

REFINITIV

DELTA REPORT

10-Q

WHD - CACTUS, INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 2344

■ CHANGES	171
■ DELETIONS	252
■ ADDITIONS	1921

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

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31**, **June 30**, 2024

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: 001-38390

Cactus, Inc.

(Exact name of registrant as specified in its charter)

Delaware

35-2586106

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

920 Memorial City Way, Suite 300

77024

Houston, Texas

(Zip Code)

(Address of principal executive offices)

(713) 626-8800

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.01	WHD	New York Stock Exchange

Indicate by check mark whether the 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 Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of **April 30, 2024** **July 31, 2024**, the registrant had **65,706,197** **66,479,914** shares of Class A common stock, \$0.01 par value per share, and **13,848,630** **13,081,859** shares of Class B common stock, \$0.01 par value per share, outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the "Quarterly Report") contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). When used in this Quarterly Report, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. We caution you that these forward-looking statements are subject to risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 (our "2023 Annual Report") and other cautionary statements contained herein and in our Exchange Act filings. Forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events. Should one or more of the risks or uncertainties described in our 2023 Annual Report or other Exchange Act filings occur, or should underlying assumptions prove incorrect, our actual results could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Quarterly Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

CACTUS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(in thousands, except per share data)	Assets	March 31, 2024	December 31, 2023	(in thousands, except per share data)	Assets	June 30, 2024	December 31, 2023

Current assets		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Accounts receivable, net of allowance of \$3,803 and \$3,642, respectively		
Accounts receivable, net of allowance of \$4,277 and \$3,642, respectively		
Inventories		
Prepaid expenses and other current assets		
Total current assets		
Property and equipment, net		
Operating lease right-of-use assets, net		
Intangible assets, net		
Goodwill		
Deferred tax asset, net		
Other noncurrent assets		
Total assets		
Liabilities and Equity		
Current liabilities		
Current liabilities		
Current liabilities		
Accounts payable		
Accounts payable		
Accounts payable		
Accrued expenses and other current liabilities		
Earn-out liability		
Current portion of liability related to tax receivable agreement		
Finance lease obligations, current portion		
Operating lease liabilities, current portion		
Total current liabilities		
Deferred tax liability, net		
Liability related to tax receivable agreement, net of current portion		
Finance lease obligations, net of current portion		
Operating lease liabilities, net of current portion		
Other noncurrent liabilities		
Total liabilities		
Commitments and contingencies	Commitments and contingencies	Commitments and contingencies
Stockholders' equity		
Preferred stock, \$0.01 par value, 10,000 shares authorized, none issued and outstanding		
Preferred stock, \$0.01 par value, 10,000 shares authorized, none issued and outstanding		
Preferred stock, \$0.01 par value, 10,000 shares authorized, none issued and outstanding		
Class A common stock, \$0.01 par value, 300,000 shares authorized, 65,518 and 65,409 shares issued and outstanding		
Class B common stock, \$0.01 par value, 215,000 shares authorized, 14,034 and 14,034 shares issued and outstanding		
Class A common stock, \$0.01 par value, 300,000 shares authorized, 66,480 and 65,409 shares issued and outstanding		
Class B common stock, \$0.01 par value, 215,000 shares authorized, 13,082 and 14,034 shares issued and outstanding		
Additional paid-in capital		
Retained earnings		
Accumulated other comprehensive loss		
Total stockholders' equity attributable to Cactus Inc.		
Non-controlling interest		
Total stockholders' equity		
Total liabilities and equity		

The accompanying notes are an integral part of these condensed consolidated financial statements.

CACTUS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

Three Months Ended

March 31,

Three Months Ended

March 31,

Three Months Ended

March 31,

(in thousands, except per share data)

(in thousands, except per share data)

Three Months Ended
June 30,

2024

2023

Six Months Ended
June 30,

2024

2023

(in thousands, except per share data)

(in thousands, except per share data)

Revenues

Revenues

Revenues

Product revenue

Product revenue

Product revenue

Rental revenue

Rental revenue

Rental revenue

Field service and other revenue

Field service and other revenue

Field service and other revenue

Total revenues

Total revenues

Total revenues

Costs and expenses

Costs and expenses

Costs and expenses

Cost of product revenue

Cost of product revenue

Cost of product revenue

Cost of rental revenue

Cost of rental revenue

Cost of rental revenue

Cost of field service and other revenue

Cost of field service and other revenue

Cost of field service and other revenue

Selling, general and administrative expenses

Selling, general and administrative expenses

Selling, general and administrative expenses

Change in fair value of earn-out liability

Change in fair value of earn-out liability

Change in fair value of earn-out liability

Total costs and expenses

Total costs and expenses

Total costs and expenses

Operating income
Operating income
Operating income
Interest income, net
Interest income, net
Interest income, net
Other income, net
Other income, net
Interest income (expense), net
Interest income (expense), net
Interest income (expense), net
Other income, net
Income before income taxes
Income before income taxes
Income before income taxes
Income tax expense
Income tax expense
Income tax expense
Net income
Net income
Net income
Less: net income attributable to non-controlling interest
Less: net income attributable to non-controlling interest
Less: net income attributable to non-controlling interest
Net income attributable to Cactus Inc.
Net income attributable to Cactus Inc.
Net income attributable to Cactus Inc.
Earnings per Class A share - basic
Earnings per Class A share - basic
Earnings per Class A share - basic
Earnings per Class A share - diluted
Earnings per Class A share - diluted
Earnings per Class A share - diluted
Weighted average Class A shares outstanding - basic
Weighted average Class A shares outstanding - basic
Weighted average Class A shares outstanding - basic
Weighted average Class A shares outstanding - diluted
Weighted average Class A shares outstanding - diluted
Weighted average Class A shares outstanding - diluted

The accompanying notes are an integral part of these condensed consolidated financial statements.

(in thousands)	(in thousands)	(in thousands)	CACTUS, INC. AND SUBSIDIARIES		
			CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME		
(unaudited)			Three Months Ended June 30,		Six Months Ended
			2024	2023	June 30,
					2024
					2023
Net income					
Net income					

Net income
Foreign currency translation adjustments
Foreign currency translation adjustments
Foreign currency translation adjustments
Comprehensive income
Comprehensive income
Comprehensive income
Less: comprehensive income attributable to non-controlling interest
Less: comprehensive income attributable to non-controlling interest
Less: comprehensive income attributable to non-controlling interest
Comprehensive income attributable to Cactus Inc.
Comprehensive income attributable to Cactus Inc.
Comprehensive income attributable to Cactus Inc.

The accompanying notes are an integral part of these condensed consolidated financial statements.

CACTUS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)

	Class A	Class A	Class B			Additional	Accumulated		Class A	Class B		Additional	Accumulated	Other	Non-	Non-	
	Common			Stock		Paid-In	Retained	Other	Comprehensive	Interest	Total	Paid-In	Retained	Comprehensive	Interest	Total	Equity
						Capital	Earnings	(Loss)	Income			Capital	Earnings	Income (Loss)			Equity
<i>(in thousands)</i>																	
<i>(in thousands)</i>																	
<i>(in thousands)</i>																	
Balance at December 31, 2023																	
Balance at December 31, 2023																	
Balance at December 31, 2023																	
Balance at March 31, 2024																	
Balance at March 31, 2024																	
Balance at March 31, 2024																	
Member distributions																	
Member distributions																	
Member distributions																	
Effect of CC Unit redemptions																	
Tax impact of equity transactions																	
Equity award vestings																	
Other comprehensive income																	
Tax impact of equity transactions																	
Tax impact of equity transactions																	
Stock-based compensation																	
Stock-based compensation																	
Stock-based compensation																	
Cash dividends declared (\$0.12 per share)																	
Net income																	
Balance at June 30, 2024																	
Balance at March 31, 2023																	
Balance at March 31, 2023																	
Balance at March 31, 2023																	
Member distributions																	
Effect of CC Unit redemptions																	
Tax impact of equity transactions																	

Equity award vestings	
Other comprehensive loss	
Share repurchases	
Stock-based compensation	
Cash dividends declared (\$0.12 per share)	
Net income	
Balance at March 31, 2024	
Balance at December 31, 2022	
Balance at December 31, 2022	
Balance at December 31, 2022	
Issuance of common stock	
Member distributions	
Tax impact of equity transactions	
Tax impact of equity transactions	
Tax impact of equity transactions	
Equity award vestings	
Other comprehensive income	
Stock-based compensation	
Cash dividends declared (\$0.11 per share)	
Net income	
Balance at March 31, 2023	
Balance at June 30, 2023	

The accompanying notes are an integral part of these condensed consolidated financial statements.

CACTUS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)

<i>(in thousands)</i>	Class A				Class B				Accumulated			
	Common Stock		Common Stock		Additional		Other		Non-controlling		Total	
	Shares	Amount	Shares	Amount	Paid-In Capital	Retained Earnings	Comprehensive Income (Loss)	Interest				Equity
Balance at December 31, 2023	65,409	\$ 654	14,034	\$ —	\$ 465,012	\$ 400,682	\$ (826)	\$ 199,248	\$ 1,064,770			
Member distributions	—	—	—	—	—	—	—	0	(8,617)	(8,617)		
Effect of CC Unit redemptions	952	10	(952)	—	14,406	—	—	—	(14,416)	—		
Tax impact of equity transactions	—	—	—	—	533	—	—	—	—	533		
Equity award vestings	206	2	—	—	(3,644)	—	—	—	(1,475)	(5,117)		
Other comprehensive loss	—	—	—	—	—	—	(514)	(115)	(629)			
Share repurchases	(87)	(1)	—	—	(2,996)	—	—	—	(375)	(3,372)		
Stock-based compensation	—	—	—	—	8,649	—	—	—	1,789	10,438		
Cash dividends declared (\$0.24 per share)	—	—	—	—	—	(16,084)	—	—	—	(16,084)		
Net income	—	—	—	—	—	88,793	—	—	24,081	112,874		
Balance at June 30, 2024	66,480	\$ 665	13,082	\$ —	\$ 481,960	\$ 473,391	\$ (1,340)	\$ 200,120	\$ 1,154,796			
Balance at December 31, 2022	60,903	\$ 609	14,978	\$ —	\$ 310,528	\$ 261,764	\$ (984)	\$ 138,528	\$ 710,445			
Issuance of common stock	3,352	34	—	—	143,302	—	—	—	26,033	169,369		
Member distributions	—	—	—	—	—	—	—	—	(4,712)	(4,712)		
Effect of CC Unit redemptions	158	2	(158)	—	2,020	—	—	—	(2,022)	—		
Tax impact of equity transactions	—	—	—	—	(13,553)	—	—	—	16,826	3,273		
Equity award vestings	200	2	—	—	(3,071)	—	—	—	(1,371)	(4,440)		
Other comprehensive loss	—	—	—	—	—	—	(112)	(30)	(142)			
Share repurchases	(4)	—	—	—	(137)	—	—	—	(22)	(159)		

Stock-based compensation	—	—	—	—	7,117	—	—	—	1,635	8,752
Cash dividends declared (\$0.22 per share)	—	—	—	—	—	(14,359)	—	—	—	(14,359)
Net income	—	—	—	—	—	67,644	—	—	17,103	84,747
Balance at June 30, 2023	64,609	\$ 647	14,820	\$ —	\$ 446,206	\$ 315,049	\$ (1,096)	\$ 191,968	\$ 952,774	

The accompanying notes are an integral part of these condensed consolidated financial statements.

CACTUS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

<i>(in thousands)</i>	<i>(in thousands)</i>	Cash flows from operating activities		Cash flows from operating activities		
		Three Months Ended March 31, 2024	2023	Six Months Ended June 30, 2024	2023	
Cash flows from operating activities						
Net income						
Reconciliation of net income to net cash provided by operating activities:						
Depreciation and amortization						
Depreciation and amortization						
Depreciation and amortization						
Deferred financing cost amortization						
Stock-based compensation						
Provision for expected credit losses						
Inventory obsolescence						
Gain on disposal of assets						
Deferred income taxes						
Change in fair value of earn-out liability						
Gain from revaluation of liability related to tax receivable agreement						
Changes in operating assets and liabilities:						
Accounts receivable						
Accounts receivable						
Accounts receivable						
Inventories						
Prepaid expenses and other assets						
Accounts payable						
Accrued expenses and other liabilities						
Net cash provided by operating activities						
Net cash provided by operating activities						
Payments pursuant to tax receivable agreement						
Net cash provided by operating activities						
Cash flows from investing activities						
Acquisition of a business, net of cash and cash equivalents acquired						
Acquisition of a business, net of cash and cash equivalents acquired						
Acquisition of a business, net of cash and cash equivalents acquired						
Capital expenditures and other						
Proceeds from sales of assets						
Net cash used in investing activities						
Cash flows from financing activities						
Proceeds from the issuance of long-term debt						
Proceeds from the issuance of long-term debt						
Proceeds from the issuance of long-term debt						
Net proceeds from the issuance of Class A common stock						
Net proceeds from the issuance of Class A common stock						
Repayments of borrowings of long-term debt						
Net proceeds from the issuance of Class A common stock						
Payments of deferred financing costs						
Payments on finance leases						
Dividends paid to Class A common stock shareholders						

Distributions to members
Repurchases of shares
Net cash provided by (used in) financing activities
Net cash (used in) provided by financing activities
Effect of exchange rate changes on cash and cash equivalents
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents, beginning of period
Cash and cash equivalents, end of period
Supplemental disclosure of cash flow information
Supplemental disclosure of cash flow information
Supplemental disclosure of cash flow information
Net cash paid for income taxes
Net cash paid for income taxes
Net cash paid for income taxes
Cash paid for interest
Non-cash investing and financing activities:
Right-of-use assets obtained in exchange for new lease obligations
Right-of-use assets obtained in exchange for new lease obligations
Right-of-use assets obtained in exchange for new lease obligations
Property and equipment in accounts payable

The accompanying notes are an integral part of these condensed consolidated financial statements.

CACTUS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(in thousands, except per share data, or as otherwise indicated)

1. Preparation of Interim Financial Statements and Other Items

Basis of Presentation

The financial statements presented in this report represent the consolidation of Cactus, Inc. ("Cactus Inc.") and its subsidiaries (the "Company"), including Cactus Companies, LLC ("Cactus Companies"). Cactus Inc. is a holding company whose only material asset is an equity interest consisting of units representing limited liability company interests in Cactus Companies ("CC Units"). Cactus Inc. is the sole managing member of Cactus Companies and operates and controls all of the business and affairs of Cactus Companies and conducts its business through Cactus Companies and its subsidiaries. As a result, Cactus Inc. consolidates the financial results of Cactus Companies and its subsidiaries and reports a non-controlling interest related to the portion of CC Units not owned by Cactus Inc., which reduces net income attributable to holders of Cactus Inc.'s Class A common stock, par value \$0.01 per share ("Class A common stock"). Except as otherwise indicated or required by the context, all references to "Cactus," "we," "us" and "our" refer to Cactus Inc. and its consolidated subsidiaries.

On February 28, 2023, Cactus Inc. through one of its subsidiaries, completed the acquisition of the FlexSteel business through a merger (the "Merger") with HighRidge Resources, Inc. and its subsidiaries ("HighRidge"). On February 27, 2023, in order to facilitate the Merger with HighRidge, an internal reorganization was completed in which Cactus Companies acquired all of the outstanding units representing ownership interests in Cactus Wellhead, LLC ("Cactus LLC"), the operating subsidiary of Cactus Inc. (the "CC Reorganization"). The purpose of the Merger was to effect the acquisition of the operations of FlexSteel Holdings, Inc. and its subsidiaries. FlexSteel Holdings, Inc. was a wholly-owned subsidiary of HighRidge prior to the Merger and was converted into a limited liability company, contributed from HighRidge to Cactus Companies as part of the CC Reorganization and is now named FlexSteel Holdings, LLC ("FlexSteel"). The results of operations of FlexSteel have been reflected in our accompanying condensed consolidated financial statements from the closing date of the acquisition. See Note 2 for additional information related to the acquisition.

Following the acquisition of FlexSteel, we now operate in two business segments: Pressure Control and Spoolable Technologies.

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, these consolidated financial statements do not include all information or notes required by generally accepted accounting principles for annual financial statements and should be read together with our Annual Report on Form 10-K for the year ended December 31, 2023.

The consolidated financial statements include all adjustments, which are of a normal recurring nature, unless otherwise disclosed, necessary for a fair statement of the consolidated financial statements for the interim periods. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year.

Use of Estimates

In preparing our consolidated financial statements in conformity with GAAP, we make numerous estimates and assumptions that affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision from available data, or is not otherwise capable of being readily calculated based on accepted methodologies. In some cases, these estimates are particularly difficult to determine, and we must exercise significant judgment. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our consolidated financial statements.

Recent Accounting Pronouncements

Standards Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, "Income Taxes (Topic 740)." The amendments in this ASU require entities to disclose on an annual basis specific categories in the income tax rate reconciliation and provide additional disclosures for reconciling items that meet a specified quantitative threshold. Entities will also be required to disclose annually income taxes paid disaggregated by federal, state and foreign taxes and the amount of income taxes paid by individual jurisdictions that meet a five percent or greater threshold of total income taxes paid net of refunds received. The ASU also adds certain disclosures in order to be consistent with U.S. Securities and Exchange Commission rules and removes certain disclosures that no longer are considered cost beneficial or relevant. The amendments in this ASU are to be applied on a prospective basis and will be effective for our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, with early adoption permitted. We are currently evaluating the impact the adoption of this new standard will have on our disclosures.

In November 2023, the FASB issued ASU No. 2023-07, "Improvements to Reportable Segment Disclosures (Topic 280)" in order to require disclosure of incremental segment information on an annual and interim basis for all public entities. The ASU expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items and interim disclosures of a reportable segment's profit or loss and assets. The ASU is to be applied retrospectively to all prior periods presented in the financial statements and is effective for our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, with early adoption permitted. We are currently evaluating the impact the adoption of this new standard will have on our segment disclosures.

2. FlexSteel Acquisition

On February 28, 2023 we completed the acquisition of FlexSteel. Including final adjustments for closing working capital, cash on hand and indebtedness adjustments as set forth in the merger agreement, we paid total cash consideration of \$621.5 million. There is also with a potential future earn-out payment of up to \$75.0 million to be paid no later than the third quarter of 2024, if certain revenue targets are/were met by FlexSteel. FlexSteel through the period ending June 30, 2024.

Purchase Price Consideration

The final purchase price consideration for the acquisition was \$627.5 million and is summarized as follows:

	Purchase Price Consideration
Cash consideration	\$ 621,505
Add: Contingent consideration ⁽¹⁾	5,960
Fair value of consideration transferred	\$ 627,465

⁽¹⁾ Represents the estimated fair value as of the acquisition date of the earn-out payment of up to \$75.0 million of additional cash consideration if certain revenue targets are/were met by FlexSteel. The estimated fair value of the earn-out payment was determined using a Monte Carlo simulation valuation methodology based on probability-weighted performance projections and other inputs, including a discount rate.

Changes in the fair value of the earn-out liability subsequent to the acquisition date are have been recognized in the consolidated statements of income. As of March 31, 2024, the estimated The contingent consideration earn-out payment is \$34.1 million. The increase is based period ended on the improvements June 30, 2024 and resulted in FlexSteel's expected revenues for the period January 1, 2023 through June 30, 2024, compared to projections made at the time of the acquisition. See further discussion of the calculation of fair value of the a final earn-out liability of \$37.0 million, which is expected to be paid in Note 12. August 2024.

Purchase Price Allocation

The following table provides the final allocation of the purchase price as of the acquisition date:

Cash and cash equivalents	\$	5,316
Receivables		58,002
Inventories		91,746
Prepaid expenses and other current assets		1,283
Property and equipment		206,928
Operating lease right-of-use assets		1,021
Identifiable intangible assets		200,300
Other noncurrent assets		5,666
Total assets acquired		570,262
Accounts payable		(14,975)
Accrued expenses and other current liabilities		(26,827)
Finance lease obligations		(974)
Operating lease liabilities		(906)
Deferred tax liabilities		(94,319)
Total liabilities assumed		(138,001)
Net assets acquired		432,261
Goodwill	\$	195,204

The acquisition was accounted for using the acquisition method of accounting, with Cactus being treated as the accounting acquirer. Under the acquisition method of accounting, the assets and liabilities were recorded at their respective fair values as of the acquisition date. Fair values were determined by management, based in part on independent valuations performed by third-party valuation specialists. The valuation methods used to determine the fair value of intangible assets included the excess earnings approach for customer relationships and backlog using customer inputs and contributory charges and the relief from royalty method for tradename and developed technology.

The fair values determined for accounts receivable, accounts payable and most other current assets and liabilities, other than inventory, were equivalent to the carrying value due to their short-term nature. Acquired inventories were comprised of raw materials, work-in-progress and finished goods. The fair value of finished goods was calculated as the estimated selling price, less costs of the selling effort and a reasonable profit allowance relating to the selling effort. The fair value of identifiable fixed assets was calculated using a combination of valuation approaches, but primarily consisted of the cost approach which adjusts estimates of replacement cost for the age, condition and utility of the associated assets.

Goodwill is calculated as the excess of the purchase price over the estimated fair value of net assets acquired.

Pro forma financial information

The pro forma financial information below represents the combined results of operations as if the acquisition had occurred as of January 1, 2022. The unaudited pro forma financial information is presented for informational purposes only and is neither indicative of the results of operations that would have occurred if the acquisition had taken place at the beginning of the period presented nor indicative of future operating results. only.

	Three Months Ended March 31, June 30, 2023	Six Months Ended March 31, June 30, 2023
Revenues	\$ 281,784 587,603	
Net Income attributable to Cactus, Inc.	40,803 79,011	

3. Accounts Receivable and Allowance for Credit Losses

We extend credit to customers in the normal course of business. Our customers are predominantly oil and gas exploration and production companies located in the U.S. Our receivables are short-term in nature and typically due in 30 to 60 days. We do not accrue interest on delinquent receivables. Accounts receivable includes amounts billed and currently due from customers and unbilled amounts resulting from accrued revenue associated with products delivered and services performed for which billings have not yet been submitted to the customers. Total unbilled revenue included in accounts receivable as of March 31, 2024 June 30, 2024 and December 31, 2023 was \$31.7 million \$35.6 million and \$26.8 million, respectively.

We maintain an allowance for credit losses to provide for the amount of billed receivables we believe to be at risk of loss. In our determination of the allowance for credit losses, we pool receivables with similar risk characteristics based on customer size, credit ratings, payment history, bankruptcy status and other factors known to us and apply an expected credit loss percentage. The expected credit loss percentage is determined using historical loss data adjusted for current conditions and forecasts of future economic conditions. Accounts deemed uncollectible are applied against the allowance for credit losses. The following is a rollforward of our allowance for credit losses.

	Balance at Beginning of Period	Expense (Recovery)	Write off	Translation Adjustments	Balance at End of Period
Three Months Ended March 31, 2024	\$ 3,642	\$ 162	\$ (1)	\$ —	\$ 3,803
Three Months Ended March 31, 2023	1,060	(376)	(19)	2	667

	Balance at Beginning of Period	Expense (Recovery)	Write off	Other	Balance at End of Period
Six Months Ended June 30, 2024	\$ 3,642	\$ 589	\$ (1)	\$ 47	\$ 4,277
Six Months Ended June 30, 2023	1,060	1,515	(24)	(1)	2,550

4. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using standard cost, (which which approximates average cost) cost. Costs include an application of related material, direct labor, duties, tariffs, freight and overhead costs. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Reserves are made for excess and obsolete items based on a range of factors, including age, usage and technological or market changes that may impact demand for those products. Inventories consist of the following:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Raw materials		
Work-in-progress		
Finished goods	\$ —	

5. Property and Equipment, net

Property and equipment are stated at cost. We manufacture or construct most of our Pressure Control rental equipment assets. During the manufacture of these assets, they are reflected as construction in progress until complete. Property and equipment consists of the following:

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Land				
Buildings and improvements				
Machinery and equipment				
Reels and skids				
Vehicles				
Rental equipment				
Furniture and fixtures				
Computers and software				
Gross property and equipment				
Less: Accumulated depreciation				
Net property and equipment				
Construction in progress				
Total property and equipment, net				

6. Other Intangible Assets

The following table presents the detail of acquired intangible assets:

	December 31, 2024		2023		December 31, 2024		2023		December 31, 2024		2023		
	Gross Cost	Gross Cost	Accumulated Amortization	Net Cost	Gross Cost	Accumulated Amortization	Net Cost	Gross Cost	Accumulated Amortization	Net Cost	Gross Cost	Accumulated Amortization	Net Cost

Customer relationships
Developed technology
Tradename
Backlog
Total

All intangible assets are amortized over their estimated useful lives. The weighted average amortization period for identifiable intangible assets acquired as of **March 31, 2024** June 30, 2024 is **12.11.3** years. Amortization expense recognized during the three and six months ended **March 31, 2024** June 30, 2024 was **\$4.0 million** \$4.0 million and **\$8.0 million**, respectively, and was recorded in selling, general and administrative expenses in the consolidated statements of income. Estimated future amortization expense is as follows:

Remainder of 2024

2025

2026

2027

2028

2029

Thereafter

Total

7. Debt

We had no bank debt outstanding as of **March 31, 2024** June 30, 2024 and December 31, 2023. We had \$1.1 million in letters of credit outstanding and were in compliance with all covenants under the Amended ABL Credit Facility (as defined below) as of **March 31, 2024** June 30, 2024.

In August 2018, Cactus LLC entered into a five-year senior secured asset-based revolving credit facility with a syndicate of lenders and JPMorgan Chase Bank, N.A., as administrative agent for such lenders and as an issuing bank and swingline lender (the "ABL Credit Facility"). The ABL Credit Facility was first amended in September 2020 and provided for up to \$75.0 million in revolving commitments. On July 25, 2022, the ABL Credit Facility was amended again for up to \$80.0 million in revolving commitments, up to \$15.0 million of which was available for the issuance of letters of credit.

July 2022. On February 28, 2023, in connection with the Merger, Cactus Companies assumed the rights and obligations of Cactus LLC as Borrower under the ABL Credit Facility, and the ABL Credit Facility was amended and restated in its entirety (the "Amended ABL Credit Facility"). The Amended ABL Credit Facility provides for a term loan of \$125.0 million and up to \$225.0 million in revolving commitments, of which \$20.0 million is available for the issuance of letters of credit. Subject to certain terms and conditions set forth in the Amended ABL Credit Facility, Cactus Companies may request additional revolving commitments in an amount not to exceed \$50.0 million, for a total of up to \$275.0 million in revolving commitments. The term loan under the Amended ABL Credit Facility was set to mature on February 27, 2026 and any revolving loans under the Amended ABL Credit Facility mature on July 26, 2027. The maximum amount that Cactus Companies may borrow under the Amended ABL Credit Facility is subject to a borrowing base, which is based on a percentage of eligible accounts receivable and eligible inventory, subject to reserves and other adjustments.

We borrowed the full \$125.0 million term loan amount and \$30.0 million as a revolving loan at closing of the Amended ABL Credit Facility to fund a portion of the Merger. The term loan was required to be repaid in regular set amounts starting July 1, 2023 as set forth in the amortization schedule in the Amended ABL Credit Facility and could be prepaid without the payment of any prepayment premium (other than customary breakage costs for Term Benchmark (as defined below) borrowings). The term loan and revolving loan were repaid in full in July 2023.

