Use these links to rapidly review the document
TABLE OF CONTENTS
INDEX TO FINANCIAL STATEMENTS

Table of Contents

As filed with the Securities and Exchange Commission on March 7, 2017

Registration No. 333-215940

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2 to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ProPetro Holding Corp.

(Exact name of registrant as specified in its charter)

Texas	**1389**	**26-3685382**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1706 S. Midkiff, Bldg. B
Midland, Texas 79701
(432) 688-0012
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Dale Redman
Chief Executive Officer
1706 S. Midkiff, Bldg. B
Midland, Texas 79701
(432) 688-0012
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Ryan J. Maierson **Thomas G. Brandt** **Latham & Watkins LLP** **811 Main Street, Suite 3700** **Houston, Texas 77002** **(713) 546-5400**	**Alan Beck** **Douglas E. McWilliams** **Vinson & Elkins L.L.P.** **1001 Fannin Street, Suite 2500** **Houston, Texas 77002** **(713) 758-2222**

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

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

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

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

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

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

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, par value $0.001 per share	$437,000,000	$50,648.30

(1) Includes 3,000,000 shares of common stock that the underwriters have the option to purchase.
(2) Estimated solely for the purpose of calculating the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.
(3) The total registration fee includes $39,985.50 that was previously paid for the registration of $345,000,000 of proposed maximum aggregate offering price in the filing of the Registration Statement on February 7, 2017 and $10,663 for the registration of an additional $92,000,000 of proposed maximum aggregate offering price registered hereby.

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

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 7, 2017

PROSPECTUS

20,000,000 Shares

ProPetro Holding Corp.

Common Stock

This is our initial public offering. We are offering 10,631,300 shares of our common stock and the selling shareholders are selling 9,368,700 shares of common stock.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price will be between $16.00 and $19.00 per share. We have been approved to list our common stock on the New York Stock Exchange, or NYSE, subject to official notice of issuance, under the symbol "PUMP." We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, and will be subject to reduced public company reporting requirements.

You should consider the risks we have described in "Risk Factors" beginning on page 15.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to ProPetro Holding Corp.	$	$
Proceeds, before expenses, to the selling shareholders	$	$

(1) Please read "Underwriting" for a description of all underwriting compensation payable in connection with this offering.

The underwriters have the option to purchase up to an additional 3,000,000 shares from the selling shareholders at the public offering price, less the underwriting discounts.

Delivery of the shares of common stock is expected to be made on or about , 2017 through the book-entry facilities of The Depository Trust Company.

Goldman, Sachs & Co. **Barclays**

Credit Suisse **J.P. Morgan**

Evercore ISI **RBC Capital Markets** **Simmons & Company International**
Energy Specialists of Piper Jaffray

Raymond James **Tudor, Pickering, Holt & Co.**
Deutsche Bank Securities **Johnson Rice & Company L.L.C.**

The date of this prospectus is , 2017.

