set forth above, a director is not considered independent for purposes of serving on the Audit Committee, and may not serve on the Audit Committee, if the director:

- receives directly or indirectly any consulting, advisory, or compensatory fee from the Company, other than fees for service as a director or fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service); or
- is an affiliated person of the Company or its subsidiaries, as determined in accordance with Securities and Exchange Commission ("SEC") regulations. In this regard, Audit Committee members are prohibited from owning or controlling more than 10% of any class of the Company's voting securities or such lower amount as may be established by the SEC.

### **4. ADDITIONAL REQUIREMENTS FOR COMPENSATION COMMITTEE MEMBERS**

In addition to the guidelines set forth above, a director is not considered independent for purposes of serving on the Compensation Committee, and may not serve on the Compensation Committee, if the director:

- receives directly or indirectly any remuneration as specified for purposes of Section 162(m) of the Internal Revenue Code;
- has ever been an officer of the Company; or
- has a direct or indirect material interest in any transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships required to be disclosed under SEC Regulation S-K Item 404(a) and involving, generally, amounts in excess of \$120,000.

### **5. COMPLIANCE WITH NYSE LISTING STANDARDS AND SECURITIES AND EXCHANGE COMMISSION REGULATIONS**

These independence standards are intended to meet the requirements of the NYSE listing standards and regulations adopted by the Securities and Exchange Commission and the Internal Revenue Service.