Borrowings under the Amended ABL Credit Facility bear interest at Cactus Companies' option at either (i) the Alternate Base Rate (as defined therein) ("ABR"), or (ii) the Adjusted Term SOFR Rate (as defined therein) ("Term Benchmark"), plus, in each case, an applicable margin. Letters of credit issued under the Amended ABL Credit Facility accrue fees at a rate equal to the applicable margin for Term Benchmark borrowings. The applicable margin is 2.50% per annum for term loan ABR borrowings and 3.50% per annum for term loan Term Benchmark borrowings. The applicable margin for revolving loan borrowings ranges from 0.0% to 0.5% per annum for revolving loan ABR borrowings and 1.25% to 1.75% per annum for revolving loan Term Benchmark borrowings and, in each case, is based on the average quarterly availability of the revolving loan commitment under the Amended ABL Credit Facility for the immediately preceding fiscal quarter. The unused portion of revolving commitment under the Amended ABL Credit Facility is subject to a commitment fee of 0.25% per annum.

The Amended ABL Credit Facility contains various covenants and restrictive provisions that limit Cactus Companies' and each of its subsidiaries' ability to, among other things, incur additional indebtedness and create liens, make investments or loans, merge or consolidate with other companies, sell assets, make certain restricted payments and distributions, and engage in transactions with affiliates. The obligations under the Amended ABL Credit Facility are guaranteed by certain subsidiaries of Cactus Companies and secured by a security interest in accounts receivable, inventory, equipment and certain other real and personal property assets of Cactus Companies and the guarantors. Until the term loan was paid in full, the Amended ABL Credit Facility required Cactus Companies to maintain a leverage ratio no greater than 2.50 to 1.00 based on the ratio of Total Indebtedness (as defined therein) to EBITDA (as defined therein). The Amended ABL Credit Facility requires Cactus Companies to maintain a minimum fixed charge coverage ratio of 1.00 to 1.00 based on the ratio of EBITDA (as defined therein) minus Unfinanced Capital Expenditures (as defined therein) to Fixed Charges (as defined therein) during certain periods, including when availability under the Amended ABL Credit Facility is under certain levels. If Cactus Companies fails to perform its obligations under the Amended ABL Credit Facility, (i) the revolving commitments under the Amended ABL Credit Facility could be terminated, (ii) any outstanding borrowings under the Amended ABL Credit Facility may be declared immediately due and payable, and (iii) the lenders may commence foreclosure or other actions against the collateral.

The Amended ABL Credit Facility was amended in December 2023 to incorporate certain changes related to revised and new definitions associated with the satisfaction of payment conditions for restricted payments, investments, permitted acquisitions, periodic reporting and asset dispositions. The amendment did not change the ABR, applicable margin rates, commitment fees, the maturity date, borrowing availability or covenants under the Amended ABL Credit Facility other than timing of certain reporting requirements.

8. Revenue

The majority of our revenues are derived from short-term contracts for fixed consideration, or in the case of rentals, for a fixed charge per day, plus repairs while the equipment is in use by the customer. Product sales generally do not include right of return or other significant post-delivery obligations. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Revenues are recognized when we satisfy a performance obligation by transferring control of the promised goods or providing services to our customers at a point in time, in an amount specified in the contract with our customer and that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The majority of our contracts with customers contain a single performance obligation to provide agreed upon products or services. For contracts with multiple performance obligations, we allocate revenue to each performance obligation based on its relative standalone selling price. We do not assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer. We do not incur any material costs of obtaining contracts.

We do not adjust the amount of consideration per the contract for the effects of a significant financing component when we expect, at contract inception, that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less, which is in substantially all cases. Payment terms and conditions vary, although terms generally include a requirement of payment within 30 to 60 days of invoicing. Revenues are recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. We treat shipping and handling associated with outbound freight as a fulfillment cost instead of as a separate performance obligation. We recognize the cost for the associated shipping and handling when incurred as an expense in cost of sales.

We disaggregate revenue into three categories: product revenues, rental revenues and field service and other revenues. We have predominately domestic operations with a small amount of sales in Australia, Canada, the Middle East and other international markets. The following table presents our revenues disaggregated by category:

		Three Months Ended				Six Months Ended			
		June 30,		June 30,					
		2024	2023	2024	2023				
Product revenue	Product revenue	\$ 220,901	76 %	\$ 231,893	76 %	\$ 428,412	76 %	\$ 391,403	73 %
Product revenue									
Product revenue									
Rental revenue									
Rental revenue	Rental revenue	25,207	9 %	28,220	9 %	49,150	9 %	56,037	11 %
Field service and other revenue	Field service and other revenue	44,281	15 %	45,706	15 %	86,950	15 %	86,784	16 %
Field service and other revenue									
Field service and other revenue									
Total revenues	Total revenues	\$ 290,389	100 %	\$ 305,819	100 %	\$ 564,512	100 %	\$ 534,224	100 %
Total revenues									
Total revenues									

At **March 31, 2024** **June 30, 2024**, we had a deferred revenue balance of **\$7.9 million** **\$8.6 million** compared to the December 31, 2023 balance of \$8.1 million. Deferred revenue represents our obligation to transfer products to or perform services for a customer for which we have received cash or billed in advance. The revenue that has been deferred will be recognized upon product delivery or as services are performed. As of **March 31, 2024** **June 30, 2024**, we did not have any contracts with an original length of greater than a year from which revenue is expected to be recognized in the future related to performance obligations that are unsatisfied.

9. Tax Receivable Agreement ("TRA")

In connection with our initial public offering ("IPO") in February 2018, we entered into the TRA which generally provides for payment by Cactus Inc. to certain direct and indirect owners of Cactus LLC (after the CC Reorganization, Cactus Companies) of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax that Cactus Inc. actually realizes or is deemed to realize in certain circumstances. Cactus Inc. will retain the benefit of the remaining 15% of these net cash savings.

The TRA liability is calculated by determining the tax basis subject to the TRA ("tax basis") and applying a blended tax rate to the basis differences and calculating the resulting iterative impact. The blended tax rate consists of the U.S. federal income tax rate and an assumed combined state and local income tax rate driven by the apportionment factors applicable to each state. Subsequent changes to the measurement of the TRA liability are recognized in the statements of income as a component of other expense, net. As of **March 31, 2024** **June 30, 2024**, the total liability from the TRA was **\$270.9 million** **\$265.1 million** with **\$20.9 million** **\$5.6 million** reflected in current liabilities based on the expected timing of our next payment. The current liability of \$5.6 million is reflective of a \$15.3 million payment during the second quarter of 2024. The payments under the TRA will not be conditional on a holder of rights under the TRA having a continued ownership interest in either Cactus Companies or Cactus Inc.

The term of the TRA commenced upon completion of our IPO and will continue until all tax benefits that are subject to the TRA have been utilized or expired, unless we exercise our right to terminate the TRA. If we elect to terminate the TRA early (or it is terminated early due to certain mergers, asset sales, other forms of business combinations or other changes of control), our obligations under the TRA would accelerate and we would be required to make an immediate payment equal to the present value of the anticipated future payments to be made by us under the TRA, and such payment is expected to be substantial. The calculation of anticipated future payments will be based upon certain assumptions and deemed events set forth in the TRA, including the assumptions that (i) we have sufficient taxable income to fully utilize the tax benefits covered by the TRA and (ii)

any CC Units (other than those held by Cactus Inc.) outstanding on the termination date are deemed to be redeemed on the termination date. Any early termination payment may be made significantly in advance of the actual realization, if any, of the future tax benefits to which the termination payment relates.

We may elect to defer payments due under the TRA if we do not have available cash to satisfy our payment obligations under the TRA. Any such deferred payments under the TRA generally will accrue interest from the due date for such payment until the payment date.

In March of 2024, the TRA was amended to replace all references to one year LIBOR with references to the 12-month term SOFR published by CME Group Benchmark Administration Limited, plus 71.513 basis points. Additionally, all references to Cactus LLC were replaced with references to Cactus Companies as described in relation to the CC Reorganization. The foregoing description of the TRA Amendment is a summary of the material terms of the TRA Amendment, does not purport to be complete and is qualified in its entirety by reference to the complete text of the TRA Amendment, a copy of which is filed as an Exhibit to this Quarterly Report and is incorporated herein by reference.

10. Equity

As of March 31, 2024 June 30, 2024, Cactus Inc. owned 82.4% 83.6% of Cactus Companies as compared to 82.3% of Cactus Companies as of December 31, 2023. As of March 31, 2024 June 30, 2024, Cactus Inc. had outstanding 65.5 million 66.5 million shares of Class A common stock (representing 82.4% 83.6% of the total voting power) and 14.0 million 13.1 million shares of Class B common stock (representing 17.6% 16.4% of the total voting power).

Equity Offering

In January 2023, Cactus Inc. completed an underwritten offering of 3,224,300 shares of Class A common stock at a price to the underwriters of \$51.36 per share for net proceeds of \$165.6 million (net of \$6.9 million of underwriting discounts and commissions). In addition to the underwriting discounts and commissions, approximately \$2.2 million of costs directly associated with the stock issuance were recorded as a reduction to additional paid-in capital.

FlexSteel Acquisition

In conjunction with the FlexSteel acquisition, a restricted stock award of 128,150 shares of Class A common stock was issued under the Company's long-term incentive plan to a key employee in exchange for cash consideration of \$6.5 million. The shares were restricted from sale or trading and were subject to vesting requirements for one year from grant date. The agreement included a guaranteed provision whereby if the fair market value of the restricted shares was below the purchase price upon vesting, Cactus would compensate the key employee for the difference in price plus a gross-up for taxes. The restricted stock award early vested in October 2023 when the employee separated from the Company. The guaranteed payment provision was not triggered when the shares vested; therefore no cash payment was required or made in accordance with the terms of this award.

CC Reorganization

As part of the CC Reorganization in connection with the acquisition of FlexSteel, Cactus Companies acquired all of the outstanding units representing limited liability company interests of Cactus LLC ("CW Units") in exchange for an equal number of CC Units issued to each of the previous owners of CW Units other than Cactus Inc. (the "CW Unit Holders"). Upon the completion of the CC Reorganization, CW Unit Holders ceased to be holders of CW Units and, instead, became holders of a number of CC Units equal to the number of CW Units such CW Unit Holders held immediately prior to the completion of the CC Reorganization. After the CC Reorganization, we refer to the owners of CC Units, other than Cactus Inc. (along with their permitted transferees), as "CC Unit Holders." Following the completion of the CC Reorganization, CC Unit Holders own one share of our Class B Common Stock for each CC Unit such CC Unit Holder owns.

In connection with the CC Reorganization, Cactus Inc. and the owners of CC Units entered into the Amended and Restated Limited Liability Company Operating Agreement of Cactus Companies (the "Cactus Companies LLC Agreement"), which contains substantially the same terms and conditions as the Second Amended and Restated Limited Liability Company Operating Agreement of Cactus LLC (the "Cactus Wellhead LLC Agreement"), which was the limited liability company operating agreement of Cactus LLC prior to the CC Reorganization. Cactus Inc. was responsible for all operational, management and administrative decisions relating to Cactus LLC's business for the period from completion of our IPO until the CC Reorganization and relating to Cactus Companies' business for periods after the CC Reorganization.

Redemptions of CC Units

Pursuant to the Cactus Companies LLC Agreement, holders of CC Units are entitled to redeem their CC Units, which results in additional Class A common stock outstanding. Since our IPO in February 2018, an aggregate of 46.5 million 47.5 million CC Units (including CW Units prior to the CC Reorganization) and a corresponding number of shares of Class B common stock have been redeemed in exchange for shares of Class A common stock.

During the three six months ended March 31, 2024 June 30, 2024 and 2023, there were no redemptions of 1.0 million and 0.2 million CC Units, (or CW Units prior to respectively, together with a corresponding number of shares of Class B common stock, were redeemed in exchange for Class A common stock in accordance with the CC Reorganization). Cactus Companies LLC Agreement.

Dividends

Aggregate cash dividends of \$0.12 \$0.24 and \$0.11 \$0.22 per share of Class A common stock were declared during the three six months ended March 31, 2024 June 30, 2024 and 2023 totaling \$8.0 million \$16.1 million and \$7.1 million \$14.4 million, respectively. Cash dividends paid during the three six months ended March 31, 2024 June 30, 2024 and 2023 totaled \$8.1 million \$16.1 million and \$7.4 million \$14.5 million, respectively. Dividends accrue on unvested equity-based awards on the date of record and are paid upon vesting. Dividends are not paid to our Class B common stockholders; however, a corresponding distribution up to the same amount per share as our Class A common stockholders is paid to the owners of CC Units other than Cactus Inc. for any dividends declared on our Class A common stock. See further discussion of the distributions below under "Member Distributions."

Share Repurchase Program

On June 6, 2023, our board of directors authorized the Company to repurchase shares of its Class A common stock for an aggregate purchase price of up to \$150 million. Under our share repurchase program, shares may be repurchased from time to time in open market transactions or block trades, in privately negotiated transactions or any other method permitted under U.S. securities laws, rules and regulations. The repurchase program does not obligate the Company to purchase any particular amount of shares, and the repurchase program may be suspended or discontinued at any time at the Company's discretion. During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, the Company purchased and retired 86,599 shares of Class A common stock for \$3.4 million, or \$38.92 average price per share excluding commissions, under the share repurchase program. As of **March 31, 2024** **June 30, 2024**, \$146.3 million remained authorized for future repurchases of Class A common stock under the program.

Member Distributions

Distributions made by Cactus Companies are generally required to be made pro rata among all its members. For the **three** **six** months ended **March 31, 2024** **June 30, 2024**, Cactus Companies distributed **\$7.8 million** **\$42.5 million** to Cactus Inc. to fund its dividend, TRA and estimated tax payments and made pro rata distributions to the other members totaling **\$1.7 million** **\$8.6 million** over the same period. During the **three** **six** months ended **March 31, 2023** **June 30, 2023**, Cactus Companies distributed **\$7.1 million** **\$20.4 million** to Cactus Inc. to fund its dividend and estimated tax payments and made pro rata distributions to the other members totaling **\$1.6 million** **\$4.7 million**.

Limitation of Members' Liability

Under the terms of the Cactus Companies LLC Agreement, the members of Cactus Companies are not obligated for debt, liabilities, contracts or other obligations of Cactus Companies. Profits and losses are allocated to members as defined in the Cactus Companies LLC Agreement.

11. Commitments and Contingencies

We are involved in various disputes arising in the ordinary course of business. Management does not believe the outcome of these disputes will have a material adverse effect on our consolidated financial position or consolidated results of operations.

12. Fair Value Measurements

Authoritative guidance on fair value measurements provides a framework for measuring fair value and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value, giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs), observable inputs other than quoted prices in active markets (Level 2 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued expenses approximates fair value based on the short-term nature of these accounts.

At March 31, 2024, due to the short-term nature of this account, the earn-out liability related to the FlexSteel acquisition (see Note 2) was determined based on the estimated future payments, utilizing projections for the second quarter of 2024. At December 31, 2023, the earn-out liability was measured at a fair value of \$20.8 million using Level 3 unobservable inputs. The fair value at December 31, 2023 was determined based on the evaluation of the probability and amount of earn-out that may be achieved based on expected future performance of FlexSteel using a Monte Carlo simulation model. The Monte Carlo simulation model **uses** **used** assumptions including revenue volatilities, risk free rates, credit discount rates and revenue discount rates. The following table sets forth the range of inputs for the significant assumptions utilized to determine the fair value as of December 31, 2023:

	December 31, 2023	
Risk-free interest rate	5.40%	to 5.63%
Expected revenue volatility		21.70%
Revenue discount rate	10.02%	to 10.23%
Credit discount rate		9.85%

The following table presents a summary of the changes in fair value of our liabilities measured using Level 3 inputs:

	Earn-out	
Opening Balance	\$	5,960
Changes in fair value		14,850
Balance at December 31, 2023	\$	20,810

The **FlexSteel** **acquisition** **contingent** **consideration** **earn-out** **period** **ended** **June 30, 2024**. The **earn-out** **payment** **is** **expected** **to** **be** **paid** **in** **August 2024** and represents the achievement of certain revenue targets met by **FlexSteel**.

The fair value of our foreign currency forwards was less than \$0.1 million as of **March 31, 2024** **June 30, 2024** and was determined using market observable inputs including forward and spot prices (Level 2 inputs).

13. Segment Reporting

We operate in two business segments that offer different products and services and correspond to the manner in which our chief operating decision maker reviews and evaluates operating performance to make decisions about resources to be allocated to each segment.

Our reporting segments are:

- Pressure Control – engaged in the design, manufacture, sale, installation, service and associated rental of wellhead and pressure control equipment utilized during the drilling, completion and production phases of oil and gas wells.
- Spoolable Technologies – engaged in the design, manufacture, sale, installation, service and associated rental of onshore spoolable pipe technologies utilized for production, gathering and takeaway transportation of oil, gas or other liquids.

Financial information by business segment for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023 is summarized below.

	Three Months Ended		Six Months Ended		2024	2023		
	March 31,		June 30,					
	Three Months Ended	March 31,	Three Months Ended	June 30,				
	2024		2024		2024	2023		
	2024		2024		2024	2023		
Revenue:								
Revenue:								
Revenue:								
Pressure Control								
Pressure Control								
Pressure Control								
Spoolable Technologies								
Spoolable Technologies								
Spoolable Technologies								
Corporate and other ⁽¹⁾								
Total revenues								
Total revenues								
Total revenues								
Operating income:								
Operating income:								
Operating income:								
Pressure Control								
Pressure Control								
Pressure Control								
Spoolable Technologies								
Spoolable Technologies								
Spoolable Technologies								
Total segment operating income								
Total segment operating income								
Total segment operating income								
Corporate and other expenses ⁽¹⁾								
Corporate and other expenses ⁽¹⁾								
Corporate and other expenses ⁽¹⁾								
Total operating income								
Total operating income								
Corporate and other ⁽²⁾								
Total operating income								
Interest income, net								
Interest income, net								
Interest income, net								

Other income, net
Other income, net
Other income, net
Income before income taxes
Income before income taxes
Income before income taxes

⁽¹⁾ Represents the elimination of inter-segment revenue for sales from our Pressure Control segment to our Spoolable Technologies segment.

⁽²⁾ Includes corporate and other costs not directly attributable to our reporting segments, such as corporate executive management and other administrative functions. These Prior to January 1, 2024, these costs were previously included in the Pressure Control segment. The information for the ^{three} six months ended ^{March 31, 2023} June 30, 2023 has been recast to align with the presentation for the ^{three} six months ended ^{March 31, 2024} June 30, 2024.

14. Earnings per Share

Basic earnings per share of Class A common stock is calculated by dividing the net income attributable to Cactus Inc. during the period by the weighted average number of shares of Class A common stock outstanding during the same period. Diluted earnings per share of Class A common stock is calculated by dividing the net income attributable to Cactus Inc. during that period by the weighted average number of common shares outstanding assuming all potentially dilutive shares were issued.

We use the if-converted method to determine the potential dilutive effect of outstanding CC Units and corresponding shares of outstanding Class B common stock. We use the treasury stock method to determine the potential dilutive effect of unvested stock-based compensation awards assuming that the proceeds will be used to purchase shares of Class A common stock. For our unvested performance stock units, we first apply the criteria for contingently issuable shares before determining the potential dilutive effect using the treasury stock method.

The following table summarizes the basic and diluted earnings per share calculations:

Numerator:

Numerator:

Numerator:

Net income attributable to Cactus Inc.—basic

Net income attributable to Cactus Inc.—basic

Net income attributable to Cactus Inc.—basic

Net income attributable to non-controlling interest ⁽¹⁾

Net income attributable to non-controlling interest ⁽¹⁾

Net income attributable to non-controlling interest ⁽¹⁾

Net income attributable to Cactus Inc.—diluted ⁽¹⁾

Net income attributable to Cactus Inc.—diluted ⁽¹⁾

Net income attributable to Cactus Inc.—diluted ⁽¹⁾

Denominator:

Denominator:

Denominator:

Weighted average Class A shares outstanding—basic

Weighted average Class A shares outstanding—basic

Weighted average Class A shares outstanding—basic

Effect of dilutive shares ⁽²⁾

Effect of dilutive shares ⁽²⁾

Effect of dilutive shares ⁽²⁾

Weighted average Class A shares outstanding—diluted ⁽²⁾

Weighted average Class A shares outstanding—diluted ⁽²⁾

Weighted average Class A shares outstanding—diluted ⁽²⁾

Earnings per Class A share—basic

Earnings per Class A share—basic

Earnings per Class A share—basic

Earnings per Class A share—diluted ^{(1) (2)}

Earnings per Class A share—diluted ^{(1) (2)}

Earnings per Class A share—diluted ^{(1) (2)}

⁽¹⁾ The numerator is adjusted in the calculation of diluted earnings per share under the if-converted method to include net income attributable to the non-controlling interest calculated as its pre-tax income adjusted for a corporate effective tax rate of 26.0% for the ^{three} six months ended ^{March 31, 2024} June 30, 2024 and ^{24.5%} 2023.

(2) Diluted earnings per share for the three months ended March 31, 2023, June 30, 2024 and 2023 excludes 13.4 million and 14.9 million weighted average shares of Class B common stock, respectively, as the effect would be anti-dilutive.

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

Except as otherwise indicated or required by the context, all references in this Quarterly Report to the "Company," "Cactus," "we," "us" and "our" refer to Cactus, Inc. ("Cactus Inc.") and its consolidated subsidiaries, unless we state otherwise or the context otherwise requires. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes. The following discussion contains "forward-looking statements" that reflect our plans, estimates, beliefs and expected performance. Our actual results may differ materially from those anticipated as discussed in these forward-looking statements as a result of a variety of risks and uncertainties, which are difficult to predict, including those described above in "Cautionary Note Regarding Forward-Looking Statements," and in the risk factors included in "Part I, Item 1A. Risk Factors" in our 2023 Annual Report. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We assume no obligation to update any of these forward-looking statements except as otherwise required by law.

Executive Summary

Cactus is an equipment solutions provider primarily for onshore oil and gas markets. Founded in 2011 by a management group that previously operated two of the largest wellhead providers at the time, Cactus has rapidly grown to be a leading provider of wellhead solutions to the U.S. onshore market. On February 28, 2023, Cactus acquired FlexSteel, which similarly grew from its founding in 2003 to its current status as a leading provider of spoolable pipe technologies primarily to the U.S. onshore market. We believe this acquisition enhances our position as a premier manufacturer and provider of highly engineered equipment to the exploration and production ("E&P") industry and should provide meaningful growth potential. We further believe FlexSteel's products are highly complementary to Cactus' equipment as it expands our exposure to our customers' operations from production trees to transportation of oil, gas and other liquids as well as to additional customers operating in the midstream area.

Demand for our products and services depends primarily upon oil and gas industry activity levels, including the number of active drilling rigs, the number of wells being drilled, the number of wells being completed, and the volume of newly producing wells, among other factors.

Revenues

Our revenues are derived from three sources: products, rentals, and field service and other. Product revenues are derived from the sale of wellhead systems, production trees and spoolable pipe and fittings. Rental revenues are primarily derived from the rental of equipment used during the completion process, the repair of such equipment and the rental of equipment or tools used to install wellhead equipment or spoolable pipe. Field service and other revenues are primarily earned when we provide installation and other field services for both product sales and equipment rental.

During the three six months ended March 31, 2024, we derived 76% of total revenues from the sale of our products, 8% 9% of total revenues from rental and 16% 15% of total revenues from field service and other. During the three six months ended March 31, 2023, June 30, 2023, we derived 70% 73% of total revenues from the sale of our products, 12% 11% of total revenues from rental and 18% 16% of total revenues from field service and other. We have predominantly domestic operations with more limited operations in Australia, Canada, and the Middle East, as well as sales in other international markets.

We operate in two business segments consisting of the Pressure Control segment and the Spoolable Technologies segment.

Pressure Control

The Pressure Control segment designs, manufactures, sells and rents a range of wellhead and pressure control equipment under the Cactus Wellhead brand. Products are sold and rented principally for onshore unconventional oil and gas wells and are utilized during the drilling, completion and production phases of our customers' wells. In addition, we provide field services for all of our products and rental items to assist with the installation, maintenance and handling of the equipment.

We operate through service centers in the United States, which are strategically located in the key oil and gas producing regions, and in Australia. These service centers support our field services and provide equipment assembly and repair services. We also provide rental and service operations in the Kingdom of Saudi Arabia. Pressure Control manufacturing and production facilities are located in Bossier City, Louisiana and Suzhou, China.

Demand for our product sales in the Pressure Control segment are is driven primarily by the number of new wells drilled, as each new well requires a wellhead and, after the completion phase, a production tree. Demand for our rental items is driven primarily by the number of well completions as we rent frac trees to oil and gas operators to assist in hydraulic fracturing. Rental demand is also driven to a lesser extent by drilling activity as we rent tools used in the installation of wellheads. Field service and other revenues are closely correlated with revenues from product sales and rentals, as items sold or rented almost always have an associated service component.

Spoolable Technologies

The Spoolable Technologies segment designs, manufactures, and sells spoolable pipe and associated end fittings under the FlexSteel brand. Our customers use these products primarily as production, gathering, and takeaway pipelines to transport oil, gas or other liquids. In addition, we also provide field services and rental items to assist our customers with the installation of these products. We support our field service operations through service centers and pipe yards located in oil and gas regions throughout the United States and Western Canada. Our manufacturing facility is located in Baytown, Texas.

Demand for our product sales in the Spoolable Technologies segment are is driven primarily by the number of wells being placed into production after the completions phase as customers use our spoolable pipe and associated fittings to bring wells more rapidly onto production. Rental and field service and other revenues are closely correlated with revenues from product sales, as items sold usually have an associated rental and service component.

Recent Developments and Trends

FlexSteel Acquisition

As previously discussed, we completed the acquisition of FlexSteel on February 28, 2023. The results of operations of FlexSteel have been reflected in our accompanying condensed consolidated financial statements from the closing date of the acquisition. See Note 2 to the unaudited condensed consolidated financial statements for additional information related to the acquisition.

Oil and Natural Gas Prices

The following table summarizes average oil and natural gas prices in North America over the indicated periods, as well as industry activity levels as reflected by the average number of active onshore drilling rigs during the same periods.

		Three Months Ended		Six Months Ended	
		March 31, 2024	March 31, 2024	March 31, 2024	June 30, 2024
		March 31, 2024	March 31, 2024	June 30, 2023	June 30, 2023
		March 31, 2024	March 31, 2024	June 30, 2023	June 30, 2023
WTI Oil Price (\$/bbl) ⁽¹⁾					
WTI Oil Price (\$/bbl) ⁽¹⁾					
WTI Oil Price (\$/bbl) ⁽¹⁾				June 30, 2024	March 31, 2024
Natural Gas Price (\$/MMBtu) ⁽²⁾				June 30, 2024	June 30, 2024
Natural Gas Price (\$/MMBtu) ⁽²⁾				June 30, 2024	June 30, 2023
Natural Gas Price (\$/MMBtu) ⁽²⁾				June 30, 2024	June 30, 2023
U.S. Land Drilling Rigs ⁽³⁾	U.S. Land Drilling Rigs ⁽³⁾	583	602	593	720
U.S. Land Drilling Rigs ⁽³⁾					
U.S. Land Drilling Rigs ⁽³⁾					

⁽¹⁾ EIA Cushing, OK WTI ("West Texas Intermediate") spot price.

⁽²⁾ EIA Henry Hub Natural Gas spot price per million British Thermal Unit ("MMBtu").

⁽³⁾ Baker Hughes.