Table of Contents

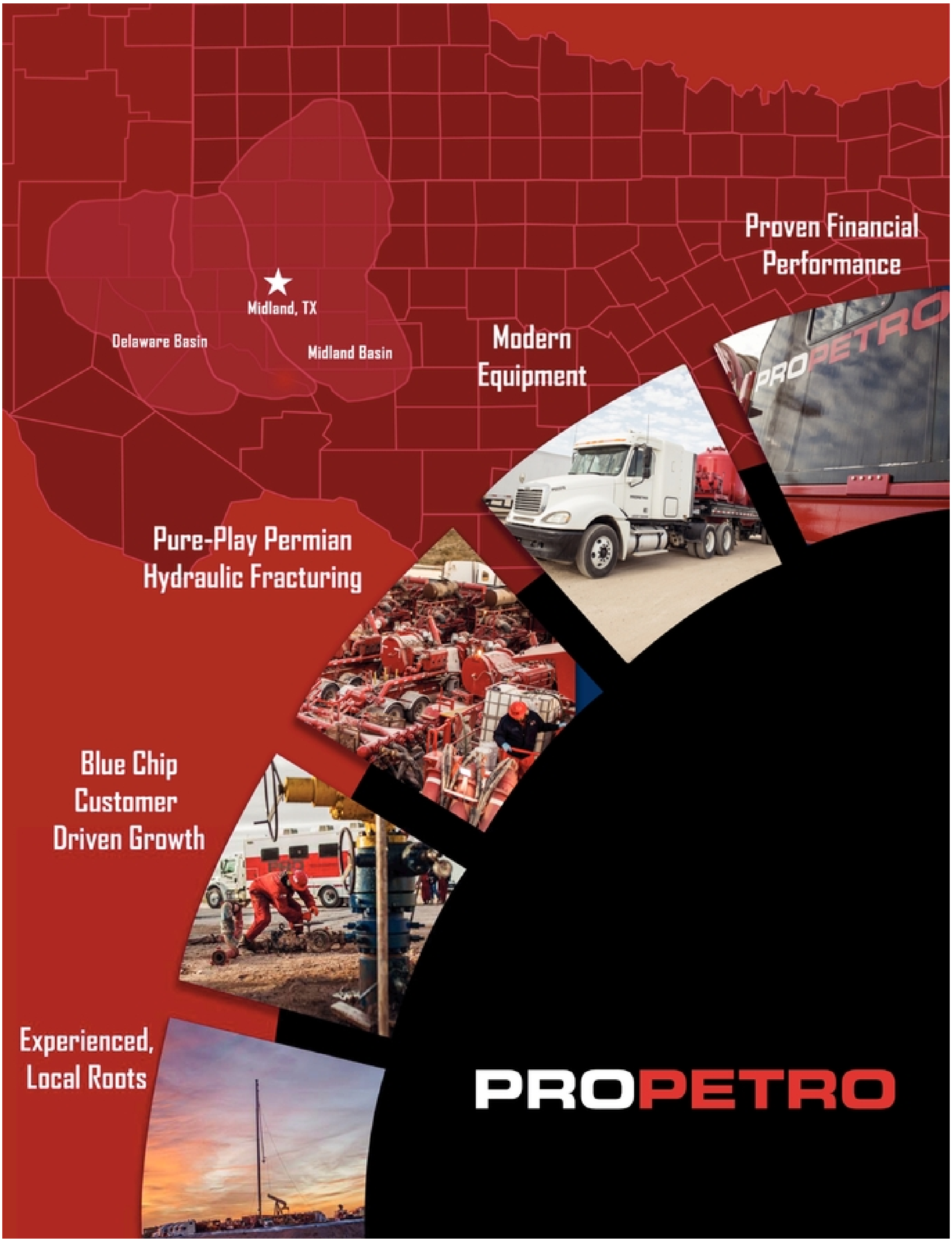


TABLE OF CONTENTS

	Page
Summary	1
The Offering	10
Summary Historical Consolidated Financial Data	12
Risk Factors	15
Use of Proceeds	35
Stock Split	36
Dividend Policy	37
Capitalization	38
Dilution	39
Selected Historical Financial Data	41
Management's Discussion and Analysis of Financial Condition and Results of Operations	43
Industry Overview	60
Business	70
Management	83
Executive Compensation	89
Principal and Selling Shareholders	102
Certain Relationships and Related Party Transactions	104
Description of Capital Stock	107
Shares Eligible For Future Sale	109
Material U.S. Federal Income Tax Consequences to Non-U.S. Holders	112
Underwriting	117
Legal Matters	123
Experts	124
Where You Can Find Additional Information	125
Forward-Looking Statements	126
Glossary of Oil and Natural Gas Terms	A-1
Index to Financial Statements	F-1

ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus or in any free writing prospectus prepared by us or on behalf of us or to which we have referred you. We have not, and the underwriters have not, authorized any other person to provide you with information different from that contained in this prospectus and any free writing prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

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

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and does not imply, a relationship with, or endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, ™ or ℠ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

Unless the context otherwise requires, the information in this prospectus (other than in the historical financial statements) assumes that the underwriters will not exercise their option to purchase additional shares.

INDUSTRY AND MARKET DATA

The data included in this prospectus regarding the industry in which we operate, including descriptions of trends in the market and our position and the position of our competitors within our industries, is based on a variety of sources, including independent publications, government publications, information obtained from customers, distributors, suppliers, trade and business organizations and publicly available information, as well as our good faith estimates, which have been derived from management's knowledge and experience in the industry in which we operate. The industry data sourced from Spears & Associates is from its publication titled "Hydraulic Fracturing Market 2005-2017," published in the fourth quarter of 2016. The industry data sourced from Rystad Energy is from its "UCube" as of November 2016. We believe that these third-party sources are reliable and that the third-party information included in this prospectus and in our estimates is accurate and complete.