In the ^{first} ^{second} quarter of 2024, U.S. land drilling and completion activity levels were flat compared to down approximately 3% from the ^{fourth} ^{first} quarter of 2023 ²⁰²⁴ and down approximately 10% ^{13%} from the 2023 full year average. Average oil prices also remained flat ^{increased modestly} in the ^{first} ^{second} quarter of 2024 compared to the ^{fourth} ^{first} quarter of 2023 ²⁰²⁴ as oil demand continued to grow and outpaced supply growth, keeping prices ^{remain elevated} ^{elevated}. Prices were also influenced higher due to continued geopolitical risk concerns and continued strong global demand. ^{concerns} Natural gas prices declined 22% ^{4%} in the second quarter of 2024 from the first quarter of 2024, from the fourth quarter of 2023, as continued strong production curtailments and activity reductions have failed to sufficiently offset weaker demand from warmer weather ^{have led} to ^{and delayed} export plans. U.S. gas storage levels ^{remain} well above five-year average levels, despite announced activity reductions and curtailments from several U.S. gas producers. ^{levels} The ongoing conflicts in Ukraine and the Middle East have led to heightened commodity volatility and increased risk to ^{our} the global supply chain. ^{In recent} weeks, risk of a broader Middle East conflict has increased, which could have broad impacts on the global economy and our business.

Pillar Two Framework

The Organization for Economic Cooperation and Development ("OECD") enacted rules ("Pillar Two") for a new, global minimum tax of at least 15% on income arising in low-tax jurisdictions. We are currently evaluating the potential impact this new legislation will have on our consolidated financial statements; however, based on current enacted ^{Legislation}, ^{Management} ^{legislation, management} anticipates the impact of Pillar Two to be immaterial to the Company for 2024.

Critical Accounting Policies and Estimates

A discussion of our critical accounting policies and estimates is contained in our 2023 Annual Report on Form 10-K. There have not been any changes in our critical accounting policies since December 31, 2023.

Consolidated Results of Operations

The following discussions relating to significant line items from our condensed consolidated statements of income are based on available information and represent our analysis of significant changes or events that impact the comparability of reported amounts. Where appropriate, we have identified specific events and changes that affect comparability or trends and, where reasonably practicable, have quantified the impact of such items.

We have two operating segments consisting of the Pressure Control segment (^{legacy} Cactus) and the Spoolable Technologies segment (FlexSteel) ^{segment}. Our results of operations are evaluated by the Chief Executive Officer on a consolidated basis as well as at the segment level. The performance of our operating segments is primarily evaluated based on segment operating income (in addition to other measures), which is defined as income before taxes and before interest income (expense), net, other income (expense), net and corporate and other expenses not allocated to the operating segments. ^{Prior to January 1, 2024}, Corporate and other expenses were ^{previously} included in our Pressure Control segment. The Company has recast the information for the ^{three} ^{six} months ended ^{March 31, 2023} ^{June 30, 2023} to align with the presentation for the ^{three} ^{six} months ended ^{March 31, 2024} ^{June 30, 2024}.

Three Months Ended **March 31, 2024** **June 30, 2024** Compared to Three Months Ended **December 31, 2023** **March 31, 2024**

The following table presents a summary of the segment consolidated operating results for the periods indicated:

Three Months Ended		March 31, 2024		March 31, 2024		March 31, 2024		December 31, 2023		\$ Change		% Change	
		March 31, 2024	March 31, 2024	March 31, 2024	March 31, 2024	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024	March 31, 2024	March 31, 2024	June 30, 2024	June 30, 2024
(in thousands)													
Revenues													
Revenues													
Revenues													
Pressure Control													
Pressure Control													
Pressure Control	\$175,028	\$180,454	\$ (5,426)	(3.0)	(3.0)%	\$ 187,192		\$ 175,028		\$ 12,164		6.9	6.9 %
Spoolable Technologies													
Corporate and other	(519)	—	(519)	nm									
Total revenues													
Operating income													
Pressure Control													
Pressure Control													
Pressure Control													
Spoolable Technologies													
Total segment operating income													
Corporate and other expenses													
Corporate and other expenses													
Corporate and other expenses													
Total operating income													
Interest income (expense), net													
Interest income (expense), net													
Interest income (expense), net	689	(182)	871	nm									
Other income, net	—	686	(686)	nm									
Interest income, net													
Interest income, net													
Interest income, net	1,405	689	716	nm									
Income before income taxes													
Income before income taxes													
Income before income taxes													
Income tax expense													

Net income												
Less: net income attributable to non- controlling interest												
Net income attributable to Cactus Inc.	Net income attributable to Cactus Inc.	\$ 38,965	\$ \$ 48,947	\$ \$(9,982)	(20.4)	(20.4)%	Net income attributable to Cactus Inc.	\$49,828	\$ \$38,965	\$ \$10,863	27.9	27.9 %
nm = not meaningful												

Pressure Control. Pressure Control revenue for the second quarter of 2024 was \$187.2 million, an increase of \$12.2 million, or 6.9%, from the first quarter of 2024 was \$175.0 million, a decrease of \$5.4 million, or 3.0%, from \$180.5 million for the fourth quarter of 2023 primarily due to decreased increased customer activity resulting in reduced increased sales of wellhead and production related equipment, in addition to decreased increased rental activity and higher field service activity. Pressure Control operating income of \$51.7 million \$55.7 million for the second quarter of 2024 increased \$4.0 million, or 7.7% from the first quarter of 2024 decreased \$4.4 million, or 7.8% from \$56.1 million for the fourth quarter of 2023 primarily due to decreased equipment sales and rental activity, slightly offset by higher field service the overall increase in customer activity. Pressure Control selling, general and administrative expenses ("SG&A") decreased \$0.1 million increased \$2.0 million from the fourth first quarter primarily due to lower bad debt expense an increase in personnel costs and professional fees, partially offset by higher stock-based compensation expense, other reserves.

Spoolable Technologies. Spoolable Technologies revenue for the first second quarter of 2024 was \$99.1 million \$103.7 million, an increase of \$4.7 million \$4.6 million, or 5.0% 4.7% from \$94.4 million for the fourth first quarter of 2023, 2024. Total operating income for Spoolable Technologies for the first second quarter of 2024 was \$16.4 million, a decrease of \$11.8 million \$30.0 million, compared to operating income of \$28.2 million \$16.4 million for the fourth first quarter of 2023, 2024. The decrease increase in operating income was primarily due to a \$13.3 million loss \$2.9 million expense related to the change in fair value of the earn-out payment for the FlexSteel acquisition in the first second quarter of 2024 compared to a \$1.9 million loss larger expense of \$13.3 million related to the change in fair value of the earn-out payment for the FlexSteel acquisition recognized in the fourth first quarter of 2023, 2024.

Corporate and other. Corporate and other expenses, revenue represents the elimination of inter-segment sales from our Pressure Control segment to our Spoolable technologies segment. Corporate and other expenses for the second quarter of 2024 were \$5.9 million, an increase of \$0.4 million, or 6.8% from \$5.5 million for the first quarter of 2024 was \$5.5 million, a decrease of \$0.2 million, or 2.6% from \$5.7 million for the fourth quarter of 2023, 2024. The decrease increase was primarily due to lower higher stock-based compensation and bonus expense.

Interest income, (expense), net. Interest income, net was \$1.4 million for the second quarter of 2024, an increase of \$0.7 million for from the first quarter of 2024 compared to interest expense, net of \$0.2 million for the fourth quarter of 2023, 2024. The increase in interest income, net was primarily due to higher interest income earned on a higher invested cash balance.

Other income, net. Other income, net of \$0.7 million for the fourth quarter of 2023 represented non-cash adjustments for the revaluation of the liability related to the tax receivable agreement.

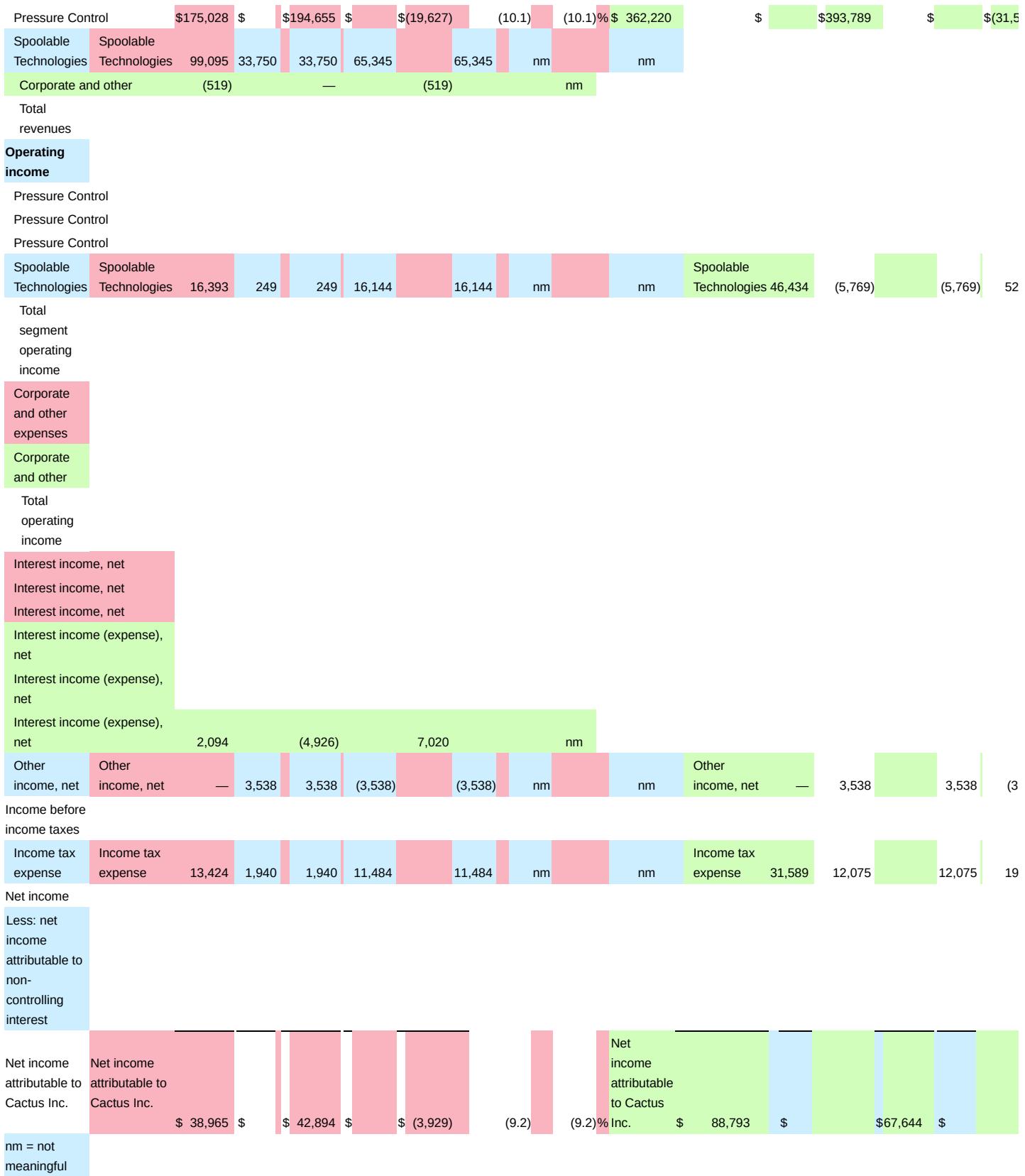
Income tax expense. Income tax expense for the first second quarter of 2024 was \$13.4 million \$18.2 million compared to \$17.0 million \$13.4 million for the fourth first quarter of 2023, 2024. The decrease increase in income tax expense from the fourth first quarter was primarily due to a decrease an increase in operating income quarter over quarter. Cactus Inc. is only subject to federal and state income tax on its share of income from Cactus Companies. Income allocated to the non-controlling interest is only taxable to the non-controlling interest.

Three Six Months Ended March 31, 2024 June 30, 2024 Compared to Three Six Months Ended March 31, 2023 June 30, 2023

The following table presents a summary of the segment consolidated operating results for the periods indicated:

Revenues	Three Months Ended March 31,	Six Months Ended June 30,	2024	2024	\$ Change	% Change	2023	\$ Change
(in thousands)								
Revenues								
Revenues								
Revenues								

Pressure Control
Pressure Control



Pressure Control. Pressure Control revenue was \$175.0 million for the first quarter six months of 2024, a decrease of \$19.6 million or 10.1%, from \$194.7 million for the first quarter six months of 2023. This lower revenue was primarily due to decreased sales of wellhead and production related equipment resulting

from lower drilling and completion activity by our customers. In addition, rental of drilling and completion equipment and field service associated with product and rental revenues decreased as a result of the abovementioned decline in activity. Operating income of \$51.7 million \$107.3 million in the first quarter six months of 2024 decreased \$11.5 million \$18.7 million, or 18.2% 14.8%, from \$63.2 million in the first quarter six months of 2023. The decrease was primarily attributable to lower gross margins during the period due to the decreased customer activity levels and higher SG&A expenses. The increase in SG&A expenses primarily related to higher personnel costs, bad debt expense and stock-based compensation expense.

Spoolable Technologies. Spoolable Technologies revenue for the first quarter six months of 2024 was \$99.1 million \$202.8 million, an increase of \$65.3 million \$62.4 million, or 44.4%, from \$33.8 million for the first quarter six months of 2023, as results for the first quarter six months of 2023 only included one month four months of revenues (from the FlexSteel acquisition, date of which closed on February 28, 2023). Total operating income was \$16.4 million \$46.4 million in the first quarter six months of 2024, an increase of \$16.1 million \$52.2 million, compared to \$0.2 million an operating loss of \$5.8 million in the first quarter six months of 2023, which included only one month four months of income. Operating income for the first quarter six months of 2024 included a loss \$16.2 million of \$13.3 million expense related to the change in fair value of the earn-out payment liability for the FlexSteel acquisition and \$8.0 million of intangible amortization. Operating income loss for the first quarter six months of 2023 included \$4.2 million approximately \$18.0 million of expense related to the change in fair value of the estimated earn-out liability, \$23.5 million of inventory step-up expense and \$3.7 million \$12.3 million of intangible amortization expense as well as increased depreciation for expense of \$5.5 million primarily associated with the step-up of its fixed assets in connection with accounting for the purchased assets at fair value in conjunction with purchase accounting.

Corporate and other expenses, other. Corporate and other revenue represents the elimination of inter-segment sales from our Pressure Control segment to our Spoolable technologies segment. Corporate and other expenses for the first quarter six months of 2024 was \$5.5 million \$11.4 million, a decrease of \$8.2 million \$10.7 million, or 59.8% 48.3% from \$13.7 million for the first quarter six months of 2023. The decrease was largely attributable to lower professional fees related to transaction costs associated with the closing of and accounting for the FlexSteel acquisition.

Interest income (expense), net. Interest income, net for the first quarter six months of 2024 was \$2.1 million, compared to interest expense, net of \$0.7 million decreased \$0.3 million from \$4.9 million for the first quarter six months of 2023. The increase was primarily due to lower an increase in interest income earned on lower cash invested during the period. Interest expense for the first six months of 2023 related to outstanding borrowings under the Amended ABL Credit Facility in conjunction with the FlexSteel acquisition.

Other income, net. Other income, net for 2023 related to non-cash adjustments for the revaluation of the liability related to the tax receivable agreement as a result of changes to the state tax rate.

Income tax expense. Income tax expense for the first quarter six months of 2024 was \$13.4 million \$31.6 million compared to \$1.9 million \$12.1 million for the first quarter six months of 2023. The increase in income tax expense from the first quarter six months of 2023 was primarily due to an increase in operating income during the first quarter six months of 2024, and fewer reductions in income tax expense for items specific to the first quarter half of 2023. Income tax expense for the first quarter half of 2023 included \$11.0 million \$21.1 million of expense associated with current income, offset by a \$12.1 million benefit associated with the release of our valuation allowance previously provided for our investment in Cactus Companies based on the determination that the deferred tax asset was realizable due to our ability to generate sufficient taxable income of the appropriate type. Additionally, we recognized \$4.3 million of expense associated with the revaluation of our deferred tax asset as a result of a change in our forecasted state tax rate, and a \$1.3 million \$1.2 million benefit associated with permanent differences related to equity compensation.

Liquidity and Capital Resources

At March 31, 2024 June 30, 2024, we had \$194.3 million \$246.5 million of cash and cash equivalents. Our primary sources of liquidity and capital resources are cash on hand, cash flows generated by operating activities, and borrowings under our Amended ABL Credit Facility (as defined in Note 7 in the notes to the unaudited condensed consolidated financial statements). Depending upon market conditions and other factors, we may also have the ability to issue additional equity and debt if needed. As of March 31, 2024 June 30, 2024, we had \$216.7 million \$220.1 million of available borrowing capacity under our Amended ABL Credit Facility with no outstanding borrowings, and \$1.1 million in letters of credit outstanding. We were in compliance with the covenants of the Amended ABL Credit Facility as of March 31, 2024 June 30, 2024.

The contingent consideration earn-out period related to the FlexSteel acquisition ended on June 30, 2024 and resulted in a final earn-out liability of \$37.0 million, which we expect to pay in August 2024.

In June 2023, our board of directors authorized the Company to repurchase shares of its Class A common stock for an aggregate purchase price of up to \$150 million. Under our share repurchase program, shares may be repurchased from time to time in open market transactions or block trades, in privately negotiated transactions, or any other method permitted under U.S. securities laws, rules and regulations. The repurchase program does not obligate the Company to purchase any particular amount of shares, and the repurchase program may be suspended or discontinued at any time at the Company's discretion. As of June 30, 2024, \$146.3 million remained authorized for future repurchases of Class A common stock under the program.

We believe that our existing cash on hand, cash generated from operations and available borrowings under our Amended ABL Credit Facility will be sufficient for at least the next 12 months to meet working capital requirements, debt service obligations, anticipated capital expenditures, the earn-out payment related to the FlexSteel acquisition, repurchases of shares of our Class A common stock, expected TRA liability payments, anticipated tax liabilities and dividends to holders of our Class A common stock as well as pro rata cash distributions to holders of CC Units other than Cactus Inc.

We currently estimate our net capital expenditures for the year ending December 31, 2024 will range from \$45 \$35 million to \$55 million \$45 million. In the Pressure Control segment, capital expenditures are primarily related to rental fleet investments, international expansion and diversification of our low cost supply chain and development of a research and development facility in Houston, Texas. In the Spoolable Technologies segment, capital expenditures are primarily related to manufacturing plant enhancements and additional deployment equipment used for product installation.

Our ability to satisfy our long-term liquidity requirements, including cash requirements to fund income tax liabilities and the TRA liability at Cactus Inc., along with associated distributions to holders of CC Units relating to their ownership of Cactus Companies, depends on our future operating performance, which is affected by, and subject to, prevailing economic conditions, market conditions in the E&P industry, availability and cost of raw materials, and financial, business and other factors, many of which are beyond our control. We will not be able to predict or control many of these factors, such as economic conditions in the markets where we operate, and competitive pressures. If necessary, we could **would likely** choose to further reduce our spending on capital expenditures and operating expenses to ensure we operate within the cash flow generated from our operations.

Cash Flows

Three Six Months Ended March 31, 2024 June 30, 2024 Compared to Three Six Months Ended March 31, 2023 June 30, 2023

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

	Three Months Ended		Six Months Ended	
	March 31, 2024	2024	June 30, 2023	2023
(in thousands)				
Net cash provided by operating activities				
Net cash used in investing activities				
Net cash provided by (used in) financing activities				
Net cash (used in) provided by financing activities				

Net cash provided by operating activities was **\$86.3 million** **\$164.2 million** and **\$60.5 million** **\$168.5 million** for the **three six** months ended **March 31, 2024 June 30, 2024** and 2023, respectively. Operating cash flows for 2024 **increased** **decreased** primarily due to a **decrease** **an increase** in cash outflows associated with working **capital**, capital, partially offset by an increase in operating income.

Net cash used in investing activities was **\$6.8 million** **\$14.1 million** and **\$633.2 million** **\$639.5 million** for the **three six** months ended **March 31, 2024 June 30, 2024** and 2023, respectively. The decrease was primarily due to cash paid to acquire FlexSteel for \$621.5 million less \$5.3 million in cash acquired during the first quarter of 2023. Additionally, our capital expenditures decreased approximately **\$8.0 million** **\$6.3 million** primarily due to the \$7.0 million purchase of a previously leased facility during the first **quarter** **half** of 2023.

Net cash used in financing activities was **\$20.1 million** **\$37.2 million** for the **three six** months ended **March 31, 2024 June 30, 2024** as compared to net cash provided by financing activities of **\$303.2 million** **\$190.7 million** for the **three six** months ended **March 31, 2023 June 30, 2023**. The decrease in net cash provided by financing activities was primarily related to certain financing activities in 2023 associated with the FlexSteel acquisition. We received approximately \$169.9 million of proceeds, net of issuance costs, from issuing shares of our Class A common stock during 2023. Additionally, we received \$155.0 million from total borrowings under our Amended ABL Credit Facility of which all \$155.0 million has been repaid. The first **quarter** **half** of 2023 included payments of approximately **\$6.7 million** **\$6.8 million** of debt issuance costs. The first **quarter** **half** of 2024 includes a \$3.9 million increase in share repurchases primarily associated with the Company's share repurchase **program**, program, increased distributions to members of \$3.9 million, higher dividend payments of approximately \$1.7 million and \$0.4 million of additional payments on finance leases.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For quantitative and qualitative disclosures about market risk, see Part II, Item 7A., "Quantitative and Qualitative Disclosures about Market Risk," in our 2023 Annual Report. Our exposure to market risk has not changed materially since December 31, 2023.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

In accordance with Exchange Act Rules 13a-15 and 15d-15, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the **end of** the period covered by this report. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC"). Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of **March 31, 2024 June 30, 2024** at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the **first** **second** quarter of 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are party to lawsuits arising in the ordinary course of our business. We cannot predict the outcome of any such lawsuits with certainty, but management believes it is unlikely that pending or threatened legal matters will have a material adverse impact on our financial condition.

Due to the nature of our business, we are, from time to time, involved in other routine litigation or subject to disputes or claims related to our business activities, including workers' compensation claims and employment related disputes. In the opinion of our management, none of these, whether pending litigation, disputes or claims against us, if decided adversely, will have a material adverse effect on our results of operations, financial condition or cash flows.

Item 1A. Risk Factors.

In addition to the information set forth in this Quarterly Report, you should carefully consider the risk factors and other cautionary statements described under the heading "Item 1A. Risk Factors" included in our 2023 Annual Report and the risk factors and other cautionary statements contained in our other filings with the SEC, which could materially affect our business, results of operations, financial condition or cash flows. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, results of operations, financial condition or cash flows. There have been no material changes in our risk factors from those described in our 2023 Annual Report or our other SEC filings.

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

Issuer Purchases of Equity Securities

The following sets forth information with respect to our repurchases of Class A common stock during the three months ended **March 31, 2024** **June 30, 2024** (in whole shares). Included below are 86,599

Period	Total number of shares purchased ⁽¹⁾	Weighted-average price paid per share ⁽²⁾	Total number of shares purchased as part of publicly announced plans or programs ⁽³⁾	Maximum dollar value of shares that may yet be purchased under the plans or program ⁽³⁾
April 1-30, 2024	1,029	\$ 49.40	—	\$ —
May 1-31, 2024	3,341	\$ 50.83	—	\$ —
June 1-30, 2024	—	\$ —	—	\$ —
Total	4,370	\$ 50.49	—	\$ 146,302,153

(1) Consists of shares purchased in the open market pursuant to a share repurchase program and 105,180 shares of Class A common stock repurchased from employees to satisfy tax withholding obligations related to restricted stock units that vested during the period.

Period	Total number of shares purchased	Weighted-average price paid per share ⁽¹⁾	Total number of shares purchased as part of publicly announced plans or programs ⁽³⁾	Maximum dollar value of shares that may yet be purchased under the plans or programs ⁽³⁾
January 1-31, 2024	86,599	\$ 38.92 ⁽¹⁾	86,599	\$ 146,302,153
February 1-29, 2024	—	\$ —	—	\$ —
March 1-31, 2024	105,180	\$ 46.57 ⁽²⁾	—	\$ —
Total	191,779	\$ 43.12	86,599	\$ 146,302,153

(1) The average price paid per share of \$38.92 relates to the 86,599 shares purchased in the open market and was calculated excluding commissions.

(2) Average price paid for Class A common stock purchased from employees to satisfy tax withholding obligations related to restricted stock and performance stock units that vested during the period.

(3) In June 2023, our board of directors authorized the Company to repurchase shares of its Class A common stock for an aggregate purchase price of up to \$150 million. Purchases were made under terms intended to qualify for exemption under Rules 10b-18 and 10b-5-1.

Item 5. Other Information.

On July 30, 2024, the Board of Directors of Cactus, Inc. amended and restated the Amended and Restated Bylaws of Cactus, Inc. (as so amended, the "Amended and Restated Bylaws"), which became effective as of such date. The Amended and Restated Bylaws primarily include, among other things, revisions to (i) narrow the scope of information required to be provided by stockholders seeking to nominate directors or propose other business before a meeting of stockholders, (ii) eliminate the requirement that a director nominee of a stockholder submitting a nomination pursuant to the proxy access provisions of the bylaws (a "proxy access nominee") provide an irrevocable letter of resignation to become effective in certain circumstances, (iii) narrow the bases on which a proxy access nominee can be disqualified from being nominated for election and the nomination can be disregarded, and (iv) clarify that in the case of an uncontested election of directors the directors will be elected by a majority of the votes cast by stockholders entitled to vote in the election.

The Amended and Restated Bylaws are attached hereto as Exhibit 3.6 and are hereby incorporated by reference herein. The foregoing summary is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws. A marked version of the Amended and Restated Bylaws showing all amendments effective as of July 30, 2024 is attached as Exhibit 3.7.

During the three months ended **March 31, 2024** **June 30, 2024**, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) of Cactus, Inc. adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

The following exhibits are required by Item 601 of Regulation S-K and are filed as part of this report.

Exhibit No.	Description
3.1	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Cactus, Inc., effective February 12, 2018 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 12, 2018 May 20, 2024 (the "May 20, 2024 8-K"))
3.2	Restated Certificate of Incorporation of Cactus, Inc. (incorporated by reference to Exhibit 3.2 to the May 20, 2024 8-K)
3.3	Restated Certificate of Incorporation of Cactus, Inc., marked to show amendments effective as of May 15, 2024 (incorporated by reference to Exhibit 3.3 to the May 20, 2024 8-K)
3.4	Amended and Restated Bylaws of Cactus, Inc. (incorporated by reference to Exhibit 3.4 to the May 20, 2024 8-K)
3.5	Amended and Restated Bylaws of Cactus, Inc., marked to show amendments effective as of February 7, 2023 May 15, 2024 (incorporated by reference to Exhibit 3.5 to the Registrant's Form 8-K filed with the Commission on February 8, 2023 May 20, 2024 8-K)
10.1* 3.6*	First Amendment Amended and Restated Bylaws of Cactus, Inc.
3.7*	Amended and Restated Bylaws of Cactus, Inc., marked to the Tax Receivable Agreement, dated show amendments effective as of February 29, 2024, by and among Cactus, Inc., Cadent Management Services, LLC and the TRA Holders identified therein July 30, 2024
10.1†*	Offer letter to Jay A. Nutt dated May 20, 2024
31.1*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Definition Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

† Management contract or compensatory plan or arrangement.

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.

Cactus, Inc.

May 2, August 1, 2024

By: /s/ Scott Bender

Date

Scott Bender

Chief Executive Officer, Chairman of the Board and Director
(Principal Executive Officer)

May 2, August 1, 2024

By: /s/ Alan Keifer Jay A. Nutt

Date

Alan Keifer Jay A. Nutt

Interim Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

27 28

Exhibit 10.13.6

FIRST AMENDMENT TO TAX RECEIVABLE AGREEMENT

This FIRST AMENDMENT TO TAX RECEIVABLE AGREEMENT, ("Amendment") is made effective February 29, 2024 by and among Cactus, Inc., a Delaware corporation (the "Corporate Taxpayer"), the TRA Holders identified on the signature pages to this Amendment (the "Consenting TRA Holders") and the Agent.

RECITALS

WHEREAS, as of January 29, 2018 and effective as of the date of the initial closing of the IPO, the Corporate Taxpayer, the TRA Holders and the Agent entered into a Tax Receivable Agreement (the "TRA"); and,

WHEREAS, on approximately February 27, 2023, Cactus Companies, LLC ("Cactus Companies"), a wholly-owned subsidiary of Corporate Taxpayer, formed on February 6, 2023, acquired all of the outstanding units representing ownership interests in Cactus LLC, in exchange for an equal number of units representing limited liability company interests in Cactus Companies ("CC Units") issued to each of the previous owners of CW Units (the "CC Reorganization"). Corporate Taxpayer is a holding company whose only material asset is a direct and indirect equity interest in CC Units following the completion of the CC Reorganization (which were CW Units from the IPO until the CC Reorganization). Corporate Taxpayer was the sole managing member of Cactus LLC upon completion of the IPO until the CC Reorganization and became the sole managing member of Cactus Companies upon completion of the CC Reorganization; and

WHEREAS, Consenting TRA Holders are the Majority TRA Holders as of the date of this Amendment; and

WHEREAS, the parties to this Amendment desire to amend the TRA in accordance with Section 7.7 of the TRA.

TERMS OF AMENDMENT

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Corporate Taxpayer, the Consenting TRA Holders and the Agent hereby agree to make the following amendments to the TRA:

1. Defined Terms. All terms with an initial Capital letter that are not otherwise defined in this Amendment when used in this Amendment, including in

AMENDED AND RESTATED BYLAWS

OF

CACTUS, INC.

Incorporated under the recitals to this Amendment, shall have the meaning assigned to such term in the TRA. The following defined terms shall have the meaning ascribed below:

"CME TermSOFR" means, during any period, an interest rate per annum equal to the CME Term SOFR Reference Rates for a 12-month tenor, as published by the CME Term SOFR Administrator at approximately 5:00 a.m. U.S. Central Standard Time on the date two (2) calendar days prior to the first day of such period, plus 71.513 basis points.

"CME Term SOFR Administrator" means CME Group Benchmark Administration limited as administrator Laws of the forward-looking term Secured Overnight Financing Rate (SOFR) (or a successor administrator).

2. CME Term SOFR. All references in the TRA to LIBOR shall be deemed to be a reference to CME Term SOFR. All calculations made under TRA with respect to periods after June 30, 2023 shall use CME Term SOFR in place Date of LIBOR.

3. Cactus Companies. Effective as of February 27, 2023, all references in the TRA to Cactus LLC shall be deemed to be a reference to Cactus Companies.

4. Ratification. Except as otherwise set forth herein, all terms and conditions contained in the TRA shall remain in full force and effect. The TRA, as amended by this Amendment, is hereby ratified and confirmed by the parties to this Amendment.

5. Entire Agreement. This Amendment and the TRA constitutes the entire agreement of the parties to the TRA with respect to the matters covered by the TRA.

6. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall together constitute but one Amendment. This Amendment may be executed electronically by PDF and each party has the right to rely upon an electronic PDF counterpart of this Amendment signed by the other party to the same extent as if such party had received an original counterpart.

EXECUTED as of the date first written above, in multiple counterparts, each of which shall have the full force and effect of an original.

CORPORATE TAXPAYER

CACTUS, INC.

By: /s/ Scott Bender
Name: Scott Bender
Title: CEO
Date: March 22, 2024

AGENT

CAIDENT MANAGEMENT SERVICES, LLC

By: /s/ Paul G. McDermott
Name: Paul G. McDermott
Title: Managing Member Adoption: July 30, 2024

CONSENTING TRA HOLDERS ARTICLE I
OFFICES AND RECORDS

Section 1.1. **Registered Office.** The registered office of Cactus, Inc. (the “**Corporation**”) in the State of Delaware shall be as set forth in the Restated Certificate of Incorporation of the Corporation, as it may be amended, restated, supplemented or otherwise modified from time to time (the “**Certificate of Incorporation**”), and the name of the Corporation’s registered agent at such address is as set forth in the Certificate of Incorporation. The registered office and registered agent of the Corporation may be changed from time to time by the board of directors of the Corporation (the “**Board**”) in the manner provided by applicable law.

Section 1.2. **Other Offices.** The Corporation may have such other offices, either within or without the State of Delaware, as the Board may designate or as the business of the Corporation may from time to time require.

Section 1.3. **Books and Records.** The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board.

ARTICLE II
STOCKHOLDERS

Section 2.1. **Annual Meetings.** If required by applicable law, an annual meeting of the stockholders of the Corporation shall be held at such date, time and place, if any, either within or without the State of Delaware, and time as may be fixed by resolution of the Board. Any other proper business may be transacted at the annual meeting. The Board may, at any time prior to the holding of an annual meeting of stockholders, and for any reason, postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board.

Section 2.2. **Special Meetings.** Except as otherwise required by law and subject to the rights of holders of any series of preferred stock of the Corporation (the “**Preferred Stock**”), special meetings of stockholders of the Corporation may only be called in the manner provided in the Certificate of Incorporation. The Board may, at any time prior to the holding of a special meeting of stockholders, and for any reason, postpone, reschedule or cancel any special meeting of the stockholders previously scheduled by the Board.

Section 2.3. **Record Date.**

(A) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment or recess thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be

the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of

CAIDENT ENERGY PARTNERS II, L.P.

business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment or recess of the meeting; *provided, however,* that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned or recessed meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned or recessed meeting the same date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned or recessed meeting.

(B) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall not be more than sixty (60) days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 2.4. Stockholder List. The officer who has charge of the stock ledger shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at any meeting of stockholders (*provided, however,* if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the 10th day before the meeting date), arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in the name of such stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network (*provided* that the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the principal place of business of the Corporation. The stock list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by applicable law, the stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of the stockholders.

Section 2.5. Place of Meeting. The Board, the Chairman of the Board or the Chief Executive Officer, as the case may be, may designate the place of meeting for any annual meeting or for any special meeting of the stockholders. If no designation is so made, the place of meeting shall be the principal executive offices of the Corporation. The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the Delaware General Corporation Law (the “**DGCL**”) and any other applicable law for the participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held

By: Cadent Energy Partners II GP, L.P.

its general partner solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and entitled to vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication.

Section 2.6. Notice of Meeting. Written or printed notice, stating the place, if any, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting, in a manner pursuant to Section 7.7 hereof, to each stockholder of record entitled to vote at such meeting. The notice shall specify (i) the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting), (ii) the place, if any, date and time of such meeting, (iii) the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, (iv) in the case of a special meeting, the purpose or purposes for which such meeting is called and (v) such other information as may be required by applicable law or as may be deemed appropriate by the Board, the Chairman of the Board or the Chief Executive Officer or the Secretary of the Corporation. If the stockholder list referred to in Section 2.4 of these Bylaws is made accessible on an electronic network, the notice of meeting must indicate how the stockholder list can be accessed. If the meeting of

stockholders is to be held solely by means of electronic communications, the notice of meeting must provide the information required to access such stockholder list during the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. The Corporation may provide stockholders with notice of a meeting by electronic transmission provided such stockholders have consented to receiving electronic notice in accordance with the DGCL. Such further notice shall be given as may be required by applicable law. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the notice of meeting. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with [Section 7.4](#) of these Bylaws.

Section 2.7. Quorum and Adjournment of Meetings.

(A) Except as otherwise provided by applicable law or by the Certificate of Incorporation, the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote at the meeting (the "**Voting Stock**"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. For the avoidance of doubt, abstentions and broker non-votes shall be treated as present for purposes of determining the presence or absence of a quorum. The chairman of the meeting or a majority of the shares so represented may adjourn or recess the meeting at any time and for any reason, whether or not there is such a quorum. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until the meeting is adjourned or recessed, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

By: CEP

(B) Any meeting of stockholders, annual or special, may adjourn or recess from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned or recessed meeting if the time and place thereof are announced at the meeting at which the adjournment or recess is taken; *provided, however*, that if the adjournment or recess is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned or recessed meeting, the Corporation may transact any business that might have been transacted at the original meeting.

Section 2.8. Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such other manner prescribed by the DGCL) by the stockholder or by his duly authorized attorney-in-fact. Any copy, facsimile transmission or other reliable reproduction of the writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, *provided* that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire original writing or transmission. No proxy may be voted or acted upon after the expiration of three (3) years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the pleasure of the stockholder executing it unless the proxy states that it is irrevocable and applicable law makes it irrevocable. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary of the Corporation.

Section 2.9. Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders at an annual meeting of stockholders may be made only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board or any committee thereof, (c) by any stockholder of the Corporation who (i) was a stockholder of record at the time of giving of notice provided for in these Bylaws and at the time of the annual meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures set forth in these Bylaws and applicable law as to such business or nomination, or (d) with respect to nominations only, by any Eligible Stockholder (as defined in [Section 2.10](#)) (i) who is a stockholder of record at the time of giving the stockholder notice described in [Section 2.10](#) and at the time of the annual meeting, (ii) who complies with the provisions of [Section 2.10](#), (iii) who is entitled to vote at the meeting, and (iv) whose Proxy Access Stockholder Nominee (as defined in [Section 2.10](#)) is included in the Corporation's proxy materials for the meeting. For the avoidance of doubt, the foregoing clauses (c) and (d) shall be the exclusive means for a stockholder to make nominations and the foregoing clause (c) shall be the exclusive means for a stockholder to submit any other business (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and included in the Corporation's notice of meeting) before an annual meeting of the stockholders.

(2) For any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.9(A)(1)(c) of these Bylaws, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action under the DGCL. To be timely, a stockholder's notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting (which anniversary, in the case of the first annual meeting of stockholders following the close of the Corporation's initial public offering, shall be deemed to be April 10, 2018); *provided, however,* that in the event that the date of the annual meeting is scheduled for a date that is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than one hundred (100) days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment, recess, cancellation, rescheduling or postponement of an annual meeting or any announcement thereof commence a new time period for the giving of a stockholder's notice as described above. To be in proper form, a stockholder's notice (whether given pursuant to this Section 2.9(A)(2) or Section 2.9(B)) to the Secretary of the Corporation must:

- (a) set forth, as to each Proposing Person (as defined below), (i) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's books and records) (ii) (A) the class or series, if any, and number of shares of the Corporation that are, directly or indirectly, owned beneficially or of record (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person (except that such Proposing Person shall be deemed to beneficially own any shares of any class or series of capital stock of the corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future), (B) any option, warrant, convertible security, stock appreciation right, swap or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value or volatility of any class or series of shares of the Corporation, any "call equivalent position" or "put equivalent position" (as such terms are defined in Rule 16a-1 under the Exchange Act) (including any security or instrument that would not otherwise constitute a derivative security for purposes of such definitions as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination) or any other derivative or synthetic arrangement having

characteristics of a long position in, or a short position with respect to, any class or series of shares of capital stock of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of stock of the Corporation or otherwise (a "**Derivative Instrument**"), directly or indirectly, owned beneficially by such Proposing Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) a description of any proxy, contract, arrangement, understanding or relationship pursuant to which such Proposing Person has a right to vote any shares of any security of the Corporation, (D) any short interest in any security of the Corporation (for purposes of these Bylaws a person shall be deemed to have a "short interest" in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership, limited liability company or similar entity in which such Proposing Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, is a manager, is a managing member or, directly or indirectly, beneficially owns an interest in a manager or managing member of a limited liability company or similar entity and (G) any performance-related fees (other than an asset-based fee) that such Proposing Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including without limitation any such interests held by members of such Proposing Person's immediate family sharing the same household, (iii) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents for, as applicable, the proposal or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (iv) a representation that the Proposing Person is a holder of record of stock of the Corporation entitled to vote at such meeting, will continue to be a holder of record of stock entitled to vote at such meeting through the date of the meeting and intends to appear in person or by proxy at the meeting to bring such nomination or other business before the meeting, (v) a description of any material interest in such business of the Proposing Person on whose behalf the proposal is made, (vi) a summary of

any material discussion regarding the business proposed to be brought before the meeting between such Proposing Person, on the one hand, and any other record or beneficial holder of the shares of any class or series of the Corporation (including their names), on the other hand, and (vii) a representation as to whether such Proposing Person intends or is part of a group that intends to (x) deliver a proxy statement or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding stock required to approve or adopt the proposal or to elect each such nominee or (y) otherwise to solicit proxies from stockholders in support of such

proposal or nomination. The information required under this Section 2.9(A)(2) shall be supplemented and updated by such Proposing Person as described under Section 2.9(C)(6):

(b) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth (i) a reasonably brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of each Proposing Person in such business, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration) and (iii) a complete and accurate description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other person, persons or entity (including their names) in connection with the proposal of such business by such stockholder;

(c) set forth, as to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person (presently and for the past five (5) years), (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such person, (iv) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), and (v) a notarized letter signed by such person stating his or her acceptance of the nomination by the Proposing Person, stating his or her intention to serve as a director for the full term if elected, and consenting to be named as a nominee for director in any proxy statement relating to such person's election;

(d) with respect to each nominee for election or reelection to the Board, include a completed and signed questionnaire, representation and agreement required by Section 2.9(A)(4) of these Bylaws; and

(e) set forth, as the Corporation may require any proposed nominee to furnish, any such additional information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(3) Notwithstanding anything in the second sentence of Section 2.9(A)(2) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no public announcement by the

Corporation naming all of the nominees for director or specifying the size of the increased Board at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by these Bylaws shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(4) To be eligible to be a nominee for election or reelection as a director of the Corporation, a proposed nominee must deliver (in accordance with the time periods prescribed for delivery of notice under Section 2.9(A)(2) of these Bylaws and applicable law) to the Secretary at the principal executive offices of the Corporation (i) a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire the Proposing Person shall request in writing from the Secretary with at least seven (7) days' prior notice); (ii) a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding (whether written or oral) with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote in such capacity on any issue or question (a "**Voting Commitment**") that has not been

disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding (whether written or oral) with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Corporation that has not been disclosed to the Corporation, (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable law and all applicable rules of the U.S. exchanges upon which the Common Stock of the Corporation is listed and all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and other guidelines of the Corporation, (D) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, intends to serve a full term if elected as a director of the Corporation and (E) will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (iii) a written director agreement (which agreement shall be provided by the Secretary upon written request).

(5) A nominee for election or re-election as a director of the Corporation shall also provide to the Corporation such additional information as the Corporation may reasonably request. The Corporation may request such additional information necessary to permit the Board to determine the eligibility of such person to serve as a director of the Corporation, including information relevant to a determination of whether such person can

be considered an independent director and that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(6) All written and signed representations and agreements, completed and signed questionnaires and director agreements required pursuant to Section 2.9(A)(4), and the additional information described in Section 2.9(A)(5), shall be considered timely for a nominee for election or re-election as a director of the Corporation under this Section 2.9 or Section 2.10 if provided to the Corporation by the deadlines specified in this Section 2.9 or Section 2.10, as applicable. All information provided pursuant to Section 2.9(A)(4) or Section 2.9(A)(5) by a nominee for election or re-election as a director of the Corporation shall be deemed part of the stockholder's notice submitted pursuant to this Section 2.9 or a Notice of Proxy Access Nomination (as defined in Section 2.10), as applicable.

(7) The foregoing notice requirements of this Section 2.9(A) shall be deemed satisfied by a stockholder with respect to business or a nomination if such stockholder has notified the Corporation of his intention to present a proposal or make a nomination at an annual meeting in compliance with the applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal or nomination has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(8) For purposes of these Bylaws, the term "Proposing Person" shall mean (i) the stockholder providing the notice of nomination or any other business proposed to be brought before the meeting of stockholders, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of nomination or any other business proposed to be brought before the meeting is made, and (iii) any affiliate or associate (each within the meaning of Rule 12b-2 under the Exchange Act for purposes of these Bylaws) of such stockholder or beneficial owners.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to a notice of meeting (a) by or at the direction of the Board or any committee thereof or (b) *provided* that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice provided for in these Bylaws and at the time of the special meeting, (ii) is entitled to vote at the meeting, and (iii) complies with the notice procedures set forth in these Bylaws and applicable law. In the event a special meeting of stockholders is called for the purpose of electing one or more directors to the Board, any stockholder of record among such requesting stockholders may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by Section 2.9(A)(2) of these Bylaws with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 2.9(A)(2) of these Bylaws) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on

the later of the 90th day prior to such special meeting or, if the first public announcement of the date of such special meeting is less than one hundred (100) days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment, recess, cancellation, rescheduling or postponement of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(C) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible to serve as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in these Bylaws. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, Board or the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of these Bylaws, "**public announcement**" shall mean disclosure (i) in a press release reported by Dow Jones News Service, the Associated Press, (ii) any other national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission (the "**SEC**") pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder or (iii) in a notice of meeting (or any supplement) pursuant to Section 2.6 of these Bylaws.

(3) Notwithstanding the foregoing provisions of these Bylaws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these Bylaws; *provided, however,* that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 2.9(A)(2) or Section 2.9(B) of these Bylaws. Nothing in these Bylaws shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock of the Corporation ("**Preferred Stock**") if and to the extent provided for under applicable law, the Certificate of Incorporation or these Bylaws.

(4) The Corporation may require any proposed stockholder nominee for director to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation. Unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 2.9 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and the proposed business shall not be transacted, as the case may be,

notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 2.9, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(5) A stockholder providing notice of a nomination or proposal of other business to be brought before a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.9 shall be true and correct (i) as of the record date for the meeting and (ii) as of the date that is ten (10) business days prior to the meeting or any adjournment, recess, cancellation, rescheduling or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date) and not later than seven (7) business days prior to the date for the meeting, if practicable (or, if not practicable, on the first practicable date prior to any adjournment, recess or postponement thereof (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment, recess or postponement thereof)).

Section 2.10. Proxy Access for Director Nominations.

(A) **Proxy Access Stockholder Nominee.** Subject to the terms and conditions set forth in these Bylaws (including the provisions of Section 2.9 concerning stockholder nominations) and applicable law, in connection with an annual meeting of stockholders at which directors are to be elected, the Corporation shall include in its proxy statement and on its form of proxy (hereinafter, the “**proxy materials**”), in addition to the persons selected and recommended for election by the Board or any committee thereof, the name, together with the Required Information (defined below), of any person nominated for election (the “**Proxy Access Stockholder Nominee**”) to the Board by one or more stockholders that satisfies the notice, ownership and other requirements of this Section 2.10 (such stockholder or group of stockholders who nominates a Proxy Access Stockholder Nominee, the “**Eligible Stockholder**”). This Section 2.10 shall be the exclusive method for stockholders to include nominees for director in the Corporation’s proxy materials.

(B) **Required Information.** For purposes of this Section 2.10, the “**Required Information**” that the Corporation will include in its proxy materials is: (1) the information set forth in the Schedule 14N provided with the Notice of Proxy Access Nomination (as defined in this Section 2.10) concerning each Proxy Access Stockholder Nominee and Eligible Stockholder that is required to be disclosed in the Corporation’s proxy statement by the applicable requirements of the Exchange Act, and (2) if the Eligible Stockholder so elects, a written statement of the Eligible Stockholder (or, in the case of a group, a written statement of the group), not to exceed 500 words, for each of its Proxy Access Stockholder Nominee(s), which must be provided at the

same time as the Notice of Proxy Access Nomination (the “**Statement**”). Notwithstanding anything to the contrary contained in this Section 2.10, the Corporation may omit from its proxy materials any information or Statement (or portion thereof) that it, in good faith, believes (a) would violate any applicable law, regulation or listing standard, including the SEC proxy rules, (b) is untrue in any material respect (or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading), (c) directly or indirectly impugns the character, integrity or personal reputation of, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation, with respect to any person or entity or (d) would impose a material risk of liability upon the Corporation. Nothing in this Section 2.10 shall limit the Corporation’s ability to solicit against and include in its proxy materials its own statements relating to any Proxy Access Stockholder Nominee.

(C) **Notice of Proxy Access Nomination.** To nominate a Proxy Access Stockholder Nominee, in addition to the other requirements set forth in this Section 2.10, the Eligible Stockholder must provide a written notice to the Corporation that expressly elects to have its Proxy Access Stockholder Nominee included in the Corporation’s proxy materials pursuant to this Section 2.10 (the “**Notice of Proxy Access Nomination**”). To be timely, a Notice of Proxy Access Nomination must be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 150th day and not later than the close of business on the 120th day prior to the first anniversary of the date (as stated in the Corporation’s proxy statement) the definitive proxy statement was first mailed to stockholders in connection with the preceding year’s annual meeting of stockholders; *provided, however*, that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed more than sixty (60) days after the anniversary date of the preceding year’s annual meeting, or if no annual meeting was held in the preceding year, then to be timely the Notice of Proxy Access Nomination must be received by the Corporation no earlier than the close of business on the 150th day prior to such annual meeting and no later than the close of business on the later of (a) the 120th day prior to such annual meeting and (b) the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation (the last day on which a Notice of Proxy Access Nomination may be delivered, the “**Final Proxy Access Nomination Date**”). In no event shall any adjournment, recess, rescheduling or postponement of an annual meeting or any announcement thereof commence a new time period (or extend any time period) for the giving of a Notice of Proxy Access Nomination under this Section 2.10. In addition to other requirements set forth in this Section 2.10, the Notice of Proxy Access Nomination must include (i) the name and address of the Eligible Stockholder (including each stockholder and beneficial owner whose stock ownership is counted for purposes of qualifying as an Eligible Stockholder) and (ii) for each Proxy Access Stockholder Nominee, all written and signed representations and agreements and all completed and signed questionnaires required pursuant to Section 2.10.

(D) **Permitted Number of Proxy Access Stockholder Nominees.**

(1) The maximum number of Proxy Access Stockholder Nominees that may appear in the Corporation’s proxy materials with respect to an annual meeting of stockholders shall not exceed the greater of (a) two or (b) 20% of the number of directors in office as of the Final Proxy Access Nomination Date (rounded down to the nearest whole number); *provided, however*, that for so long as the Board is divided into classes, in no

case shall the number of Proxy Access Stockholder Nominees appearing in the Corporation's proxy materials pursuant to this Section 2.10 for any annual meeting of stockholders exceed one-half of the number of directors to be elected at such annual meeting (rounded down to the nearest whole number) (the "**Permitted Number**"). In the event that there exists one or more vacancies, for any reason, on the Board at any time after the Final Proxy Access Nomination Date and before the date of the applicable annual meeting of stockholders and the Board reduces the size of the Board in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced.

(2) Notwithstanding the foregoing, the Permitted Number shall also be reduced by: (a) the number of Proxy Access Stockholder Nominees whom the Board itself decides to nominate for election at such annual meeting; (b) the number of Proxy Access Stockholder Nominees who cease to satisfy, or the applicable Eligible Stockholders that cease to satisfy, the eligibility requirements in this Section 2.10; (c) the number of Proxy Access Stockholder Nominees whose nomination is withdrawn by the Eligible Stockholder or who become unwilling or unable to serve on the Board if elected; and (d) the number of incumbent directors as of the Final Proxy Access Nomination Date (i) who had been Proxy Access Stockholder Nominees with respect to any of the preceding two annual meetings of stockholders and (ii) (x) if the Board is divided into classes, whose terms as a director extends past such upcoming annual meeting or (y) if the entire Board is elected annually, whose reelection at the upcoming annual meeting is being recommended by the Board.

(3) An Eligible Stockholder submitting more than one Proxy Access Stockholder Nominee for inclusion in the Corporation's proxy materials pursuant to this Section 2.10 shall rank such Proxy Access Stockholder Nominee based on the order that the Eligible Stockholder desires such Proxy Access Stockholder Nominee to be selected for inclusion in the Corporation's proxy materials and include such assigned rank in its Notice of Proxy Access Nomination submitted to the Corporation. In the event that the number of Proxy Access Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 2.10 exceeds the Permitted Number, the Proxy Access Stockholder Nominees to be included in the Corporation's proxy materials shall be determined in accordance with the following provisions: one Proxy Access Stockholder Nominee who satisfies the eligibility requirements in this Section 2.10 shall be selected from each Eligible Stockholder for inclusion in the Corporation's proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of the Corporation each Eligible Stockholder disclosed as owned in its Notice of Proxy Access Nomination submitted to the Corporation and going in the order of the rank (highest to lowest) assigned to each Proxy Access Stockholder Nominee by such Eligible Stockholder. If the Permitted Number is not reached after one Proxy Access Stockholder Nominee who satisfies the eligibility requirements in this Section 2.10 has been selected from each Eligible Stockholder, this selection process shall continue as many times as necessary, following the same order each time, until the Permitted Number is reached. Following such determination, if any Proxy Access Stockholder Nominee who satisfies the eligibility requirements in this Section 2.10 (a) thereafter withdraws from the election (or his or her nomination is withdrawn by the applicable Eligible Stockholder) or (b) is thereafter not submitted for director election for any reason (including the failure to comply with this

Section 2.10) other than due to a failure by the Corporation to include such Proxy Access Stockholder Nominee in the proxy materials in violation of this Section 2.10, no other nominee or nominees shall be substituted for such Proxy Access Stockholder Nominee and included in the Corporation's proxy materials or otherwise submitted for director election pursuant to this Section 2.10.

(E) Eligible Stockholder; Ownership.

(1) To qualify as an Eligible Stockholder, such stockholder or group of stockholders, as applicable, must (a) own and have owned (as such terms are defined below) continuously for at least three years (two years in the case of the annual meeting to be held in 2021 only) as of the date the Notice of Proxy Access Nomination is received by the Corporation, shares representing at least 3% of the voting power entitled to vote generally in the election of directors of the Corporation (the "**Required Shares**") and (b) continue to own the Required Shares at all times between the date the Notice of Proxy Access Nomination is received by the Corporation and the date of the applicable annual meeting of stockholders. For purposes of satisfying the ownership requirements of this Section 2.10(E), a group of not more than twenty (20) stockholders and/or beneficial owners may aggregate the number of shares of the Corporation that are entitled to vote generally in the election of directors that each group member has individually owned continuously for at least three years (two years in the case of the annual meeting to be held in 2021 only) as of the date of the Notice of Proxy Access Nomination if all other requirements and obligations for an Eligible Stockholder set forth in this Section 2.10 are satisfied by and as to each stockholder or beneficial owner comprising the group whose shares are aggregated. Two or more funds that are (x) under common management and investment control, (y) under common management and funded primarily by a single employer or (z) a "group of investment companies," as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended (the "**1940 Act**") (such funds together under each of (x), (y) or (z) comprising a "**Qualifying Fund**") shall be treated as one stockholder for the purpose of determining the aggregate number of stockholders in this Section 2.10(E), and treated as one person for the purpose of determining ownership in Section 2.10(E)(2), provided that each fund comprising a Qualifying Fund otherwise meets the requirements set forth in this Section 2.10. No stockholder or beneficial holder may be a member of more than one group

constituting an Eligible Stockholder under this Section 2.10, and no shares may be attributed to more than one Eligible Stockholder or group constituting an Eligible Stockholder under this Section 2.10. For the avoidance of doubt, the Required Shares will qualify as such if and only if the beneficial owner of such shares has itself beneficially owned such shares continuously for the three-year period ending on the date the Notice of Proxy Access Nomination is received by the Corporation (or the two-year period, in the case of the annual meeting to be held in 2021 only) and through other applicable dates referred to above (in addition to the other applicable requirements being met). For purposes of these Bylaws, the term “**affiliate**” or “**affiliates**” shall have the meanings ascribed thereto under the rules and regulations promulgated under the Exchange Act. For purposes of determining the denominator to be used in calculating whether an Eligible Stockholder meets the 3% threshold in this Section 2.10(E)(1), the Eligible Stockholder may rely on information about the outstanding shares of the Corporation, as set forth in the Corporation’s most

recent quarterly or annual report, and any current report subsequent thereto, filed with the SEC by the Corporation pursuant to the Exchange Act, unless the Eligible Stockholder knows or has reason to know that the information contained therein is inaccurate.