SUMMARY

This summary provides a brief overview of information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully, including the financial statements and the notes to those financial statements included in this prospectus. Unless indicated otherwise, the information presented in this prospectus (i) assumes an initial public offering price of $17.50 per share (the midpoint of the price range on the cover page of this prospectus), that the underwriters do not exercise their option to purchase additional shares, and the conversion of all of the outstanding shares of our Series A Convertible Preferred Stock, par value $0.001 per share ("Series A Preferred Shares"), into shares of common stock, (ii) gives effect to our 170.4667 for 1 reverse stock split effected in December 2016 and (iii) other than the consolidated financial statements and related notes included elsewhere in this prospectus, reflects the 1.45 for 1 stock split that we will effect after the effective date of the registration statement of which this prospectus forms a part and prior to the completion of this offering. You should read "Risk Factors" for more information about important risks that you should consider carefully before buying our common stock.

Unless the context otherwise requires, references in this prospectus to "ProPetro Holding Corp.," "the Company," "our company," "we," "our" and "us," or like terms, refer to ProPetro Holding Corp. and its subsidiary. References to (i) "Energy Capital Partners" refer to Energy Capital Partners II, LP and its parallel and co-investment funds and related investment vehicles and (ii) the "selling shareholders" refer to Energy Capital Partners and the other selling shareholders that are offering shares of common stock in this offering and have granted the underwriters an option to purchase additional shares. When we refer to the "utilization" of our fleet, we are referring to the percentage of our fleet in use by our customers at the applicable time or for the applicable period of determination. We have provided definitions for some of the terms we use to describe our business and industry and other terms used in this prospectus in the "Glossary of Oil and Natural Gas Terms" beginning on page A-1 of this prospectus.

ProPetro Holding Corp.

Overview

We are a growth-oriented, Midland, Texas-based oilfield services company providing hydraulic fracturing and other complementary services to leading upstream oil and gas companies engaged in the exploration and production, or E&P, of North American unconventional oil and natural gas resources. Our operations are primarily focused in the Permian Basin, where we have cultivated longstanding customer relationships with some of the region's most active and well-capitalized E&P companies, including Callon Petroleum, Diamondback Energy, Parsley Energy, Pioneer Natural Resources, Surge Energy and XTO Energy. For the year ended December 31, 2016, no single customer represented greater than 20% of our revenue. The Permian Basin is widely regarded as the most prolific oil-producing area in the United States, and we believe we are currently the largest private provider of hydraulic fracturing services in the region by hydraulic horsepower, or HHP, with an aggregate deployed capacity of 420,000 HHP. Our fleet, which consists of 10 hydraulic fracturing units, has been designed to handle the highest intensity, most complex hydraulic fracturing jobs, and has been 100% utilized since September 2016. We have purchased two additional hydraulic fracturing units, which are scheduled for delivery and deployment to dedicated customers in April and June 2017, respectively. These units will provide us with an additional 90,000 HHP, bringing our total capacity to 510,000 HHP. Additionally, we expect to use the proceeds from this offering to purchase two additional units that will be deployed in 2017 to meet specific customer requests, giving us an additional 90,000 HHP, or 600,000 HHP in the aggregate, once all units have been received.

Our modern hydraulic fracturing fleet has been designed to handle Permian Basin specific operating conditions and the region's increasingly high-intensity well completions, which are characterized by longer horizontal wellbores, more frac stages per lateral and increasing amounts of proppant per well. Over 75% of our fleet has been delivered over the past four years, and we have fully maintained our equipment throughout the recent industry downturn to ensure optimal performance and reliability. In contrast, we believe many of our competitors have deferred necessary maintenance capital spending throughout the downturn, which we believe positions us to respond more quickly and reliably to customer needs during the ongoing market recovery.

In addition to our core hydraulic fracturing operations, we also offer a suite of complementary well completion and production services, including cementing, acidizing, coiled tubing, flowback services, Permian drilling and surface air drilling. We believe these complementary services create operational efficiencies for our customers and allow us to capture a greater portion of their capital spending across the lifecycle of an unconventional well. We believe that these complementary services should benefit from a continued industry recovery and that we are well positioned to continue expanding these offerings in response to our customers' increasing service needs and spending levels.

Our primary business objective is to serve as a strategic partner to our customers. We achieve this objective by providing reliable, high-quality services that are tailored to our customers' needs and synchronized with their well development programs. This alignment assists our customers in optimizing the long-term development of their unconventional resources. Over the past four years, we have leveraged our strong Permian Basin relationships to grow our installed HHP capacity by over four times and organically build our Permian Basin cementing, coiled tubing and acidizing lines of business. Consistent with past performance, we believe our substantial market presence will continue to yield a variety of actionable growth opportunities allowing us to expand both our hydraulic fracturing and complementary services going forward. To this end, we intend to continue our past practice of opportunistically deploying new equipment on a long-term, dedicated basis in response to specific customer demand.

For the years ended December 31, 2016 and 2015, we generated net losses of approximately $(53.1) million and $(45.9) million, respectively, and Adjusted EBITDA of approximately $7.8 million and $60.1 million, respectively. Over these same years, approximately 94% and 90% of our revenues, respectively, were generated from our pressure pumping segment, which includes our hydraulic fracturing, cementing and acidizing services. For the definition of Adjusted EBITDA and a reconciliation from its most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles ("GAAP"), please read "Selected Historical Consolidated Financial Data — Non-GAAP Financial Measures."

Our Services

We primarily provide hydraulic fracturing services to E&P companies in the Permian Basin. These services are intended to optimize hydrocarbon flow paths during the completion phase of horizontal shale wellbores. Our Chief Executive Officer, Dale Redman, and our Chief Financial Officer, Jeffrey Smith, founded ProPetro in 2005 and, in 2009, strategically focused the Company's operations on hydraulic fracturing targeting the Permian Basin. As of December 31, 2016, we had grown our hydraulic fracturing business to a total of 10 hydraulic fracturing units with an aggregate of 420,000 HHP, of which 320,000 HHP has been delivered since 2013. We have purchased two additional hydraulic fracturing units, which are scheduled for delivery and deployment to dedicated customers in April and June 2017, respectively. These units will provide us with an additional 90,000 HHP, bringing our total capacity to 510,000 HHP. Additionally, we expect to use the proceeds from this offering to purchase two additional units that will be deployed in 2017 to meet specific customer requests, giving us an additional 90,000 HHP, or 600,000 HHP in the aggregate, once all units have been received. Our fleet has been designed to handle the highest-intensity, most complex hydraulic fracturing jobs, and is largely standardized across units to facilitate efficient maintenance and repair and reduce equipment downtime.

We provide dedicated equipment, personnel and services that are tailored to meet each of our customer's needs. Each unit in our fleet has a designated team of personnel, which allows us to provide responsive and customized services, such as project design, proppant procurement, real-time data provision and post-completion analysis for each of our jobs. Many of our hydraulic fracturing units and associated personnel have continuously worked with the same customer for the past several years, promoting deep relationships and a high degree of coordination and visibility into future customer activity levels. Furthermore, in light of our substantial market position and historically high fleet utilization levels, we have established a variety of entrenched relationships with key equipment, sand and other downhole consumable suppliers. These strategic relationships provide us ready access to equipment, parts and materials on a timely and economic basis and allow our dedicated procurement logistics team to ensure consistently reliable operations. In addition to our hydraulic fracturing operations, we offer a range of ancillary services to our customers, including cementing, acidizing, coiled tubing, flowback services and surface air drilling. We believe these services are complementary and synergistic with our hydraulic fracturing operations and have, in large part, grown organically with our customers' demand for these services.

Market Opportunity

ProPetro is strategically located and focused in the Permian Basin, one of the world's most attractive regions for oil field service operations as a result of its size, geology, and customer activity levels. The Permian Basin consists of mature, legacy, onshore oil and liquids-rich natural gas reservoirs that span approximately 86,000 square miles in West Texas and New Mexico and are characterized by multiple prospective geologic benches for horizontal development. Rystad Energy estimates that, as of November 2016, the Permian Basin contains approximately 58 billion barrels of oil, the largest recoverable crude oil resource base in the United States and the second largest in the world. As a result of its significant size, coupled with the presence of multiple prospective geologic benches and other favorable characteristics, the Permian Basin has become widely recognized as the most attractive and economic oil resource in North America. Since May 2016, Permian Basin rig counts have grown by more than 110% to 291 active rigs as of January 2017. This increase in Permian Basin rig activity has accounted for more than 50% of the total U.S. rig count growth over that time period, more than three times the combined number of rigs added in the Bakken and Eagle Ford shales. The Permian Basin is divided by the Central Basin Platform, creating the Midland and Delaware sub-basins, which have each contributed to the overall growth in the Permian Basin.

The Midland Basin is the more delineated and mature resource-play of the Permian Basin's sub-basins and is the current focus of our operations. Operational improvements in the basin have driven heightened oil production in recent years as a result of increasing levels of pad drilling, downspacing, and capital efficiency. Initially delineated with thousands of vertical wells, today its resource potential is further enhanced through horizontal drilling and completion efficiencies. Rystad Energy estimates the Midland Basin's recoverable oil resource to be over 27 billion barrels, second in the United States only to the geographically adjacent Delaware Basin.