(2) For purposes of calculating the Required Shares, “**ownership**,” “**own**” and “**owned**” respectively, shall be deemed to consist of and include only the outstanding shares of the Corporation that are entitled to vote generally in the election of directors as to which a person possesses (a) the full power to vote or direct the voting of such shares, (b) the full economic interest in (including the opportunity for profit and risk of loss on) such shares and (c) the full power to dispose of or direct the disposition of such shares; *providedthat* the ownership of shares calculated in accordance with clauses (a), (b) and (c) shall not include any shares (i) sold by such person or any of its affiliates in any transaction that has not been settled or closed, including any short sale, or purchased by such person or any of its affiliates but the purchase has not settled or closed, (ii) borrowed by such person or any of its affiliates for any purposes or purchased by such person or any of its affiliates pursuant to an agreement to resell or subject to any other obligation to resell to another person, or (iii) subject to any Derivative Instrument, in any such case which Derivative Instrument has, or is intended to have, or if exercised would have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, the person’s or its affiliates’ full right to vote or direct the voting and full rights to dispose or direct the disposition of any such shares, or (2) hedging, offsetting or altering to any degree any gain or loss arising from the full economic ownership of such shares by such person or its affiliate. “Ownership” shall include shares held in the name of a nominee or other intermediary so long as the person claiming ownership of such shares retains the right to instruct how the shares are voted with respect to the election of directors and the right to direct disposition thereof and possesses the full economic interest in the shares, *providedthat* this provision shall not alter the obligations of any stockholder to provide the Notice of Proxy Access Nomination. Ownership of shares shall be deemed to continue during any period in which shares have been loaned if the person claiming ownership has the power to recall such loaned shares on no more than five business days’ notice and the person recalls the loaned shares within five business days of being notified that its Proxy Access Stockholder Nominee will be included in the Corporation’s proxy materials for the applicable annual meeting, and the person holds the recalled shares through such annual meeting. Ownership of shares shall be deemed to continue during any period in which any voting power has been delegated by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time without condition. For purposes of this Section 2.10, the determination of the extent of “ownership” of shares shall be made in good faith by the Board, which determination shall be conclusive and binding on the Corporation and the stockholders. An Eligible Stockholder shall include in its Notice of Proxy Access Nomination the number of shares it is deemed to own for the purposes of this Section 2.10.

(F) Eligible Stockholder Information.

(1) The Notice of Proxy Access Nomination shall set forth all information, representations and agreements required under Section 2.9 and Section 2.10 as if the Notice of Proxy Access Nomination was a stockholder nomination notice pursuant

to Section 2.9, including the information required with respect to (i) any nominee for election as a director, (ii) any stockholder giving notice of an intent to nominate a candidate for election and (iii) any stockholder, beneficial owner or other person on whose behalf the nomination is made under this Section 2.10. In addition, an Eligible Stockholder (including each stockholder, fund comprising a Qualifying Fund and beneficial owner whose stock ownership is counted for the purpose of qualifying as an Eligible Stockholder) must provide the following information and documents in the Notice of Proxy Access Nomination:

(a) (i) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period (or two-year holding period in the case of the annual meeting

to be held in 2021)) certifying that, as of the date the Notice of Proxy Access Nomination is sent to the Corporation, the Eligible Stockholder owns, and has owned continuously for the preceding three years (or two years in the case of the annual meeting to be held in 2021 only), the Required Shares, and if applicable, evidence of continuous ownership of such shares for the three-year period (or two-year period in the case of the annual meeting to be held in 2021 only) from one or more securities intermediaries in a form that the Board determines acceptable and (ii) the Eligible Stockholder's agreement to provide (x) within five business days after the record date for the applicable annual meeting, written statements from the record holder and intermediaries verifying the Eligible Stockholder's continuous ownership of the Required Shares through the record date, and (y) immediate notice if the Eligible Stockholder ceases to own any of the Required Shares prior to the date of the applicable annual meeting of stockholders;

(b) the written consent of each Proxy Access Stockholder Nominee to being named in the Corporation's proxy materials as a nominee and to serving as a director if elected for the full term he or she is elected for;

(c) a copy of the Schedule 14N that has been filed with the SEC as required by Rule 14a-18 under the Exchange Act;

(d) a signed and written representation of the Eligible Stockholder that such Eligible Stockholder (i) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent, (ii) intends to maintain qualifying ownership of the Required Shares through the date of the applicable annual meeting of stockholders, (iii) has not nominated and will not nominate for election to the Board at the applicable annual meeting of stockholders any person other than its Proxy Access Stockholder Nominee, (iv) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of stockholders other than its Proxy Access Stockholder Nominee(s) or a nominee of the Board, (v) will not distribute to any stockholder any form of proxy for the applicable annual meeting of stockholders other than the form distributed

by the Corporation, (vi) will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and has not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading and otherwise will comply with all applicable laws, rules and regulations in connection with any actions taken pursuant to this Section 2.10, (vii) intends to be present at the applicable annual meeting of stockholders in person or by proxy to present its Proxy Access Stockholder Nominee for election and (viii) will comply with all applicable laws and regulations with respect to any solicitation in connection with the annual meeting of stockholders applicable to the filing and use, if any, of soliciting material;

(e) in the case of a nomination by a group of stockholders that together constitutes an Eligible Stockholder, a written agreement executed by all members of such group (i) designating one group member that is authorized to act on behalf of all members of the group with respect to the nomination and any and all matters related thereto, including withdrawal of the nomination, (ii) acknowledging and agreeing that the undertaking, as well as the assumption of liability and indemnification obligations, each as set forth in Section 2.10(E)(1)(f), shall apply to each member of such group on a joint and several basis, and (iii) agreeing that it will provide, within five business days after the date of the Notice of Proxy Access Nomination, documentation reasonably satisfactory to the Corporation demonstrating that the number of stockholders and/or beneficial owners within such group does not exceed twenty (20), including whether a group of funds qualifies as one stockholder or beneficial owner within the meaning of Section 2.10(E); and

(f) an undertaking that the Eligible Stockholder agrees to (i) expressly assume all liability to which the Corporation or any of its affiliates, or any director, officer, employee or representative thereof, may be subject as a result of any legal or regulatory violation arising out of any such information or communication made available by or on behalf of the Eligible Stockholder or any of its affiliates or its Proxy Access Stockholder Nominee to the Corporation or to any stockholder of the Corporation in connection with the election of directors at the relevant annual meeting of stockholders, (ii) indemnify and hold harmless the Corporation and each of its directors, officers, employees and representatives individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers, employees or representatives arising out of any nomination, solicitation or other activity by the Eligible Stockholder in connection with its efforts to elect the Proxy Access Stockholder Nominee pursuant to this Section 2.10, and (iii) file with the SEC any solicitation or other communication with the Corporation's stockholders relating to the meeting at which the Proxy Access Stockholder Nominee will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the Exchange Act.

(2) In the case of a Qualifying Fund whose stock ownership is counted for purposes of qualifying as an Eligible Stockholder, such Eligible Stockholder must provide to the Secretary documentation reasonably satisfactory to the Board that demonstrates that the funds comprising the Qualifying Fund are either (i) under common management and investment control, (ii) under common management and funded primarily by a single employer or (iii) a "group of investment companies," as such term is defined in Section 12(d)(1)(G)(ii) of the 1940 Act.

(G) Proxy Access Stockholder Nominee Information. As part of the Notice of Proxy Access Nomination, each Proxy Access Stockholder Nominee must: (1) provide to the Secretary all of the documentation, information, consents, representations, and agreements required pursuant to Section 2.9(A) and Section 2.10 as if the Proxy Access Stockholder Nominee was a nominee thereunder; (2) submit to the Secretary all completed and signed questionnaires required of the Corporation's directors and nominees for election to the Board within five business days of receipt of each such questionnaire from the Corporation; and (3) provide to the Secretary within five business days of the Corporation's request such additional information as the Corporation determines may be necessary to permit the Board to determine (a) such Proxy Access Stockholder Nominee's status as to "independence", including references to the criteria established by the New York Stock Exchange (or any other exchange or quotation system on which the Corporation's equity securities are listed), any applicable rules of the SEC and the Corporation's Corporate Governance Guidelines, (b) if such Proxy Access Stockholder Nominee has any direct or indirect relationship with the Corporation other than those relationships that have been deemed categorically immaterial pursuant to the Corporation's Corporate Governance Guidelines, and (c) whether such Proxy Access Stockholder Nominee is, or has been, subject to any event specified in Item 401(f) of Regulation S-K of the Exchange Act or any successor provision.

(H) Duty to Update and Supplement. In the event that any information or communications provided by the Eligible Stockholder or the Proxy Access Stockholder Nominee to the Corporation or its stockholders ceases to be true and correct in any respect or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Stockholder or Proxy Access Stockholder Nominee, as the case may be, shall promptly notify the Secretary of any such inaccuracy or omission in such previously provided information and of the information that is required to make such information or communication true and correct; it being understood that providing any such notification shall not be deemed to cure any defect or limit the Corporation's right to omit a Proxy Access Stockholder Nominee from its proxy materials as provided in this Section 2.10. Any information required by this Section 2.10 to be provided to the Corporation must be updated and supplemented by the Eligible Stockholder or Proxy Access Stockholder Nominee, as applicable, so that the information provided or required to be provided pursuant to this Section 2.10 shall be true and correct (1) as of the record date for the annual meeting and (2) as of the date that is ten business days prior to the annual meeting or any adjournment, recess or postponement thereof, and each such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five business days after the record date for the annual meeting (in the case of the update and supplement required to be made as of the record date) and not later than seven business days prior to the date for the annual meeting, if practicable or, if not practicable, on the first practicable date prior to any adjournment, recess or postponement

thereof (in the case of the update and supplement required to be made as of ten business days prior to the annual meeting or any adjournment, recess or postponement thereof).

(I) Disqualification of a Repeat Proxy Access Stockholder Nominee. Any Proxy Access Stockholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but either (1) withdraws from or becomes ineligible or unavailable for election at that annual meeting, or (2) does not receive at least 25% of the votes cast in favor of the Proxy Access Stockholder Nominee's election, will be ineligible to be a Proxy Access Stockholder Nominee pursuant to this Section 2.10 for the next two annual meetings of stockholders. Any Proxy Access Stockholder Nominee who is included in the Corporation's proxy statement for a particular annual meeting of stockholders, but subsequently is determined not to satisfy the eligibility requirements of this Section 2.10 or any other provision of the Corporation's Bylaws, Certificate of Incorporation, Corporate Governance Guidelines or other applicable regulation at any time before the applicable annual meeting of stockholders, will not be eligible for election at the relevant annual meeting of stockholders and may not be substituted by the Eligible Stockholder that nominated such Proxy Access Stockholder Nominee.

(J) Disqualification of Proxy Access Stockholder Nominee. Notwithstanding anything to the contrary contained in this Section 2.10, the Corporation shall not be required to include, pursuant to this Section 2.10, a Proxy Access Stockholder Nominee in its proxy materials for any meeting of stockholders, or, if the proxy statement already has been filed, to allow the nomination of a Proxy Access Stockholder Nominee, notwithstanding that proxies in respect of such vote may have been received by the Corporation, if any of the following occur:

(1) the Proxy Access Stockholder Nominee or the Eligible Stockholder (or any member of any group of stockholders that together constitute such Eligible Stockholder) who has nominated such Proxy Access Stockholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of stockholders other than its Proxy Access Stockholder Nominee(s) or a nominee of the Board;

(2) (a) another person is engaging in a "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of stockholders other than a nominee of the Board, (b) the Corporation has received a notice pursuant to Section 2.9 that a stockholder intends to nominate a candidate for director at the annual meeting, whether or not such notice is subsequently withdrawn or made the subject of a settlement with the Corporation or (c) another person is engaging in a "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act against a nominee of the Board;

(3) the Proxy Access Stockholder Nominee is not independent under the rules and regulations of the New York Stock Exchange (or any other exchange or quotation system on which the Corporation's equity securities are listed), any applicable rules of the SEC or any other regulatory body with jurisdiction over the Corporation, and any publicly disclosed standards used by the Board in determining and disclosing independence of the Corporation's directors, in each case as determined by the Board;

(4) the Proxy Access Stockholder Nominee does not meet the audit committee independence requirements under the rules and regulations of the New York Stock Exchange (or any other exchange or quotation system on which the Corporation's equity securities are listed) and is not a "non-employee director" for the purposes of Rule 16b-3 under the Exchange Act (or any successor rule);

(5) the Proxy Access Stockholder Nominee's election as a member of the Board would cause the Corporation to be in violation of these Bylaws, the Certificate of Incorporation, the rules and listing standards of the New York Stock Exchange (or any other exchange or quotation system on which the Corporation's equity securities are listed), or any applicable state or federal law, rule or regulation;

(6) the Proxy Access Stockholder Nominee is or has been, within the past three years, an officer or director of a competitor, as defined for purposes of Section 8 of the Clayton Antitrust Act of 1914, as amended;

(7) the Proxy Access Stockholder Nominee's current or within the preceding ten years' business or personal interests place such Proxy Access Stockholder Nominee in a conflict of interest with the Corporation or any of its subsidiaries that would cause, or would reasonably be likely to cause, such Proxy Access Stockholder Nominee to violate any fiduciary duties of directors established pursuant to the DGCL, including but not limited to, the duty of loyalty and duty of care, as determined by the Board;

(8) the Proxy Access Stockholder Nominee is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten years;

(9) the Proxy Access Stockholder Nominee is subject to an order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended;

(10) the Eligible Stockholder (or, in the case of a group of stockholders that together constitute such Eligible Stockholder, the Eligible Stockholder that is authorized to act on behalf of all members of such group), or any qualified representative thereof, or the Proxy Access Stockholder Nominee do not appear at the applicable annual meeting of stockholders to present the Proxy Access Stockholder Nominee for election;

(11) the Eligible Stockholder ceases to be an Eligible Stockholder for any reason, including but not limited to, not owning the Required Shares through the date of the applicable annual meeting; or

(12) if the Proxy Access Stockholder Nominee is determined by the Board not to satisfy the eligibility requirements provided in the Corporation's Corporate Governance Guidelines.

For the purpose of this Section 2.10(J), (i) clauses (3) through (12) will result in the exclusion from the proxy materials pursuant to this Section 2.10 of the specific Proxy Access Stockholder Nominee to whom the ineligibility applies, or, if the proxy statement already has been filed, the

ineligibility of the Proxy Access Stockholder Nominee and (ii) clauses (1) and (2) will result in the exclusion from the proxy materials pursuant to this Section 2.10 of all Proxy Access Stockholder Nominees from the applicable annual meeting of stockholders, or, if the proxy statement already has been filed, the ineligibility of all Proxy Access Stockholder Nominees.

(K) Miscellaneous. The Notice of Proxy Access Nomination shall be deemed submitted on the date on which all of the information and documents referred to in this Section 2.10 (other than such information and documents contemplated to be provided after the date the Notice of Proxy Access Nomination is provided) have been delivered to and received by the Secretary. Except as otherwise provided by law, the Corporation's Certificate of Incorporation and these Bylaws, the Chairman of the Board, the Board or the chairman of the meeting shall be entitled, if the facts warrant, to determine and declare that: (1) a nomination was not made in accordance with the procedures prescribed by this Section 2.10, and (2) a Proxy Access Stockholder Nominee is ineligible to be named in the Corporation's proxy materials pursuant to this Section 2.10 or to be considered for election at the meeting. The Board (any other person or body authorized by the Board) shall have the power and authority to interpret this Section 2.10 and to make any determinations necessary or advisable to apply this Section 2.10 to any persons, facts or circumstances, in each case, acting in good faith.

Section 2.11. Conduct of Business. Meetings of stockholders shall be presided over by the chairman of the meeting of stockholders (the "chairman of the meeting"), who shall be the Chairman of the Board or, in his or her absence, the Chief Executive Officer or, in his or her absence, the President or, in his or her absence, a Senior Vice President or, in the absence of the foregoing persons, a person designated by the Board, or in the absence of such designation, a person chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence, the chairman of the meeting may appoint any person to act as secretary of the meeting. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chairman of the meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of the chairman of the meeting, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) regulation of the manner of voting and conduct of discussion; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; (vi) limitations on the time allotted to questions or comments by participants; and (vii) restrictions on the use of audio or visual recording devices at the meeting. The chairman of the meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such chairman of the meeting should so determine, such chairman of the meeting shall so declare to the

meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.12. Required Vote. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, at any meeting at which directors are to be elected, the directors shall be elected by a plurality of votes cast by the holders of shares entitled to vote in the election. If, in an election where the number of director nominees does not exceed the number of directors to be elected (an "Uncontested Election"), the directors shall be elected by a majority of the votes cast by the holders of shares entitled to vote in the election. For purposes of this Section 2.12 in an Uncontested Election, a majority of the votes cast means that the number of votes "for" a director must exceed the number of "withhold" or "against" votes received by that director; abstentions and broker non-votes will not be counted as votes "for", "against" or "withhold". If any director fails to achieve majority of the votes cast at an election of directors where directors are elected by a majority of the votes cast, such director shall be deemed to have tendered his or her resignation to the Board for consideration following the certification of the election results. The Nominating and Governance Committee of the Corporation shall consider such resignation and make a recommendation to the Board on whether to accept or reject such incumbent director's resignation or whether other action should be taken. The Board shall then consider each such tendered resignation and act on each, taking into account its fiduciary duties to the Corporation and the stockholders. Within 90 days from the date of the certification of the election results, the Corporation shall publicly disclose the decision of the Board, and, if applicable, the Board's reason for rejecting any such tendered resignation(s). An incumbent director who shall be deemed to have tendered his or her resignation for consideration shall not participate in the Corporation's Nominating and Governance Committee's recommendation or the Board's decision, or any deliberations related thereto. If a director's resignation pursuant to this Section 2.12 is accepted by the Board, then the Board may fill the resulting vacancy pursuant to the

provisions of Section 3.9 or may decrease the size of the Board pursuant to Section 3.2. The Board shall nominate for election or re-election as director only candidates who have tendered irrevocable conditional resignations (in substantially the form attached hereto as Annex A) that will be effective upon (i) the failure of such director to receive more "for" votes than "withhold" or "against" votes at the next annual meeting at which they face re-election in an Uncontested Election; and (ii) Board acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by the other directors. The election of directors by the stockholders shall be by written ballot if directed by the chairman of the meeting or if the number of nominees exceeds the number of directors to be elected. Unless otherwise provided in the Certificate of Incorporation, cumulative voting for the election of directors shall be prohibited. Except as otherwise provided by applicable law, the rules and regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation, or these Bylaws, in all matters other than the election of directors and certain non-binding advisory votes described below, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders. In non-binding advisory matters with more than two possible vote choices, the affirmative vote of a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the recommendation of the stockholders.

Section 2.13. Treasury Stock. The Corporation shall not vote, directly or indirectly, shares of its own stock owned by it or any other corporation, if a majority of shares entitled to vote in the election of directors of such corporation is held, directly or indirectly by the Corporation, and such shares will not be counted for quorum purposes; *provided, however,* that the foregoing shall not limit the right of the Corporation or such other corporation, to vote stock of the Corporation held in a fiduciary capacity.

Section 2.14. Inspectors of Elections; Opening and Closing the Polls. At any meeting at which a vote is taken by ballots, the Board by resolution may, and when required by applicable law, shall, appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders and the appointment of an inspector is required by applicable law, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his ability. The inspectors shall have the duties prescribed by applicable law.

ARTICLE III BOARD OF DIRECTORS

Section 3.1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board elected in accordance with these Bylaws. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders. The directors shall act only as a Board or a committee thereof, and the individual directors shall have no power as such.

Section 3.2. Number, Tenure and Qualifications. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, if any, the number of directors shall be fixed from time to time in the manner provided in the Certificate of Incorporation. The election and terms of office of directors shall be as set forth in the Certificate of Incorporation.

Section 3.3. Regular Meetings. Subject to Section 3.5, regular meetings of the Board shall be held on such dates, and at such times and places, as are determined from time to time by resolution of the Board.

Section 3.4. Special Meetings. Special meetings of the Board shall be called at the request of the Chairman of the Board, the Chief Executive Officer or a majority of the members of the Board then in office. The person or persons authorized to call special meetings of the Board may fix the place, if any, date and time of the meetings. Any business may be conducted at a special meeting of the Board.

Section 3.5. Notice. Notice of any meeting of directors shall be given to each director at his business or residence in writing by hand delivery, first-class or overnight mail, courier service or facsimile or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before

such meeting. If by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least 24 hours before such meeting. If by facsimile or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least 24 hours before such meeting. If by telephone or by hand delivery, the notice shall be given at least 24 hours prior to the time set for the meeting and shall be confirmed by facsimile or electronic transmission that is sent promptly thereafter. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, except for amendments to these Bylaws, as provided under Section 8.1. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 7.4 of these Bylaws.

Section 3.6. Action by Consent of Board. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, including by electronic transmission, and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State of the State of Delaware.

Section 3.7. Conference Telephone Meetings. Members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting, except where such person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3.8. Quorum. Subject to Section 3.9, a whole number of directors equal to at least a majority of the Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board there shall be less than a quorum present, a majority of the directors present may, to the fullest extent permitted by law, adjourn the meeting from time to time without further notice unless (i) the date, time and place, if any, of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 3.5 of these Bylaws shall be given to each director, or (ii) the meeting is adjourned for more than 24 hours, in which case the notice referred to in clause (i) shall be given to those directors not present at the announcement of the date, time and place of the adjourned meeting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 3.9. Vacancies. Subject to applicable law, the rights of holders of any series of Preferred Stock then outstanding, any newly created directorship that results from an increase in

the number of directors or any vacancy on the Board that results from the death, disability, resignation, disqualification or removal of any director or from any other cause shall, unless otherwise required by law or by resolution of the Board, be filled in accordance with the Certificate of Incorporation. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall hold office for the remaining term of his predecessor. No decrease in the number of authorized directors constituting the Board shall shorten the term of any incumbent director.

Section 3.10. Removal. Directors of the Corporation may be removed in the manner provided in the Certificate of Incorporation and applicable law.

Section 3.11. Records. The Board shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

Section 3.12. Compensation. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have authority to fix the compensation of directors, including fees and reimbursement of expenses. The Corporation will cause each non-employee director serving on the Board to be reimbursed for all reasonable out-of-pocket costs and expenses incurred by him in connection with such service.

Section 3.13. Regulations. To the extent consistent with applicable law, the Certificate of Incorporation and these Bylaws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the affairs and business of the Corporation as the Board deem appropriate.

ARTICLE IV COMMITTEES

Section 4.1. Designation; Powers. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Any such committee, to the extent permitted by applicable law and to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

Section 4.2. Procedure; Meetings; Quorum. Any committee designated pursuant to Section 4.1 shall choose its own chairman by a majority vote of the members then in attendance in the event the chairman has not been selected by the Board, shall keep regular minutes of its proceedings and report the same to the Board when requested, and shall meet at such times and at such place or places as may be provided by the charter of such committee or by resolution of such committee or resolution of the Board. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution. The Board shall adopt a charter for each committee for which a charter is required by applicable laws, regulations or stock exchange rules, may adopt a charter for any other committee, and may adopt other rules

and regulations for the governance of any committee not inconsistent with the provisions of these Bylaws or any such charter, and each committee may adopt its own rules and regulations of governance, to the extent not inconsistent with these Bylaws or any charter or other rules and regulations adopted by the Board.

Section 4.3. Substitution of Members. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of the absent or disqualified member.

ARTICLE V OFFICERS

Section 5.1. Officers. The officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, a Secretary, a Treasurer and such other officers as the Board from time to time may deem proper. The Chairman of the Board shall be chosen from among the directors. All officers elected by the Board shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article V. Such officers shall also have such powers and duties as from time to time may be conferred by the Board or by any committee thereof. The Board or any committee thereof may from time to time elect, or the Chairman of the Board or Chief Executive Officer may appoint, such other officers (including one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these Bylaws or as may be prescribed by the Board or such committee thereof or by the Chairman of the Board or Chief Executive Officer, as the case may be.

Section 5.2. Election and Term of Office. The officers of the Corporation shall be elected or appointed from time to time by the Board. Each officer shall hold office until his successor shall have been duly elected or appointed and shall have qualified or until his death or until he shall resign, but any officer may be removed from office at any time by the affirmative vote of a majority of the Board or, except in the case of an officer or agent elected by the Board, by the Chairman of the Board or Chief Executive Officer. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

Section 5.3. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board. The Chairman of the Board shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incidental to his office that may be required by law and all such other duties as are properly required of him by the Board. He shall make reports to the Board and the stockholders, and shall see that all orders and

resolutions of the Board and of any committee thereof are carried into effect. The Chairman of the Board may also serve as Chief Executive Officer, if so elected by the Board.

Section 5.4. Chief Executive Officer. The Chief Executive Officer shall act in a general executive capacity and shall assist the Chairman of the Board in the administration and operation of the Corporation's business and general supervision of its policies and affairs. The Chief Executive Officer shall, in the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of the Board. The Chief Executive Officer shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and all other documents and instruments in connection with the business of the Corporation.

Section 5.5. President. The President, if any, shall have such powers and shall perform such duties as shall be assigned to him by the Board.

Section 5.6. Senior Vice Presidents and Vice Presidents. Each Senior Vice President and Vice President, if any, shall have such powers and shall perform such duties as shall be assigned to him by the Board.

Section 5.7. Treasurer. The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Corporation to be deposited in such banks as may be authorized by the Board, or in such banks as may be designated as depositaries in the manner provided by resolution of the Board. He shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him from time to time by the Board, the Chairman of the Board or the Chief Executive Officer.

Section 5.8. Secretary. The Secretary shall keep or cause to be kept in one or more books provided for that purpose, the minutes of all meetings of the Board, the committees of the Board and the stockholders; he shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by applicable law; he shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; and he shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, he shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board, the Chairman of the Board or the Chief Executive Officer.

Section 5.9. Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation, or removal may be filled by the Board for the unexpired portion of the term at any meeting of the Board. Any vacancy in an office appointed by the Chairman of the Board or the Chief Executive Officer because of death, resignation, or removal may be filled by the Chairman of the Board or the Chief Executive Officer.

Section 5.10. Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board, the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of security holders of or with respect to any action of security holders of any other corporation in which the Corporation may hold securities and otherwise to exercise any and all rights and powers that the Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE VI

STOCK CERTIFICATES AND TRANSFERS

Section 6.1. Stock Certificates and Transfers. The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe, *provided* that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be uncertificated or electronic shares. The shares of the stock of the Corporation shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and number of shares. Subject to the provisions of the Certificate of Incorporation, the shares of the stock of the Corporation shall be transferred on the books of the Corporation, which may be maintained by a third-party registrar or transfer agent, by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require or upon receipt of proper transfer instructions from the registered holder of uncertificated shares and upon compliance with appropriate procedures for transferring shares in uncertificated form, at which time the Corporation shall issue a new certificate to the person entitled thereto (if the stock is then represented by certificates), cancel the old certificate and record the transaction upon its books.

Each certificated share of stock shall be signed, countersigned and registered in such manner as the Board may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 6.2. Lost, Stolen or Destroyed Certificates. No certificate for shares or uncertificated shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board or any financial officer may in its or his discretion require.

Section 6.3. Ownership of Shares. The Corporation shall be entitled to treat the holder of record of any share or shares of stock of the Corporation as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

Section 6.4. Regulations Regarding Certificates. Subject to applicable law, the Board shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration or the replacement of certificates for shares of stock of the Corporation. The Corporation may enter into additional agreements with stockholders to restrict the transfer of stock of the Corporation in any manner not prohibited by the DGCL.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 7.1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the 31st day of December of each year.

Section 7.2. Dividends. Except as otherwise provided by law or the Certificate of Incorporation, the Board may from time to time declare, and the Corporation may pay, dividends on its outstanding shares of stock, which dividends may be paid in either cash, property or shares of stock of the Corporation. A member of the Board, or a member of any committee designated by the Board, shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Section 7.3. Seal. The corporate seal shall have inscribed thereon the words "Corporate Seal," the year of incorporation and around the margin thereof the words "Cactus, Inc.—Delaware."

Section 7.4. Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, including by electronic transmission, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board or committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 7.5. Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice, including by electronic transmission, of such resignation to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the Chief Executive Officer, the

President or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board or the stockholders to make any such resignation effective.

Section 7.6. Indemnification and Advancement of Expenses.

(A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, trustee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (a "Covered Person"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee, trustee or agent, or in any other capacity while serving as a director, officer, employee, trustee or agent, against all expenses, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection with such proceeding.

(B) The Corporation shall, to the fullest extent not prohibited by applicable law as it presently exists or may hereafter be amended, pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition; *provided, however,* that to the extent required by applicable law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined by final judicial decision from which there is no further right to appeal that the Covered Person is not entitled to be indemnified under this Section 7.6 or otherwise.

(C) The rights to indemnification and advancement of expenses under this Section 7.6 shall be contract rights and such rights shall continue as to a Covered Person who has ceased to be a director, officer, employee, trustee or agent and shall inure to the benefit of his heirs, executors and administrators. Notwithstanding the foregoing provisions of this Section 7.6, except for proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify and advance expenses to a Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(D) If a claim for indemnification under this Section 7.6 (following the final disposition of such proceeding) is not paid in full within sixty (60) days after the Corporation has received a claim therefor by the Covered Person, or if a claim for any advancement of expenses under this Section 7.6 is not paid in full within thirty (30) days after the Corporation has received a statement or statements requesting such amounts to be advanced, the Covered Person shall thereupon (but not before) be entitled to file suit to recover the unpaid amount of such claim. If successful in whole or in part, the Covered Person shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by applicable law. In any such action, the

Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

(E) The rights conferred on any Covered Person by this Section 7.6 shall not be exclusive of any other rights that such Covered Person may have or hereafter acquire under any statute, any provision of the Certificate of Incorporation, these Bylaws, any agreement or vote of stockholders or disinterested directors or otherwise.

(F) This Section 7.6 shall not limit the right of the Corporation, to the extent and in the manner permitted by applicable law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

(G) Any Covered Person entitled to indemnification and/or advancement of expenses, in each case pursuant to this Section 7.6, may have certain rights to indemnification, advancement and/or insurance provided by one or more persons with whom or which such Covered Person may be associated. The Corporation hereby acknowledges and agrees that (i) the Corporation shall be the indemnitor of first resort with respect to any proceeding, expense, liability or matter that is the subject of this Section 7.6, (ii) the Corporation shall be primarily liable for all such obligations and any indemnification afforded to a Covered Person in respect of a proceeding, expense, liability or matter that is the subject of this Section 7.6, whether created by law, organizational or constituent documents, contract or otherwise, (iii) any obligation of any persons with whom or which a Covered Person may be associated to indemnify such Covered Person and/or advance expenses or liabilities to such Covered Person in respect of any proceeding shall be secondary to the obligations of the Corporation hereunder, (iv) the Corporation shall be required to indemnify each Covered Person and advance expenses to each Covered Person hereunder to the fullest extent provided herein without regard to any rights such Covered Person may have against any other person with whom or which such Covered Person may be associated or insurer of any such person, and (v) the Corporation irrevocably waives, relinquishes and releases any other person with whom or which a Covered Person may be associated from any claim of contribution, subrogation or any other recovery of any kind in respect of amounts paid by the Corporation hereunder.

Section 7.7. Notices. Except as otherwise specifically provided herein or required by applicable law, all notices required to be given to any stockholder, director, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient

thereof, by depositing such notice in the mails, postage paid, or by sending such notice by commercial courier service, or by facsimile or other electronic transmission, *provided* that notice to stockholders by electronic transmission shall be given in the manner provided in Section 232 of the DGCL. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at his last known address as the same appears on the books of the Corporation. Without limiting the manner by which notice otherwise may be given effectively, notice to any stockholder shall be deemed given: (1) if by facsimile, when directed to a number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; (4) if by any other form of electronic transmission, when directed to the stockholder; and (5) if by mail, when deposited in

the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

Section 7.8. Facsimile and Electronic Signatures. In addition to the provisions for use of facsimile or electronic signatures elsewhere specifically authorized in these Bylaws, facsimile or electronic signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board or a committee thereof.

Section 7.9. Time Periods. Except as otherwise explicitly set forth in these Bylaws, in applying any provision of these Bylaws that require that an act be done or not done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

Section 7.10. Reliance Upon Books, Reports and Records. Each director, each member of any committee designated by the Board, and each officer of the Corporation shall, in the performance of his duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 7.11. Severability. Whenever possible, each provision or portion of any provision of these Bylaws will be interpreted in such manner as to be effective and valid under applicable law, but if any provision or portion of any provision of these Bylaws is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such provision or portion of any provision shall be severable and the invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and these Bylaws will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

ARTICLE VIII AMENDMENTS

Section 8.1. Amendments. Subject to the provisions of the Certificate of Incorporation, these Bylaws may be amended, altered or repealed (a) by resolution adopted by a majority of the directors present at any special or regular meeting of the Board at which a quorum is present if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting or (b) at any regular or special meeting of the stockholders (i) prior to the commencement of the 2026 annual meeting of stockholders, upon the affirmative vote of at least 66 2/3% of the shares of the Corporation entitled to vote in the election of directors if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting, and (ii) from the commencement of the 2026 annual meeting of stockholders and thereafter, upon the affirmative vote of not less than a majority in voting power of the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class, if, in the case of such special

meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

Notwithstanding the foregoing, prior to the commencement of the 2026 annual meeting of stockholders, Section 3.9 and Section 3.10 and this paragraph of Section 8.1 may only be amended, altered or repealed at any regular or special meeting of the stockholders upon the affirmative vote of at least 66 2/3% of the shares of the Corporation entitled to vote thereon if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

Notwithstanding the foregoing, no amendment, alteration or repeal of Section 7.6 shall adversely affect any right or protection existing under these Bylaws immediately prior to such amendment, alteration or repeal, including any right or protection of a present or former director, officer or employee thereunder in respect of any act or omission occurring prior to the time of such amendment.

ARTICLE IX EXCLUSIVE FORUM

Section 9.1. Forum. Unless the Corporation selects or consents in writing to the selection of an alternative forum, (A) the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a duty (including any fiduciary duty) owed by any current or former director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any current or former director or officer or other employee of the Corporation arising pursuant to any provision of the DGCL, the Restated Certificate of Incorporation or these Bylaws, including any action to interpret, apply, enforce or determine the validity of the Restated Certificate of Incorporation or these Bylaws, or any provision thereof or hereof, or (iv) any action asserting a claim against the Corporation or any director or officer or other agent or employee of the Corporation governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein (or, if the Court of Chancery does not have, or declines to accept, jurisdiction, another state court or a federal court located within the State of Delaware); and (B) the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the federal securities laws of the United States of America, to the fullest extent permitted by law, shall be the federal district courts of the United States of America. Any person or entity purchasing or otherwise acquiring any interest in any securities of the Corporation shall be deemed to have notice of and consented to the provisions of this Article IX.

[Annex A] Form of Irrevocable Conditional Resignation Letter

Cactus, Inc.
920 Memorial City Way, Suite 300
Houston, Texas 77024

Reference is hereby made to Section 2.12 of the Amended and Restated Bylaws (as amended, the "**Bylaws**") of Cactus, Inc., a Delaware corporation (the "**Company**"), which, among other things, sets forth the Company's director resignation policy (the "**Director Resignation Policy**"). Section 2.12 of the Bylaws provide in relevant part as follows:

Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, at any meeting at which directors are to be elected, the directors shall be elected by a plurality of votes cast by the holders of shares entitled to vote in the election. If, in an election where the number of director nominees does not exceed the number of directors to be elected (an "**Uncontested Election**"), the directors shall be elected by a majority of the votes cast by the holders of shares entitled to vote in the election. For purposes of this Section 2.12 in an Uncontested Election, a majority of the votes cast means that the number of votes "for" a director must exceed the number of "withhold" or "against" votes received by that director; abstentions and broker non-votes will not be counted as votes "for", "against" or "withhold". If any director fails to achieve majority of the votes cast at an election of directors where directors are elected by a majority of the votes cast, such director shall be deemed to have tendered his or her resignation to the Board for consideration following the certification of the election results. The Nominating and Governance Committee of the Corporation shall consider such resignation and make a recommendation to the Board on whether to accept or reject such incumbent director's resignation or whether other action should be taken. The Board shall then consider each such tendered resignation and act on each, taking into account its fiduciary duties to the Corporation and the stockholders. Within 90 days from the date of the certification of the election results, the Corporation shall publicly disclose the decision of the Board, and, if applicable, the Board's reason for rejecting any such tendered resignation(s). An incumbent director who shall be deemed to have tendered his or her resignation for consideration shall not participate in the Corporation's Nominating and Governance Committee's recommendation or the Board's decision, or any deliberations related thereto. If a director's resignation pursuant to this Section 2.12 is accepted by the Board, then the Board may fill the resulting vacancy pursuant to the provisions of Section 3.9 or may decrease the size of the Board pursuant to Section 3.2. The Board shall nominate for election or re-election as director only candidates who have tendered irrevocable conditional resignations (in substantially the form attached hereto as Annex A) that will be effective upon (i) the failure of such director to receive more "for" votes than "withhold" or "against" votes at the next annual meeting at which they face re-election in an Uncontested Election; and (ii) Board

acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who agree to tender, promptly following their

appointment to the Board, the same form of resignation tendered by the other directors. The election of directors by the stockholders shall be by written ballot if directed by the chairman of the meeting or if the number of nominees exceeds the number of directors to be elected. Unless otherwise provided in the Certificate of Incorporation, cumulative voting for the election of directors shall be prohibited. Except as otherwise provided by applicable law, the rules and regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation, or these Bylaws, in all matters other than the election of directors and certain non-binding advisory votes described below, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders. In non-binding advisory matters with more than two possible vote choices, the affirmative vote of a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the recommendation of the stockholders.

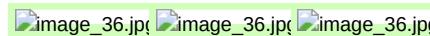
In accordance with the Director Resignation Policy, I hereby resign from my position as a director of the Company, effective upon (i) my failure to receive more votes "for" my election than "withhold" or "against" votes at the next annual meeting at which I face re-election in an Uncontested Election; and (ii) Board acceptance of such resignation.

Very truly yours,

Name:

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Exhibit 3.7

 Exhibit 3.4

**AMENDED AND RESTATED BYLAWS OF
CACTUS, INC.**

Incorporated under the Laws of the State of Delaware

Date of Adoption: May 15 July 30, 2024

**ARTICLE I
OFFICES AND RECORDS**

Section 1.1. **Registered Office.** The registered office of Cactus, Inc. (the "Corporation") in the State of Delaware shall be as set forth in the Restated Certificate of Incorporation of the Corporation, as it may be amended, restated, supplemented or otherwise modified from time to time (the "Certificate of Incorporation"), and the name of the Corporation's registered agent at such address is as set forth in the Certificate of Incorporation. The registered office and registered agent of the Corporation may be changed from time to time by the board of directors of the Corporation (the "Board") in the manner provided by applicable law.

Section 1.2. **Other Offices.** The Corporation may have such other offices, either within or without the State of Delaware, as the Board may designate or as the business of the Corporation may from time to time require.

Section 1.3. **Books and Records.** The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board.

ARTICLE II GP, LLC, STOCKHOLDERS

Section 2.1. **Annual Meetings.** If required by applicable law, an annual meeting of the stockholders of the Corporation shall be held at such date, time and place, if any, either within or without the State of Delaware, and time as may be fixed by resolution of the Board. Any other proper business may be transacted at the annual meeting. The Board may, at any time prior to the holding of an annual meeting of stockholders, and for any reason, postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board.

Section 2.2. **Special Meetings.** Except as otherwise required by law and subject to the rights of holders of any series of preferred stock of the Corporation (the "Preferred Stock"), special meetings of stockholders of the Corporation may only be called in the manner provided in the Certificate of Incorporation. The Board may, at any time prior to the holding of a special meeting of stockholders, and for any reason, postpone, reschedule or cancel any special meeting of the stockholders previously scheduled by the Board.

Section 2.3. Record Date.

(A) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment or recess thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for

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determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment or recess of the meeting; *provided, however,* that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned or recessed meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned or recessed meeting the same date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned or recessed meeting.

(B) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall not be more than sixty (60) days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 2.4. **Stockholder List.** The officer who has charge of the stock ledger shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at any meeting of stockholders (*provided, however,* if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the 10th day before the meeting date), arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in the name of such stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network (*provided* that the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the principal place of business of the Corporation. The stock list shall also be produced and kept at the time and place of the

meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise provided by applicable law, the stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of the stockholders.

Section 2.5. Place of Meeting. The Board, the Chairman of the Board or the Chief Executive Officer, as the case may be, may designate the place of meeting for any annual meeting or for any special meeting of the stockholders. If no designation is so made, the place of meeting shall be the principal executive offices of the Corporation. The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the Delaware General Corporation Law (the "DGCL") and any other applicable law for the

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participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and entitled to vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication.

Section 2.6. Notice of Meeting. Written or printed notice, stating the place, if any, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting, in a manner pursuant to Section 7.7 hereof, to each stockholder of record entitled to vote at such meeting. The notice shall specify (i) the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting), (ii) the place, if any, date and time of such meeting, (iii) the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, (iv) in the case of a special meeting, the purpose or purposes for which such meeting is called and (v) such other information as may be required by applicable law or as may be deemed appropriate by the Board, the Chairman of the Board or the Chief Executive Officer or the Secretary of the Corporation. If the stockholder list referred to in Section 2.4 of these Bylaws is made accessible on an electronic network, the notice of meeting must indicate how the stockholder list can be accessed. If the meeting of stockholders is to be held solely by means of electronic communications, the notice of meeting must provide the information required to access such stockholder list during the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. The Corporation may provide stockholders with notice of a meeting by electronic transmission provided such stockholders have consented to receiving electronic notice in accordance with the DGCL. Such further notice shall be given as may be required by applicable law. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the notice of meeting. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with Section 7.4 of these Bylaws.

Section 2.7. Quorum and Adjournment of Meetings.

(A) Except as otherwise provided by applicable law or by the Certificate of Incorporation, the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote at the meeting (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. For the avoidance of doubt, abstentions and broker non-votes shall be treated as present for purposes of determining the presence or absence of a quorum. The chairman of the meeting or a majority of the shares so represented may adjourn or recess the meeting at any time and for any reason, whether or not there is such a quorum. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until the meeting

is adjourned or recessed, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

(B) Any meeting of stockholders, annual or special, may adjourn or recess from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned or recessed meeting if the time and place thereof are announced at the meeting at which the adjournment or recess is taken; *provided, however*, that if the adjournment or recess is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned or recessed meeting, the Corporation may transact any business that might have been transacted at the original meeting.

Section 2.8. Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such other manner prescribed by the DGCL) by the stockholder or by his duly authorized attorney-in-fact. Any copy, facsimile transmission or other reliable reproduction of the writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, *provided* that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire original writing or transmission. No proxy may be voted or acted upon after the expiration of three (3) years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the pleasure of the stockholder executing it unless the proxy states that it is irrevocable and applicable law makes it irrevocable. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary of the Corporation.

Section 2.9. Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders at an annual meeting of stockholders may be made only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board or any committee thereof, (c) by any stockholder of the Corporation who (i) was a stockholder of record at the time of giving of notice provided for in these Bylaws and at the time of the annual meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures set forth in these Bylaws and applicable law as to such business or nomination, or (d) with respect to nominations only, by any Eligible Stockholder (as defined in Section 2.10) (i) who is a stockholder of record at the time of giving the stockholder notice described in Section 2.10 and at the time of the annual meeting, (ii) who complies with the provisions of Section 2.10, (iii) who is entitled to vote at the meeting, and (iv) whose Proxy Access Stockholder Nominee (as defined in Section 2.10) is included in the Corporation's proxy materials for the meeting. For the avoidance of doubt, the foregoing clauses (c) and (d) shall be the exclusive means for a stockholder to make nominations and the foregoing clause (c) shall be the exclusive means for a stockholder to submit any other business (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act

of 1934, as amended (the "Exchange Act"), and included in the Corporation's notice of meeting) before an annual meeting of the stockholders.

(2) For any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.9(A)(1)(c) of these Bylaws, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action under the DGCL. To be timely, a stockholder's notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting (which anniversary, in the case of the first annual meeting of stockholders following the close of the Corporation's initial public offering, shall be deemed to be April 10, 2018); *provided, however*, that in the event that the date of the annual meeting is scheduled for a date that is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than one hundred (100) days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment, recess, cancellation, rescheduling or postponement of an annual meeting or any announcement thereof commence a new time period for the giving of a stockholder's notice as described above. To be in proper form, a stockholder's notice (whether given pursuant to this Section 2.9(A)(2) or Section 2.9(B)) to the Secretary of the Corporation must:

- (a) set forth, as to each Proposing Person (as defined below),
 - (i) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's books and records) (ii) (A) the class or series, if any, and number of shares of the Corporation that are, directly or indirectly, owned beneficially or of record (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person (except that such Proposing Person shall be deemed to beneficially own any shares of any class or series of capital stock of the corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future), (B) any option, warrant, convertible security, stock appreciation right, swap or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value or volatility of any class or series of shares of the Corporation, any "call equivalent position" or "put equivalent position" (as such terms are defined in Rule 16a-1 under the Exchange Act) (including any security or instrument that would not otherwise constitute a derivative security for purposes of such definitions as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into

which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination) or any other derivative or synthetic arrangement having characteristics of a long position in, or a short position with respect to, any class or series of shares of capital stock of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of stock of the Corporation or otherwise (a "Derivative Instrument"), directly or indirectly, owned beneficially by such Proposing Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) a description of any proxy, contract, arrangement, understanding or relationship pursuant to which such Proposing Person has a right to vote any shares of any security of the Corporation, (D) any short interest in any security of the Corporation (for purposes of these Bylaws

a person shall be deemed to have a "short interest" in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general Partner or limited partnership, limited liability company or similar entity in which such Proposing Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, is a manager, is a managing member or, directly or indirectly, beneficially owns an interest in a manager or managing member of a limited liability company or similar entity and (G) any performance-related fees (other than an asset-based fee) that such Proposing Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including without limitation any such interests held by members of such Proposing Person's immediate family sharing the same household, (iii) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents for, as applicable, the proposal or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (iv) a representation that the Proposing Person is a holder of record of stock of the Corporation entitled to vote at such meeting, will continue to be a holder of record of stock entitled to vote at such meeting through the date of the meeting and intends to appear in person or by proxy at the meeting to bring such nomination or other business before the meeting, (v) a description of any material interest in such business of the Proposing Person on whose behalf the proposal is made, (vi) a summary of any material discussion regarding the business proposed to be brought before the meeting between such Proposing Person, on the one hand, and any other record or beneficial holder of the shares of any class or series of the Corporation (including their names), on the other hand, and (vii) a representation as to whether such

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Proposing Person intends or is part of a group that intends to (x) deliver a proxy statement or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding stock required to approve or adopt the proposal or to elect each such nominee or (y) otherwise to solicit proxies from stockholders in support of such proposal or nomination. The information required under this Section 2.9(A)(2) shall be supplemented and updated by such Proposing Person as described under Section 2.9(C)(6):

(b) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth (i) a reasonably brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of each Proposing Person in such business, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration) and (iii) a complete and accurate description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other person, persons or entity (including their names) in connection with the proposal of such business by such stockholder;

(c) as to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person (presently and for the past five (5) years), (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such person, (iv) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), ~~and (v) a complete and accurate description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his~~

respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "Registrant" for purposes of such rule and the nominee were a director or executive officer of such Registrant and (vi) a notarized letter signed by such person stating his or her acceptance of the nomination by the Proposing Person, stating his or her intention to serve as a

director for the full term if elected, and consenting to be named as a nominee for director in any proxy statement relating to such person's election;

(d) with respect to each nominee for election or reelection to the Board, include a completed and signed questionnaire, representation and agreement required by Section 2.9(A)(4) of these Bylaws; and

(e) set forth, as the Corporation may require any proposed nominee to furnish, any such additional information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(3) Notwithstanding anything in the second sentence of Section 2.9(A)(2) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by these Bylaws shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(4) To be eligible to be a nominee for election or reelection as a director of the Corporation, a proposed nominee must deliver (in accordance with the time periods prescribed for delivery of notice under Section 2.9(A)(2) of these Bylaws and applicable law) to the Secretary at the principal executive offices of the Corporation (i) a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire the Proposing Person shall request in writing from the Secretary with at least seven (7) days' prior notice); (ii) a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding (whether written or oral) with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote in such capacity on any issue or question (a "**Voting Commitment**") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding (whether written or oral) with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Corporation that has not been disclosed to the Corporation, (C) in such person's individual capacity and on behalf of

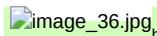
any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable law and all applicable rules of the U.S. exchanges upon which the Common Stock of the Corporation is listed and all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and other guidelines of the Corporation, (D) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, intends to serve a full term if elected as a director of the Corporation and (E) will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (iii) a written director agreement (which agreement shall be provided by the Secretary upon written request).

(5) A nominee for election or re-election as a director of the Corporation shall also provide to the Corporation such additional information as the Corporation may reasonably request. The Corporation may request such additional information necessary to permit the Board to determine the eligibility of such person to serve as a director of the Corporation, including information relevant to a determination of whether such person can be considered an independent director and that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(6) All written and signed representations and agreements, completed and signed questionnaires and director agreements required pursuant to Section 2.9(A)(4), and the additional information described in Section 2.9(A)(5), shall be considered timely for a nominee for election or re-election as a director of the Corporation under this Section 2.9 or Section 2.10 if provided to the Corporation by the deadlines specified in this Section 2.9 or Section 2.10, as applicable. All information provided pursuant to Section 2.9(A)(4) or Section 2.9(A)(5), by a nominee for election or re-election as a director of the Corporation shall be deemed part of the stockholder's notice submitted pursuant to this Section 2.9 or a Notice of Proxy Access Nomination (as defined in Section 2.10), as applicable.

(7) The foregoing notice requirements of this Section 2.9(A) shall be deemed satisfied by a stockholder with respect to business or a nomination if such stockholder has notified the Corporation of his intention to present a proposal or make a nomination at an annual meeting in compliance with the applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal or nomination has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(8) For purposes of these Bylaws, the term "Proposing Person" shall mean (i) the stockholder providing the notice of nomination or any other business proposed to be brought before the meeting of stockholders, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of nomination or any other



business proposed to be brought before the meeting is made, and (iii) any affiliate or associate (each within the meaning of Rule 12b-2 under the Exchange Act for purposes of these Bylaws) of such stockholder or beneficial owners ~~and (iv) any other person with whom such stockholder or beneficial owner (or any of their respective affiliates or associates) is acting in concert.~~

(B) **Special Meetings of Stockholders.** Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to a notice of meeting (a) by or at the direction of the Board or any committee thereof or (b) *provided* that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice provided for in these Bylaws and at the time of the special meeting, (ii) is entitled to vote at the meeting, and (iii) complies with the notice procedures set forth in these Bylaws and applicable law. In the event a special meeting of stockholders is called for the purpose of electing one or more directors to the Board, any stockholder of record among such requesting stockholders may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by Section 2.9(A)(2) of these Bylaws with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 2.9(A)(2) of these Bylaws) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or, if the first public announcement of the date of such special meeting is less than one hundred (100) days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment, recess, cancellation, rescheduling or postponement of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(C) **General.**



Only such persons who are nominated in accordance with the procedures set forth in these

Bylaws shall be eligible to serve as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in these Bylaws. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, Board or the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of these Bylaws, "**public announcement**" shall mean disclosure (i) in a press release reported by Dow Jones News Service, the Associated Press, (ii) any other national news service or in a document publicly filed by the

Corporation with the Securities and Exchange Commission (the "SEC") pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder or (iii) in a notice of meeting (or any supplement) pursuant to Section 2.6 of these Bylaws.

(3) Notwithstanding the foregoing provisions of these Bylaws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these Bylaws; *provided, however,* that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 2.9(A)(2) or Section 2.9(B) of these Bylaws. Nothing in these Bylaws shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock of the Corporation ("**Preferred Stock**") if and to the extent provided for under applicable law, the Certificate of Incorporation or these Bylaws.

(4) The Corporation may require any proposed stockholder nominee for director to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation. Unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 2.9 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and the proposed business shall not be transacted, as the case may be, notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 2.9, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(5) A stockholder providing notice of a nomination or proposal of other business to be brought before a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.9 shall be true and correct (i) as of the record date for the meeting and (ii) as of the date that is ten (10) business days prior to the meeting or any adjournment, recess, cancellation, rescheduling or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date) and not later than seven (7) business days prior to the date for the meeting, if practicable (or, if not practicable, on the first practicable date prior to any adjournment, recess or postponement thereof (in the case of the update and supplement

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required to be made as of ten (10) business days prior to the meeting or any adjournment, recess or postponement thereof)).

Section 2.10. Proxy Access for Director Nominations.

(A) Proxy Access Stockholder Nominee. Subject to the terms and conditions set forth in these Bylaws (including the provisions of Section 2.9 concerning stockholder nominations) and applicable law, in connection with an annual meeting of stockholders at which directors are to be elected, the Corporation shall include in its proxy statement and on its form of proxy (hereinafter, the "**proxy materials**"), in addition to the persons selected and recommended for election by the Board or any committee thereof, the name, together with the Required Information (defined below), of any person nominated for election (the "**Proxy Access Stockholder Nominee**") to the Board by one or more stockholders that satisfies the notice, ownership and other requirements of this Section 2.10 (such stockholder or group of stockholders who nominates a Proxy Access Stockholder Nominee, the "**Eligible Stockholder**"). This Section 2.10 shall be the exclusive method for stockholders to include nominees for director in the Corporation's proxy materials.

(B) Required Information. For purposes of this Section 2.10, the "**Required Information**" that the Corporation will include in its proxy materials is: (1) the information set forth in the Schedule 14N provided with the Notice of Proxy Access Nomination (as defined in this Section 2.10) concerning each Proxy Access Stockholder Nominee and Eligible Stockholder that is required to be disclosed in the Corporation's proxy statement by the applicable requirements of the Exchange Act, and (2) if the Eligible Stockholder so elects, a written statement of the Eligible Stockholder (or, in the case of a group, a written statement of the group), not to exceed 500 words, for each of its Proxy Access Stockholder Nominee(s), which must be provided at the same time as the Notice of Proxy Access Nomination (the "**Statement**"). Notwithstanding anything to the contrary contained in this Section 2.10, the Corporation may omit from its proxy materials any information or Statement (or portion thereof) that it, in good faith, believes (a) would violate any applicable law, regulation or listing standard, including the SEC proxy rules, (b) is untrue in any material respect (or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading), (c) directly or indirectly impugns the character, integrity or personal reputation of, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation, with respect to any person or entity or (d) would impose a material risk

of liability upon the Corporation. Nothing in this Section 2.10 shall limit the Corporation's ability to solicit against and include in its proxy materials its own statements relating to any Proxy Access Stockholder Nominee.

(C) Notice of Proxy Access Nomination. To nominate a Proxy Access Stockholder Nominee, in addition to the other requirements set forth in this Section 2.10, the Eligible Stockholder must provide a written notice to the Corporation that expressly elects to have its Proxy Access Stockholder Nominee included in the Corporation's proxy materials pursuant to this Section 2.10 (the "Notice of Proxy Access Nomination"). To be timely, a Notice of Proxy Access Nomination must be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 150th day and not later than the close of business on the 120th day prior to the first anniversary of the date (as stated in

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the Corporation's proxy statement) the definitive proxy statement was first mailed to stockholders in connection with the preceding year's annual meeting of stockholders; *provided, however,* that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed more than sixty (60) days after the anniversary date of the preceding year's annual meeting, or if no annual meeting was held in the preceding year, then to be timely the Notice of Proxy Access Nomination must be received by the Corporation no earlier than the close of business on the 150th day prior to such annual meeting and no later than the close of business on the later of (a) the 120th day prior to such annual meeting and (b) the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation (the last day on which a Notice of Proxy Access Nomination may be delivered, the "Final Proxy Access Nomination Date"). In no event shall any adjournment, recess, rescheduling or postponement of an annual meeting or any announcement thereof commence a new time period (or extend any time period) for the giving of a Notice of Proxy Access Nomination under this Section 2.10. In addition to other requirements set forth in this Section 2.10, the Notice of Proxy Access Nomination must include (i) the name and address of the Eligible Stockholder (including each stockholder and beneficial owner whose stock ownership is counted for purposes of qualifying as an Eligible Stockholder) and (ii) for each Proxy Access Stockholder Nominee, all written and signed representations and agreements and all completed and signed questionnaires required pursuant to Section 2.10.

(D) Permitted Number of Proxy Access Stockholder Nominees.

(1) The maximum number of Proxy Access Stockholder Nominees that may appear in the Corporation's proxy materials with respect to an annual meeting of stockholders shall not exceed the greater of (a) two or (b) 20% of the number of directors in office as of the Final Proxy Access Nomination Date (rounded down to the nearest whole number); *provided, however,* that for so long as the Board is divided into classes, in no case shall the number of Proxy Access Stockholder Nominees appearing in the Corporation's proxy materials pursuant to this Section 2.10 for any annual meeting of stockholders exceed one-half of the number of directors to be elected at such annual meeting (rounded down to the nearest whole number) (the "Permitted Number"). In the event that there exists one or more vacancies, for any reason, on the Board at any time after the Final Proxy Access Nomination Date and before the date of the applicable annual meeting of stockholders and the Board reduces the size of the Board in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced.

(2) Notwithstanding the foregoing, the Permitted Number shall also be reduced by: (a) the number of Proxy Access Stockholder Nominees whom the Board itself decides to nominate for election at such annual meeting; (b) the number of Proxy Access Stockholder Nominees who cease to satisfy, or the applicable Eligible Stockholders that cease to satisfy, the eligibility requirements in this Section 2.10; (c) the number of Proxy Access Stockholder Nominees whose nomination is withdrawn by the Eligible Stockholder or who become unwilling or unable to serve on the Board if elected; and (d) the number of incumbent directors as of the Final Proxy Access Nomination Date (i) who had been Proxy Access Stockholder Nominees with respect to any of the preceding two annual meetings of stockholders and (ii) if the Board is divided into

classes, whose terms as a director extends past such upcoming annual meeting or (y) if the entire Board is elected annually, whose reelection at the upcoming annual meeting is being recommended by the Board.

(3) An Eligible Stockholder submitting more than one Proxy Access Stockholder Nominee for inclusion in the Corporation's proxy materials pursuant to this Section 2.10 shall rank such Proxy Access Stockholder Nominee based on the order that the Eligible Stockholder desires such Proxy Access Stockholder Nominee to be selected for inclusion in the Corporation's proxy materials and include such assigned rank in its Notice of Proxy Access Nomination submitted to the Corporation. In the event that the number of Proxy Access Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 2.10 exceeds the Permitted Number, the Proxy Access Stockholder Nominees to be included in the Corporation's proxy materials shall be determined in accordance with the following provisions: one Proxy Access Stockholder Nominee who satisfies the eligibility requirements in this Section 2.10 shall be selected from each Eligible Stockholder for inclusion in the Corporation's proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of the Corporation each Eligible Stockholder disclosed as owned in its Notice of Proxy Access Nomination submitted to the Corporation and going in the order of the rank (highest to lowest) assigned to each Proxy Access Stockholder Nominee by such Eligible Stockholder. If the Permitted Number is not reached after one Proxy Access Stockholder Nominee who satisfies the eligibility requirements in this Section 2.10 has been selected from each Eligible Stockholder, this selection process shall continue as many times as necessary, following the same order each time, until the Permitted Number is reached. Following such determination, if any Proxy Access Stockholder Nominee who satisfies the eligibility requirements in this Section 2.10 (a) thereafter withdraws from the election (or his or her nomination is withdrawn by the applicable Eligible Stockholder) or (b) is thereafter not submitted for director election for any reason (including the failure to comply with this Section 2.10) other than due to a failure by the Corporation to include such Proxy Access Stockholder Nominee in the proxy materials in violation of this Section 2.10, no other nominee or nominees shall be substituted for such Proxy Access Stockholder Nominee and included in the Corporation's proxy materials or otherwise submitted for director election pursuant to this Section 2.10.

(E) Eligible Stockholder: Ownership

(1) To qualify as an Eligible Stockholder, such stockholder or group of stockholders, as applicable, must (a) own and have owned (as such terms are defined below) continuously for at least three years (two years in the case of the annual meeting to be held in 2021 only) as of the date the Notice of Proxy Access Nomination is received by the Corporation, shares representing at least 3% of the voting power entitled to vote generally in the election of directors of the Corporation (the "**Required Shares**") and (b) continue to own the Required Shares at all times between the date the Notice of Proxy Access Nomination is received by the Corporation and the date of the applicable annual meeting of stockholders. For purposes of satisfying the ownership requirements of this Section 2.10(E), a group of not more than twenty (20) stockholders and/or beneficial owners may aggregate the number of shares of the Corporation that are entitled to vote

generally in the election of directors that each group member has individually owned continuously for at least three years (two years in the case of the annual meeting to be held in 2021 only) as of the date of the Notice of Proxy Access Nomination if all other requirements and obligations for an Eligible Stockholder set forth in this Section 2.10 are satisfied by and as to each stockholder or beneficial owner comprising the group whose shares are aggregated. Two or more funds that are (x) under common management and investment control, (y) under common management and funded primarily by a single employer or (z) a "group of investment companies," as such term is defined in Section 12(d)(1)(G) (ii) of the Investment Company Act of 1940, as amended (the "**1940 Act**") (such funds together under each of (x), (y) or (z) comprising a **Qualifying Fund**) shall be treated as one stockholder for the purpose of determining the aggregate number of stockholders in this Section 2.10(E), and treated as one person for the purpose of determining ownership in Section 2.10(E)(2), *provided* that each fund comprising a Qualifying Fund otherwise meets the requirements set forth in this Section 2.10. No stockholder or beneficial holder may be a member of more than one group constituting an Eligible Stockholder under this Section 2.10, and no shares may be attributed to more than one Eligible Stockholder or group constituting an Eligible Stockholder under this Section 2.10. For the avoidance of doubt, the Required Shares will qualify as such if and only if the beneficial owner of such shares has itself beneficially owned such shares continuously for the three-year period ending on the date the Notice of Proxy Access Nomination is received by the Corporation (or the two-year period, in the case of the annual meeting to be held in 2021 only) and through other applicable dates referred to above (in addition to the other applicable requirements being met). For purposes of these Bylaws, the term "**affiliate**" or "**affiliates**" shall have the meanings ascribed thereto under the rules and regulations promulgated under the Exchange Act. For purposes of determining the denominator to be used in calculating whether an Eligible Stockholder meets the 3% threshold in this Section 2.10(E)(1), the Eligible Stockholder may rely on information about the outstanding shares of the Corporation, as set forth in the Corporation's most recent quarterly or annual report, and any current report subsequent thereto, filed with the SEC by the Corporation pursuant to the Exchange Act, unless the Eligible Stockholder knows or has reason to know that the information contained therein is inaccurate.

(2) For purposes of calculating the Required Shares, "**ownership**," "**own**" and "**owned**" respectively, shall be deemed to consist of and include only the outstanding shares of the Corporation that are entitled to vote generally in the election of directors as to which a person possesses (a) the full power to vote or direct the voting of such shares, (b) the full economic interest in (including the opportunity for profit and risk of loss on) such shares and (c) the full power to dispose of or direct the disposition of such shares; *provided that* the ownership of shares calculated in accordance with clauses (a), (b) and (c) shall not include any shares (i) sold by such person or any of its affiliates in any transaction that has not been settled or closed, including any short sale, or purchased by such person or any of its affiliates but the purchase has not settled or closed, (ii) borrowed by such person or any of its affiliates for any purposes or purchased by such person or any of its affiliates pursuant to an agreement to resell or subject to any other obligation to resell to another person, or (iii) subject to any Derivative Instrument, in any such case which Derivative Instrument has, or is intended to have, or if exercised

would have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, the person's or its affiliates' full right to vote or direct the voting and full rights to dispose or direct the disposition of any such shares, or (2) hedging, offsetting or altering to any degree any gain or loss arising from the full economic ownership of such shares by such person or its affiliate. "**Ownership**" shall include shares held in the name of a nominee or other intermediary so long as the person claiming ownership of such shares retains the right to instruct how the shares are voted with respect to the election of directors and the right to direct disposition thereof and possesses the full economic interest in the shares, *provided that* this provision shall not alter the obligations of any stockholder to provide the Notice of Proxy Access Nomination. Ownership of shares shall be deemed to continue during any period in which shares have been loaned if the person claiming ownership has the power to recall such loaned shares on no more than five business days' notice and the person recalls the loaned shares within five business

days of being notified that its Proxy Access Stockholder Nominee will be included in the Corporation's proxy materials for the applicable annual meeting, and the person holds the recalled shares through such annual meeting. Ownership of shares shall be deemed to continue during any period in which any voting power has been delegated by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time without condition. For purposes of this Section 2.10, the determination of the extent of "ownership" of shares shall be made in good faith by the Board, which determination shall be conclusive and binding on the Corporation and the stockholders. An Eligible Stockholder shall include in its Notice of Proxy Access Nomination the number of shares it is deemed to own for the purposes of this Section 2.10.

(F) Eligible Stockholder Information.

(1) The Notice of Proxy Access Nomination shall set forth all information, representations and agreements required under Section 2.9 and Section 2.10 as if the Notice of Proxy Access Nomination was a stockholder nomination notice pursuant to Section 2.9, including the information required with respect to (i) any nominee for election as a director, (ii) any stockholder giving notice of an intent to nominate a candidate for election and (iii) any stockholder, beneficial owner or other person on whose behalf the nomination is made under this Section 2.10. In addition, an Eligible Stockholder (including each stockholder, fund comprising a Qualifying Fund and beneficial owner whose stock ownership is counted for the purpose of qualifying as an Eligible Stockholder) must provide the following information and documents in the Notice of Proxy Access Nomination:

(a) (i) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period (or two-year holding period in the case of the annual meeting to be held in 2021)) certifying that, as of the date the Notice of Proxy Access Nomination is sent to the Corporation, the Eligible Stockholder owns, and has owned continuously for the preceding three years (or two years in the case of the annual meeting to be held in 2021 only), the Required Shares, and if applicable, evidence of continuous ownership of such shares for the

three-year period (or two-year period in the case of the annual meeting to be held in 2021 only) from one or more securities intermediaries in a form that the Board determines acceptable and (ii) the Eligible Stockholder's agreement to provide (x) within five business days after the record date for the applicable annual meeting, written statements from the record holder and intermediaries verifying the Eligible Stockholder's continuous ownership of the Required Shares through the record date, and (y) immediate notice if the Eligible Stockholder ceases to own any of the Required Shares prior to the date of the applicable annual meeting of stockholders;

(b) the written consent of each Proxy Access Stockholder Nominee to being named in the Corporation's proxy materials as a nominee and to serving as a director if elected for the full term he or she is elected for;

(c) a copy of the Schedule 14N that has been filed with the SEC as required by Rule 14a-18 under the Exchange Act;

(d) a signed and written representation of the Eligible Stockholder that such Eligible Stockholder (i) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent, (ii) intends to maintain qualifying ownership of the Required Shares through the date of the applicable annual meeting of stockholders, (iii) has not nominated and will not nominate for election to the Board at the applicable annual meeting of stockholders any person other than its Proxy Access Stockholder Nominee, (iv) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of stockholders other than its Proxy Access Stockholder Nominee(s) or a nominee of the Board, (v) will not distribute to any stockholder any form of proxy for the applicable annual meeting of stockholders other than the form distributed by the Corporation, (vi) will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and has not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were

made, not misleading and otherwise will comply with all applicable laws, rules and regulations in connection with any actions taken pursuant to this Section 2.10.
(vii) intends to be present at the applicable annual meeting of stockholders in person or by proxy to present its Proxy Access Stockholder Nominee for election and (viii) will comply with all applicable laws and regulations with respect to any solicitation in connection with the annual meeting of stockholders applicable to the filing and use, if any, of soliciting material;

(e) in the case of a nomination by a group of stockholders that together constitutes an Eligible Stockholder, a written agreement executed by all members of such group (i) designating one group member that is authorized to act

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on behalf of all members of the group with respect to the nomination and any and all matters related thereto, including withdrawal of the nomination, (ii) acknowledging and agreeing that the undertaking, as well as the assumption of liability and indemnification obligations, each as set forth in Section 2.10(E)(1)(f), shall apply to each member of such group on a joint and several basis, and (iii) agreeing that it will provide, within five business days after the date of the Notice of Proxy Access Nomination, documentation reasonably satisfactory to the Corporation demonstrating that the number of stockholders and/or beneficial owners within such group does not exceed twenty (20), including whether a group of funds qualifies as one stockholder or beneficial owner within the meaning of Section 2.10(E); and

(f) an undertaking that the Eligible Stockholder agrees to (i) expressly assume all liability to which the Corporation or any of its affiliates, or any director, officer, employee or representative thereof, may be subject as a result of any legal or regulatory violation arising out of any such information or communication made available by or on behalf of the Eligible Stockholder or any of its affiliates or its Proxy Access Stockholder Nominee to the Corporation or to any stockholder of the Corporation in connection with the election of directors at the relevant annual meeting of stockholders, (ii) indemnify and hold harmless the Corporation and each of its directors, officers, employees and representatives individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers, employees or representatives arising out of any nomination, solicitation or other activity by the Eligible Stockholder in connection with its efforts to elect the Proxy Access Stockholder Nominee pursuant to this Section 2.10, and (iii) file with the SEC any solicitation or other communication with the Corporation's stockholders relating to the meeting at which the Proxy Access Stockholder Nominee will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the Exchange Act.

(2) In the case of a Qualifying Fund whose stock ownership is counted for purposes of qualifying as an Eligible Stockholder, such Eligible Stockholder must provide to the Secretary documentation reasonably satisfactory to the Board that demonstrates that the funds comprising the Qualifying Fund are either (i) under common management and investment control, (ii) under common management and funded primarily by a single employer or (iii) a "group of investment companies," as such term is defined in Section 12(d)(1)(G)(ii) of the 1940 Act.

(G) **Proxy Access Stockholder Nominee Information.** As part of the Notice of Proxy Access Nomination, each Proxy Access Stockholder Nominee must: (1) provide to the Secretary all of the documentation, information, consents, representations, and agreements required pursuant to Section 2.9(A) and Section 2.10 as if the Proxy Access Stockholder Nominee was a nominee thereunder; (2) submit to the Secretary all completed and signed

questionnaires required of the Corporation's directors and nominees for election to the Board within five business days of receipt of each such questionnaire from the Corporation; and (3) provide to the Secretary within five business days of the Corporation's request such additional information as the Corporation determines may be necessary to permit the Board to determine (a) such Proxy Access Stockholder Nominee's status as to "independence", including references to the criteria established by the New York Stock Exchange (or any other exchange or quotation system on which the Corporation's equity securities are listed), any applicable rules of the SEC and the Corporation's Corporate Governance Guidelines, (b) if such Proxy Access Stockholder Nominee has any direct or indirect relationship with the Corporation other than those relationships that have been deemed categorically immaterial pursuant to the Corporation's Corporate Governance Guidelines, and (c) whether such Proxy Access Stockholder Nominee is, or has been, subject to any event specified in Item 401(f) of Regulation S-K of the Exchange Act or any successor provision. ~~Each Proxy Access Stockholder Nominee shall tender an irrevocable resignation, such resignation to become effective upon a determination by the Board or any committee thereof that (i) the information provided to the Corporation by such individual pursuant to this Section 2.10(G) was untrue in any material respect or omitted to state a material fact necessary in order to make the statements made not misleading or (ii) such individual, or any stockholder or group of stockholders who nominated such individual, shall have breached any obligations owed to the corporation under these Bylaws.~~

(H) Duty to Update and Supplement. In the event that any information or communications provided by the Eligible Stockholder or the Proxy Access Stockholder Nominee to the Corporation or its stockholders ceases to be true and correct in any respect or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Stockholder or Proxy Access Stockholder Nominee, as the case may be, shall promptly notify the Secretary of any such inaccuracy or omission in such previously provided information and of the information that is required to make such information or communication true and correct; it being understood that providing any such notification shall not be deemed to cure any defect or limit the Corporation's right to omit a Proxy Access Stockholder Nominee from its proxy materials as provided in this Section 2.10. Any information required by this Section 2.10 to be provided to the Corporation must be updated and supplemented by the Eligible Stockholder or Proxy Access Stockholder Nominee, as applicable, so that the information provided or required to be provided pursuant to this Section 2.10 shall be true and correct (1) as of the record date for the annual meeting and (2) as of the date that is ten business days prior to the annual meeting or any adjournment, recess or postponement thereof, and each such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five business days after the record date for the annual meeting (in the case of the update and supplement required to be made as of the record date) and not later than seven business days prior to the date for the annual meeting, if practicable or, if not practicable, on the first practicable date prior to any adjournment, recess or postponement thereof (in the case of the update and supplement required to be made as of ten business days prior to the annual meeting or any adjournment, recess or postponement thereof).

(I) Disqualification of a Repeat Proxy Access Stockholder Nominee. Any Proxy Access Stockholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but either (1) withdraws from or becomes ineligible or

unavailable for election at that annual meeting, or (2) does not receive at least 25% of the votes cast in favor of the Proxy Access Stockholder Nominee's election, will be ineligible to be a Proxy Access Stockholder Nominee pursuant to this Section 2.10 for the next two annual meetings of stockholders. Any Proxy Access Stockholder Nominee who is included in the Corporation's proxy statement for a particular annual meeting of stockholders, but subsequently is determined not to satisfy the eligibility requirements of this Section 2.10 or any other provision of the Corporation's Bylaws, Certificate of Incorporation, Corporate Governance Guidelines or other applicable regulation at any time before the applicable annual meeting of stockholders, will not be eligible for election at the relevant annual meeting of stockholders and may not be substituted by the Eligible Stockholder that nominated such Proxy Access Stockholder Nominee.

(J) Disqualification of Proxy Access Stockholder Nominee. Notwithstanding anything to the contrary contained in this Section 2.10, the Corporation shall not be required to include, pursuant to this Section 2.10, a Proxy Access Stockholder Nominee in its proxy materials for any meeting of stockholders, or, if the proxy statement already has been filed, to allow the nomination of a Proxy Access Stockholder Nominee, notwithstanding that proxies in respect of such vote may have been received by the Corporation, if any of the following occur:

(1) the Proxy Access Stockholder Nominee or the Eligible Stockholder (or any member of any group of stockholders that together constitute such Eligible Stockholder) who has nominated such Proxy Access Stockholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of stockholders other than its Proxy Access Stockholder Nominee(s) or a nominee of the Board;

(2) (a) another person is engaging in a "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of stockholders other than a nominee of the Board, (b) the Corporation has received a notice pursuant to Section 2.9 that a stockholder intends to nominate a candidate for director at the annual meeting, whether or not such notice is subsequently withdrawn or made the subject of a settlement with the Corporation or (c) another person is engaging in a "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act against a nominee of the Board;

(3) the Proxy Access Stockholder Nominee is not independent under the rules and regulations of the New York Stock Exchange (or any other exchange or quotation system on which the Corporation's equity securities are listed), any applicable rules of the SEC or any other regulatory body with jurisdiction over the Corporation, and any publicly disclosed standards used by the Board in determining and disclosing independence of the Corporation's directors, in each case as determined by the Board;

(4) the Proxy Access Stockholder Nominee does not meet the audit committee independence requirements under the rules and regulations of the New York Stock Exchange (or any other exchange or quotation system on which the Corporation's

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equity securities are listed) and is not a "non-employee director" for the purposes of Rule 16b-3 under the Exchange Act (or any successor rule);

(5) the Proxy Access Stockholder Nominee's election as a member of the Board would cause the Corporation to be in violation of these Bylaws, the Certificate of Incorporation, the rules and listing standards of the New York Stock Exchange (or any other exchange or quotation system on which the Corporation's equity securities are listed), or any applicable state or federal law, rule or regulation;

(6) the Proxy Access Stockholder Nominee is or has been, within the past three years, an officer or director of a competitor, as defined for purposes of Section 8 of the Clayton Antitrust Act of 1914, as amended;

(7) the Proxy Access Stockholder Nominee's current or within the preceding ten years' business or personal interests place such Proxy Access Stockholder Nominee in a conflict of interest with the Corporation or any of its subsidiaries that would cause, or would reasonably

be likely to cause, such Proxy Access Stockholder Nominee to violate any fiduciary duties of directors established pursuant to the DGCL, including but not limited to, the duty of loyalty and duty of care, as determined by the Board;

(8) the Proxy Access Stockholder Nominee is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten years;

(9) the Proxy Access Stockholder Nominee is subject to an order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended;

(10) the Eligible Stockholder (or, in the case of a group of stockholders that together constitute such Eligible Stockholder, the Eligible Stockholder that is authorized to act on behalf of all members of such group), or any qualified representative thereof, or the Proxy Access Stockholder Nominee do not appear at the applicable annual meeting of stockholders to present the Proxy Access Stockholder Nominee for election;

(11) ~~the Eligible Stockholder (or any member of any group of stockholders that together constitute such Eligible Stockholder) or applicable Proxy Access Stockholder Nominee otherwise breaches or fails to comply with, or the Board determines it has breached, its agreements, representations, undertakings or obligations pursuant to these Bylaws, including, without limitation, this Section 2.10;~~



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(11) ~~(12)~~ the Eligible Stockholder ceases to be an Eligible Stockholder for any reason, including but not limited to, not owning the Required Shares through the date of the applicable annual meeting; or

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(12) ~~(12)~~ if the Proxy Access Stockholder Nominee is determined by the Board not to satisfy the eligibility requirements provided in the Corporation's Corporate Governance Guidelines.

For the purpose of this Section 2.10(j), (i) clauses (3) through ~~(12)~~ will result in the exclusion from the proxy materials pursuant to this Section 2.10 of the specific Proxy Access Stockholder Nominee to whom the ineligibility applies, or, if the proxy statement already has been filed, the ineligibility of the Proxy Access Stockholder Nominee and (ii) clauses (1) and (2) will result in the exclusion from the proxy materials pursuant to this Section 2.10 of all Proxy Access Stockholder Nominees from the applicable annual meeting of stockholders, or, if the proxy statement already has been filed, the ineligibility of all Proxy Access Stockholder Nominees.

(K) Miscellaneous. The Notice of Proxy Access Nomination shall be deemed submitted on the date on which all of the information and documents referred to in this Section 2.10 (other than such information and documents contemplated to be provided after the date the Notice of Proxy Access Nomination is provided) have been delivered to and received by the Secretary. Except as otherwise provided by law, the Corporation's Certificate of Incorporation and these Bylaws, the Chairman of the Board, the Board or the chairman of the meeting shall be entitled, if the facts warrant, to determine and declare that: (1) a nomination was not made in accordance with the procedures prescribed by this Section 2.10, and (2) a Proxy Access Stockholder Nominee is ineligible to be named in the Corporation's proxy materials pursuant to this Section 2.10 or to be considered for election at the meeting, ~~or (3) a Proxy Access Stockholder Nominee and/or the applicable Eligible Shareholder breached its or their representations, undertakings, agreements or obligations under or pursuant to this Section 2.10, and in each such case, the chairman of the meeting shall so declare at the meeting and the nomination shall be disregarded notwithstanding that proxies in respect of the nomination of the relevant Proxy Access Stockholder Nominee may have been received by the Corporation.~~ The Board (any other person or body authorized by the Board) shall have the power and authority to interpret this Section 2.10 and to make any determinations necessary or advisable to apply this Section 2.10 to any persons, facts or circumstances, in each case, acting in good faith.

Section 2.11. Conduct of Business. Meetings of stockholders shall be presided over by the chairman of the meeting of stockholders (the "chairman of the meeting"), who shall be the Chairman of the Board or, in his or her absence, the Chief Executive Officer or, in his or her absence, the

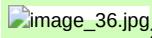
President or, in his or her absence, a Senior Vice President or, in the absence of the foregoing persons, a person designated by the Board, or in the absence of such designation, a person chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence, the chairman of the meeting may appoint any person to act as secretary of the meeting. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chairman of the meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of the chairman of the meeting, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the

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chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) regulation of the manner of voting and conduct of discussion; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; (vi) limitations on the time allotted to questions or comments by participants; and (vii) restrictions on the use of audio or visual recording devices at the meeting. The chairman of the meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such chairman of the meeting should so determine, such chairman of the meeting shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.12. Required Vote. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, at any meeting at which directors are to be elected, the directors shall be elected by a plurality of votes cast by the holders of shares entitled to vote in the election. If, in an election where the number of director nominees does not exceed the number of directors to be elected (an "Uncontested Election"), the ~~number of shares voted "for" an incumbent director nominee does not~~ ~~directors shall be elected~~ ~~by a majority of the votes cast by the holders of shares entitled to vote in the election. For purposes of this Section 2.12 in an Uncontested Election, a majority of the votes cast means that~~ the number of votes "for" a director ~~must~~ exceed the number of "withhold" or "against" votes received by ~~such incumbent director nominee, such incumbent~~ ~~that director, abstentions and broker non-votes will not be counted as votes "for", "against" or "withhold". If any director fails to achieve~~ ~~majority of the votes cast at an election of directors where directors are elected by a majority of the votes cast, such~~ director shall be deemed to have tendered his or her resignation to the Board for consideration following the certification of the election results. The Nominating and Governance Committee of the Corporation shall consider such resignation and make a recommendation to the Board on whether to accept or reject such incumbent director's resignation or whether other action should be taken. The Board shall then consider each such tendered resignation and act on each, taking into account its fiduciary duties to the Corporation and the stockholders. Within 90 days from the date of the certification of the election results, the Corporation shall publicly disclose the decision of the Board, and, if applicable, the Board's reason for rejecting any such tendered resignation(s). An incumbent director who shall be deemed to have tendered his or her resignation for consideration shall not participate in the Corporation's Nominating and Governance Committee's recommendation or the Board's decision, or any deliberations related thereto. If a director's resignation pursuant to this

Section

 ~~2.12~~ is accepted by the Board, then the Board may fill the resulting vacancy pursuant to the provisions of Section 3.9 or may decrease the size of the Board pursuant to Section 3.2. The Board shall nominate for election or re-election as director only candidates who have tendered irrevocable conditional resignations (in substantially the form attached hereto as Annex A) that will be effective upon (i) the failure of such director to receive more "for" votes than "withhold" or "against" votes at the next annual meeting at which they face re-election in an Uncontested

Election; and (ii) Board acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by the other directors. The election of directors by the stockholders shall be by written ballot if directed by the chairman of the meeting or if the number of nominees exceeds the number of directors to be elected. Unless otherwise provided in the Certificate of Incorporation, cumulative voting for the election of directors shall be prohibited. Except as otherwise provided by applicable law, the rules and regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation, or these Bylaws, in all matters other than the election of directors and certain non-binding advisory votes described below, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders. In non-binding advisory matters with more than two possible vote choices, the affirmative vote of a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the recommendation of the stockholders.

Section 2.13. Treasury Stock. The Corporation shall not vote, directly or indirectly, shares of its own stock owned by it or any other corporation, if a majority of shares entitled to vote in the election of directors of such corporation is held, directly or indirectly by the Corporation, and such shares will not be counted for quorum purposes; *provided, however,* that the foregoing shall not limit the right of the Corporation or such other corporation, to vote stock of the Corporation held in a fiduciary capacity.

Section 2.14. Inspectors of Elections: Opening and Closing the Polls. At any meeting at which a vote is taken by ballots, the Board by resolution may, and when required by applicable law, shall, appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders and the appointment of an inspector is required by applicable law, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his ability. The inspectors shall have the duties prescribed by applicable law.

ARTICLE III BOARD OF DIRECTORS

Section 3.1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board elected in accordance with these Bylaws. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders. The directors shall act only as a Board or a committee thereof, and the individual directors shall have no power as such.

Section 3.2. Number, Tenure and Qualifications. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, if any, the number of directors shall be fixed from time to time in the manner provided in the Certificate of Incorporation. The election and terms of office of directors shall be as set forth in the Certificate of Incorporation.

Section 3.3. Regular Meetings. Subject to Section 3.5, regular meetings of the Board shall be held on such dates, and at such times and places, as are determined from time to time by resolution of the Board.

Section 3.4. Special Meetings. Special meetings of the Board shall be called at the request of the Chairman of the Board, the Chief Executive Officer or a majority of the members of the Board then in office. The person or persons authorized to call special meetings of the Board may fix the place, if any, date and time of the meetings. Any business may be conducted at a special meeting of the Board.

Section 3.5. Notice. Notice of any meeting of directors shall be given to each director at his business or residence in writing by hand delivery, first-class or overnight mail, courier service or facsimile or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least 24 hours before such meeting. If by facsimile or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least 24 hours before such meeting. If by telephone or by hand delivery, the notice shall be given at least 24 hours prior to the time set for the meeting and shall be confirmed by facsimile or electronic transmission that is sent promptly thereafter. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, except for amendments to these Bylaws, as provided under Section 8.1. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 7.4 of these Bylaws.

Section 3.6. Action by Consent of Board. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, including by electronic transmission, and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State of the State of Delaware.

Section 3.7. Conference Telephone Meetings. Members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting, except where such person participates in the

meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3.8. Quorum. Subject to Section 3.9, a whole number of directors equal to at least a majority of the Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board there shall be less than a quorum present, a majority of the directors present may, to the fullest extent permitted by law, adjourn the meeting from time to time without further notice unless (i) the date, time and place, if any, of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 3.5 of these Bylaws shall be given to each director, or (ii) the meeting is adjourned for more than 24 hours, in which case the notice referred to in clause (i) shall be given to those directors not present at the announcement of the date, time and place of the adjourned meeting. The act of the majority of the directors present at a

meeting at which a quorum is present shall be the act of the Board. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 3.9. Vacancies. Subject to applicable law, the rights of holders of any series of Preferred Stock then outstanding, any newly created directorship that results from an increase in the number of directors or any vacancy on the Board that results from the death, disability, resignation, disqualification or removal of any director or from any other cause shall, unless otherwise required by law or by resolution of the Board, be filled in accordance with the Certificate of Incorporation. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall hold office for the remaining term of his predecessor. No decrease in the number of authorized directors constituting the Board shall shorten the term of any incumbent director.

Section 3.10. Removal. Directors of the Corporation may be removed in the manner provided in the Certificate of Incorporation and applicable law.

Section 3.11. Records. The Board shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

Section 3.12. Compensation. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have authority to fix the compensation of directors, including fees and reimbursement of expenses. The Corporation will cause each non-employee director serving on the Board to be reimbursed for all reasonable out-of-pocket costs and expenses incurred by him in connection with such service.

Section 3.13. Regulations. To the extent consistent with applicable law, the Certificate of Incorporation and these Bylaws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the affairs and business of the Corporation as the Board may deem appropriate.

ARTICLE IV COMMITTEES

Section 4.1. Designation; Powers. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Any such committee, to the extent permitted by applicable law and to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

Section 4.2. Procedure; Meetings; Quorum. Any committee designated pursuant to Section 4.1 shall choose its own chairman by a majority vote of the members then in attendance in the event the chairman has not been selected by the Board, shall keep regular minutes of its proceedings and report the same to the Board when requested, and shall meet at such times and at such place or places as may be provided by the charter of such committee or by resolution of such committee or resolution of the Board. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution. The Board shall adopt a charter for each committee for which a charter is required by applicable laws, regulations or stock exchange rules, may adopt a charter for any other committee, and may adopt other rules and regulations for the governance of any committee not inconsistent with the provisions of these Bylaws or any such charter, and each committee may adopt its own rules and regulations of governance, to the extent not inconsistent with these Bylaws or any charter or other rules and regulations adopted by the Board.

Section 4.3. Substitution of Members. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the

member or members present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of the absent or disqualified member.

ARTICLE V OFFICERS

Section 5.1. Officers. The officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, a Secretary, a Treasurer and such other officers as the Board from time to time may deem proper. The Chairman of the Board shall be chosen from among the directors. All officers elected by the Board shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article V. Such officers shall also have such powers and duties as from time to time may be conferred by the Board or by any committee thereof. The Board or any committee thereof may from time to time elect, or the Chairman of the Board or Chief Executive Officer may appoint, such other officers (including one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these Bylaws or as may be prescribed by the Board or such

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committee thereof or by the Chairman of the Board or Chief Executive Officer, as the case may be.

Section 5.2. Election and Term of Office. The officers of the Corporation shall be elected or appointed from time to time by the Board. Each officer shall hold office until his successor shall have been duly elected or appointed and shall have qualified or until his death or until he shall resign, but any officer may be removed from office at any time by the affirmative vote of a majority of the Board or, except in the case of an officer or agent elected by the Board, by the Chairman of the Board or Chief Executive Officer. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

Section 5.3. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board. The Chairman of the Board shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incidental to his office that may be required by law and all such other duties as are properly required of him by the Board. He shall make reports to the Board and the stockholders, and shall see that all orders and resolutions of the Board and of any committee thereof are carried into effect. The Chairman of the Board may also serve as Chief Executive Officer, if so elected by the Board.

Section 5.4. Chief Executive Officer. The Chief Executive Officer shall act in a general executive capacity and shall assist the Chairman of the Board in the administration and operation of the Corporation's business and general supervision of its policies and affairs. The Chief Executive Officer shall, in the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of the Board. The Chief Executive Officer shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and all other documents and instruments in connection with the business of the Corporation.

Section 5.5. President. The President, if any, shall have such powers and shall perform such duties as shall be assigned to him by the Board.

Section 5.6. Senior Vice Presidents and Vice Presidents. Each Senior Vice President and Vice President, if any, shall have such powers and shall perform such duties as shall be assigned to him by the Board.

Section 5.7. Treasurer. The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Corporation to be deposited in such banks as may be authorized by the Board, or in such banks as may be designated as depositaries in the manner provided by resolution of the Board. He shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him from time to time by the Board, the Chairman of the Board or the Chief Executive Officer.

Section 5.8. Secretary. The Secretary shall keep or cause to be kept in one or more books provided for that purpose, the minutes of all meetings of the Board, the committees of the Board and the stockholders; he shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by applicable law; he shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; and he shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, he shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board, the Chairman of the Board or the Chief Executive Officer.

Section 5.9. Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation, or removal may be filled by the Board for the unexpired portion of the term at any meeting of the Board. Any vacancy in an office appointed by the Chairman of the Board or the Chief Executive Officer because of death, resignation, or removal may be filled by the Chairman of the Board or the Chief Executive Officer.

Section 5.10. Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board, the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of security holders of or with respect to any action of security holders of any other corporation in which the Corporation may hold securities and otherwise to exercise any and all rights and powers that the Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE VI STOCK CERTIFICATES AND TRANSFERS

Section 6.1. Stock Certificates and Transfers. The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe, *provided* that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be uncertificated or electronic shares. The shares of the stock of the Corporation shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and number of shares. Subject to the provisions of the Certificate of Incorporation, the shares of the stock of the Corporation shall be transferred on the books of the Corporation, which may be maintained by a third-party registrar or transfer agent, by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require or upon receipt of proper transfer instructions from the registered holder of uncertificated shares and upon compliance with appropriate procedures for transferring shares in uncertificated form, at which time the Corporation shall issue a new certificate to the person entitled thereto (if the stock is then represented by certificates), cancel the old certificate and record the transaction upon its books.

Each certificated share of stock shall be signed, countersigned and registered in such manner as the Board may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 6.2. Lost, Stolen or Destroyed Certificates. No certificate for shares or uncertificated shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board or any financial officer may in its or his discretion require.

Section 6.3. Ownership of Shares. The Corporation shall be entitled to treat the holder of record of any share or shares of stock of the Corporation as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

Section 6.4. Regulations Regarding Certificates. Subject to applicable law, the Board shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration or the replacement of certificates for shares of stock of the Corporation. The Corporation may enter into additional agreements with stockholders to restrict the transfer of stock of the Corporation in any manner not prohibited by the DGCL.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the 31st day of December of each year.

Section 7.2. Dividends. Except as otherwise provided by law or the Certificate of Incorporation, the Board may from time to time declare, and the Corporation may pay, dividends on its outstanding shares of stock, which dividends may be paid in either cash, property or shares of stock of the Corporation. A member of the Board, or a member of any committee designated by the Board, shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Section 7.3. Seal. The corporate seal shall have inscribed thereon the words "Corporate Seal," the year of incorporation and around the margin thereof the words "Cactus, Inc.—Delaware."

Section 7.4. Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, including by electronic transmission, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board or committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 7.5. Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice, including by electronic transmission, of such resignation to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the Chief Executive Officer, the President or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board or the stockholders to make any such resignation effective.

Section 7.6. Indemnification and Advancement of Expenses.

(A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**proceeding**") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, trustee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (a "**Covered Person**"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee, trustee or agent, or in any other capacity while serving as a director, officer, employee, trustee or agent, against all expenses, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection with such proceeding.

(B) The Corporation shall, to the fullest extent not prohibited by applicable law as it presently exists or may hereafter be amended, pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition; provided, however, that to the extent required by applicable law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately

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determined by final judicial decision from which there is no further right to appeal that the Covered Person is not entitled to be indemnified under this Section 7.6 or otherwise.

(C) The rights to indemnification and advancement of expenses under this Section 7.6 shall be contract rights and such rights shall continue as to a Covered Person who has ceased to be a director, officer, employee, trustee or agent and shall inure to the benefit of his heirs, executors and administrators. Notwithstanding the foregoing provisions of this Section 7.6, except for proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify and advance expenses to a Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(D) If a claim for indemnification under this Section 7.6 (following the final disposition of such proceeding) is not paid in full within sixty (60) days after the Corporation has received a claim therefor by the Covered Person, or if a claim for any advancement of expenses under this Section 7.6 is not paid in full within thirty (30) days after the Corporation has received a statement or statements requesting such amounts to be advanced, the Covered Person shall thereupon (but not before) be entitled to file suit to recover the unpaid amount of such claim. If successful in whole or in part, the Covered Person shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by applicable law. In any

such action, the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

(E) The rights conferred on any Covered Person by this Section 7.6 shall not be exclusive of any other rights that such Covered Person may have or hereafter acquire under any statute, any provision of the Certificate of Incorporation, these Bylaws, any agreement or vote of stockholders or disinterested directors or otherwise.

(F) This Section 7.6 shall not limit the right of the Corporation, to the extent and in the manner permitted by applicable law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

(G) Any Covered Person entitled to indemnification and/or advancement of expenses, in each case pursuant to this Section 7.6, may have certain rights to indemnification, advancement and/or insurance provided by one or more persons with whom or which such Covered Person may be associated. The Corporation hereby acknowledges and agrees that (i) the Corporation shall be the indemnitor of first resort with respect to any proceeding, expense, liability or matter that is the subject of this Section 7.6, (ii) the Corporation shall be primarily liable for all such obligations and any indemnification afforded to a Covered Person in respect of a proceeding, expense, liability or matter that is the subject of this Section 7.6, whether created by law, organizational or constituent documents, contract or otherwise, (iii) any obligation of any persons with whom or which a Covered Person may be associated to indemnify such Covered Person and/or advance expenses or liabilities to such Covered Person in respect of any proceeding shall be secondary to the obligations of the Corporation hereunder, (iv) the Corporation shall be required to indemnify each Covered Person and advance expenses to each Covered Person hereunder to the fullest extent provided herein without regard to any rights such Covered Person may have against any other person with whom or which such Covered Person

may be associated or insurer of any such person, and (v) the Corporation irrevocably waives, relinquishes and releases any other person with whom or which a Covered Person may be associated from any claim of contribution, subrogation or any other recovery of any kind in respect of amounts paid by the Corporation hereunder.

Section 7.7. **Notices.** Except as otherwise specifically provided herein or required by applicable law, all notices required to be given to any stockholder, director, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by commercial courier service, or by facsimile or other electronic transmission, *provided* that notice to stockholders by electronic transmission shall be given in the manner provided in Section 232 of the DGCL. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at his last known address as the same appears on the books of the Corporation. Without limiting the manner by which notice otherwise may be given effectively, notice to any stockholder shall be deemed given: (1) if by facsimile, when directed to a number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; (4) if by any other form of electronic transmission, when directed to the stockholder; and (5) if by mail, when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

Section 7.8. **Facsimile and Electronic Signatures.** In addition to the provisions for use of facsimile or electronic signatures elsewhere specifically authorized in these Bylaws, facsimile or electronic signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board or a committee thereof.

Section 7.9. **Time Periods.** Except as otherwise explicitly set forth in these Bylaws, in applying any provision of these Bylaws that require that an act be done or not done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

Section 7.10. Reliance Upon Books, Reports and Records. Each director, each member of any committee designated by the Board, and each officer of the Corporation shall, in the performance of his duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 7.11. Severability. Whenever possible, each provision or portion of any provision of these Bylaws will be interpreted in such manner as to be effective and valid under applicable law, but if any provision or portion of any provision of these Bylaws is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any

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jurisdiction, such provision or portion of any provision shall be severable and the invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and these Bylaws will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

ARTICLE VIII AMENDMENTS

Section 8.1. Amendments. Subject to the provisions of the Certificate of Incorporation, these Bylaws may be amended, altered or repealed (a) by resolution adopted by a majority of the directors present at any special or regular meeting of the Board at which a quorum is present if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting or (b) at any regular or special meeting of the stockholders (i) prior to the commencement of the 2026 annual meeting of stockholders, upon the affirmative vote of at least 66 2/3% of the shares of the Corporation entitled to vote in the election of directors if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting, and (ii) from the commencement of the 2026 annual meeting of stockholders and thereafter, upon the affirmative vote of not less than a majority in voting power of the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class, if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

Notwithstanding the foregoing, prior to the commencement of the 2026 annual meeting of stockholders, Section 3.9 and Section 3.10 and this paragraph of Section 8.1 may only be amended, altered or repealed at any regular or special meeting of the stockholders upon the affirmative vote of at least 66 2/3% of the shares of the Corporation entitled to vote thereon if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

Notwithstanding the foregoing, no amendment, alteration or repeal of Section 7.6 shall adversely affect any right or protection existing under these Bylaws immediately prior to such amendment, alteration or repeal, including any right or protection of a present or former director, officer or employee thereunder in respect of any act or omission occurring prior to the time of such amendment.

ARTICLE IX EXCLUSIVE FORUM

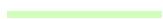
Section 9.1. Forum. Unless the Corporation selects or consents in writing to the selection of an alternative forum, (A) the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a duty (including any fiduciary duty) owed by any current or former director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the

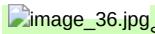
Corporation or any current or former director or officer or other employee of the Corporation arising pursuant to any provision of the DGCL, the Restated Certificate of Incorporation or these Bylaws, including any action to interpret, apply, enforce or determine the validity of the Restated Certificate of Incorporation or these Bylaws, or any provision thereof or hereof, or (iv) any action asserting a claim against the Corporation or any director or officer or other agent or employee of the Corporation governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein (or, if the Court of Chancery does not have, or declines to accept, jurisdiction, another state court or a federal court located within the State of Delaware); and (B) the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the federal securities laws of the United States of America, to the fullest extent permitted by law, shall be the federal district courts of the United States of America. Any person or entity purchasing or otherwise acquiring any interest in any securities of the Corporation shall be deemed to have notice of and consented to the provisions of this Article IX.

[Annex A]
Form of Irrevocable Conditional Resignation Letter

Cactus, Inc.
920 Memorial City Way, Suite 300
Houston, Texas 77024

Reference is hereby made to Section 2.12 of the Amended and Restated Bylaws (as amended, the **"Bylaws"**) of Cactus, Inc., a Delaware corporation (the **"Company"**), which, among other things, sets forth the Company's director resignation policy (the **"Director Resignation Policy"**). Section 2.12 of the Bylaws provide in relevant part as follows:





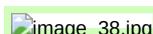
Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, at any meeting at which directors are to be elected, the directors shall be elected by a plurality of votes cast by the holders of shares entitled to vote in the election. If, in an election where the number of director nominees does not exceed the number of directors to be elected (an **"Uncontested Election"**), the **number of shares voted "for" an incumbent director/nominee does not** **directors shall be elected by a majority of the votes cast by theholders of shares entitled to vote in the election. For purposes of this Section 2.12 in an Uncontested Election, a majority of the votes cast means that the number ofvotes "for" a director must** exceed the number of "withhold" or "against" votes received by **such incumbent director/nominee, such incumbent** **that director abstentions and broker non-votes will not be counted as votes "for", "against" or "withhold". If any director fails to achieve majority of the votes cast at an election of directors where directors are elected by a majority of the votes cast, such** director shall be deemed to have tendered his or her resignation to the Board for consideration following the certification of the election results. The Nominating and Governance Committee of the Corporation shall consider such resignation and make a recommendation to the Board on whether to accept or reject such incumbent director's resignation or whether other action should be taken. The Board shall then consider each such tendered resignation and act on each, taking into account its fiduciary duties to the Corporation and the stockholders. Within 90 days from the date of the certification of the election results, the Corporation shall publicly disclose the decision of the Board, and, if applicable, the Board's reason for rejecting any such tendered resignation(s). An incumbent director who shall be deemed to have tendered his or her resignation for consideration shall not participate in the Corporation's Nominating and Governance Committee's recommendation or the Board's decision, or any deliberations related thereto. If a director's resignation pursuant to this Section 2.12 is accepted by the Board, then the Board may fill the resulting vacancy pursuant to the provisions of Section 3.9 or may decrease the size of the Board pursuant to Section 3.2. The Board shall nominate for election or re-election as director only candidates who have tendered irrevocable conditional resignations (in substantially the form attached hereto as Annex A) that will be effective upon (i) the failure of such director to receive more "for" votes than "withhold" or "against" votes at the next annual meeting at

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which they face re-election in an Uncontested Election; and (ii) Board acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by the other directors. The election of directors by the stockholders shall be by written ballot if directed by the chairman of the meeting or if the number of nominees exceeds the number of directors to be elected. Unless otherwise provided in the Certificate of Incorporation, cumulative voting for the election of directors shall be prohibited. Except as otherwise provided by applicable law, the rules and regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation, or these Bylaws, in all matters other than the election of directors and certain non-binding advisory votes described below, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders. In non-binding advisory matters with more than two possible vote choices, the affirmative vote of a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the recommendation of the stockholders.

In accordance with the Director Resignation Policy, I hereby resign from my position as a director of the Company, effective upon (i) my failure to receive more votes "for" my election than "withhold" or "against" votes at the next annual meeting at which I face re-election in an Uncontested Election; and (ii) Board acceptance of such resignation.

Very truly yours,



Name:



May 20, 2024

Dear Jay Nutt:

We are pleased to extend you an offer of employment with Cactus Companies, LLC. We believe the company can provide an outstanding opportunity for you, and we are confident in your ability to make a significant contribution to the team.

Your position will be Executive Vice President, Chief Financial Officer and Treasurer; this position is based in Houston, reporting to Scott Bender. Your tentative start date will be Monday, June 3, 2024. You will be paid an annual base salary of \$450,000 USD. As this position is considered "exempt" for federal wage-hour purposes, you will not be eligible for overtime pay for hours worked in excess of 40 in a given workweek.

As a full-time employee with Cactus Companies, you are eligible for the following:

By: **• /s/ Paul G. McDermott** Comprehensive benefits package including medical, dental, and vision effective the 1st of the month, following 30 days of employment. Disability, voluntary ancillary benefits, and 401(k) retirement programs are also offered.

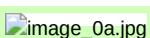
Name: **Paul G. McDermott** **•** Participation in our Management Incentive Plan (MIP). This plan provides an annual bonus payment based on achieving the financial and operational goals of the Company and weighs your personal contributions to the Company as well. Payment of this plan is based on the objectives set by the Company and approval from the Board. Your initial target participation level in the Incentive Program would be 80%, with inclusion in the Tier 1 participant pool, which currently incorporates the highest stretch bonus component in the plan (up to 40% of the regular bonus payout or 112% of base).

Title: **Managing Member** **•** With Board approval, you will be eligible to participate in our annual long-term incentive program, which is intended to include one times your base pay in RSU's and one times your base pay in PSU's. These awards are generally granted in the first quarter of each year at the discretion of the Compensation Committee. The RSU's generally vest ratably over three years (1/3 each year). The PSU's vest subject to return on capital employed metrics measured over a three-year timeframe and can vest at up to two times the base target based on performance achieved. Subject to Board approval, you will be awarded RSU's and PSUs with a grant date value equal to your base salary within 60 days of beginning your employment. It is anticipated your initial RSU grant will vest ratably over three years (1/3 each year) and your initial PSU grant will have a measurement period from 1/1/2024 to 12/31/2026. Copies of the 2024 forms of agreement for both the RSU's and PSU's you are available upon request.

- Cell phone allowance, per company policy.
- 20 Paid Time Off (PTO) days per calendar year, which includes vacation and sick time, pro-rated based on date of hire.
- 2 Floating Holidays per calendar year. If hired after September 30 of the current year, you will not receive the floating holidays until January of the following year.

Your employment with the company is contingent upon the successful completion of a background investigation and a drug and alcohol screen. Depending on position, you may also be subject to Motor Vehicle Report screening, and physical work or mobility testing. Additionally, this offer is contingent upon satisfactory review of any covenants related to non-compete agreements that may be currently in force with your current or previous employers. Once satisfactory results are received, we will contact you to confirm your start date.

BENDER INVESTMENT COMPANY Employment with Cactus Companies, LLC is considered "at will", meaning that either you or the company may terminate the relationship at any time for any reason, with or without cause or notice. Nothing in this letter is intended or should be construed as a contract, express or implied. This letter supersedes any prior representation.



or agreement, whether written or oral. This employment letter may not be modified or amended except by a written agreement.

We hope you will find working with Cactus Companies, LLC to be a rewarding experience. Sincerely,

/s/ Scott Bender
Scott Bender
Cactus Companies, LLC

By: [Please accept this offer by /s/ Scott Bender 5/31/2024
Name: Scott Bender
Title: President. This offer is void if your response is not received within fourteen (14) days. Should you have any questions, please do not hesitate to contact Dawn Smith at dawn.smith@cactuswellhead.com.]

CACTUS WH ENTERPRISES, LLC

/s/ Jay A. Nutt 05-22-2024
Jay Nutt Date

By: /s/ Scott Bender
Name: Scott Bender
Title: President

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Bender, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cactus, Inc. (the "Registrant");
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: **May 2, 2024** **August 1, 2024**

/s/ Scott Bender

Scott Bender
*Chief Executive Officer, Chairman of the Board and
Director
(Principal Executive Officer)*

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, **Alan Keifer**, **Jay A. Nutt**, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cactus, Inc. (the "registrant");
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: **May 2, 2024** **August 1, 2024**

/s/ Alan Keifer Jay A. Nutt

Alan Keifer Jay A. Nutt
*Interim Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)*

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

This certification is provided pursuant to § 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, and accompanies the Quarterly Report on Form 10-Q for the period ended **March 31, 2024** **June 30, 2024** of Cactus, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report").

I, Scott Bender, Chief Executive Officer, Chairman of the Board and Director of the Company, certify that:

- (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 Company.

Date: **May 2, 2024** **August 1, 2024**

/s/ Scott Bender

Scott Bender

*Chief Executive Officer, Chairman of the Board and Director
(Principal Executive Officer)*

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

This certification is provided pursuant to § 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, and accompanies the Quarterly Report on Form 10-Q for the period ended **March 31, 2024** **June 30, 2024** of Cactus, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report").

I, Alan Keifer, **Interim** **Jay A. Nutt**, **Executive Vice President**, Chief Financial Officer **and Treasurer** of the Company, certify that:

- (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 Company.

Date: **May 2, 2024** **August 1, 2024**

/s/ **Alan Keifer** **Jay A. Nutt**

Alan Keifer Jay A. Nutt

Interim **Executive Vice President**, **Chief Financial Officer** **and Treasurer**
(Principal Financial Officer)

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