Accounting for more than 50% of the Permian Basin's growth in rig activity since May 2016, the Delaware Basin has become a premier, complementary resource base to the Midland Basin. Rystad Energy estimates the recoverable crude oil resource in the Delaware Basin to be slightly greater than the Midland Basin, at approximately 28 billion barrels. E&P operators have actively delineated acreage in the Delaware Basin, having successfully targeted nine distinct zones with horizontal penetration. As the less-developed of the two primary Permian Basin sub-basins, the Delaware Basin represents a high-growth opportunity for E&P companies, many of whom have entered the basin through large-scale acquisitions. As activity levels increase in the Delaware Basin, we have begun to expand our presence in the region in tandem with increasing activity levels and demand pull from our core customer base.

The Permian Basin's compelling economics for E&P companies, especially in a low commodity price environment, has resulted in a significant increase in acquisition activity across the basin. The Permian Basin leads all other North American basins in acquisition activity since 2016, with more than 30 transactions of $100 million or greater and an aggregate transaction volume totaling more than $30 billion during that period, and an aggregate transaction volume totaling more than $75 billion since 2013. Our customers have accounted for a significant portion of this acquisition activity by both size and volume and are actively scaling their capital budgets to develop their expanding resource bases.

In addition to increased drilling activity levels in the Permian Basin, an ongoing shift to larger and more complex well completions has significantly increased per-well demand for the hydraulic fracturing and other completion services we offer. According to Spears & Associates, key drivers of this increasing service intensity include:

- ***Longer horizontal wellbore laterals.*** Average Permian Basin lateral lengths are expected to grow from an average of 5,000 feet in 2013 to an estimated average of 9,000 feet anticipated in 2017. Management estimates that leading-edge Permian Basin lateral lengths are currently approaching 12,500 feet;

- ***More frac stages per lateral.*** Frac stages per well are expected to increase from 15 stages per well completed in 2013 to approximately 42 stages per well completed in 2017; and

- ***Increasing amounts of proppant per well.*** Permian Basin sand use is expected to grow from an average of 1,100 pounds per foot of proppant per well in 2015 to approximately 1,800 pounds per foot of proppant per well anticipated in 2017.

Rising producer activity levels, increasing basin service intensity and continued drilling and completion efficiencies have combined to drive the 100% utilization of our fleet and build a sizable backlog of addressable demand for our services. We have seen our competitors defer necessary maintenance spending and cannibalize idle equipment for spare parts. This has resulted in tightening hydraulic fracturing supply and demand fundamentals and is likely to drive continued pricing improvement for our hydraulic fracturing services. Moreover, we believe the other complementary services that we provide are well-positioned to similarly benefit from a continued industry recovery.

Competitive Strengths

Our primary business objective is to serve as a strategic partner for our customers. We achieve this objective by providing reliable, high-quality services that are tailored to our customers' needs and synchronized with their well development programs. This alignment assists our customers in optimizing the long-term development of their unconventional resources. We believe that the following competitive strengths differentiate us from our peers and uniquely position us to achieve our primary business objective.

- ***Strong market position in the Permian Basin.*** We believe we are the largest private hydraulic fracturing provider by HHP in the Permian Basin, which is the most prolific oil producing area in the United States. Our longstanding customer relationships and substantial Permian Basin market presence uniquely position us to continue growing in tandem with the basin's ongoing development. The Permian Basin is a mature, liquids-rich basin with well-known geology and a large, exploitable resource base that delivers attractive E&P producer economics at or below current commodity prices. Rystad Energy estimates that, as of November 2016, the Permian Basin contains approximately 58 billion barrels of oil, the largest recoverable crude oil resource base in the United States and the second largest in the world. As a result of its significant size, coupled with the presence of multiple prospective geologic benches and other favorable characteristics, the Permian Basin has become widely recognized as the most attractive and economic oil resource in North America.

The recent recovery of oil prices to the low $50 per barrel range has driven a considerable increase in Permian drilling and completion activity and associated demand for our services. Today, the Permian Basin is the most active onshore basin in North America, with over 291 active rigs, and accounts for approximately 51% of all oil-directed rigs in the United States. Current Permian production levels exceed the combined output of both the Bakken and Eagle Ford shale formations, and, given the Permian Basin's superior breakeven economics, which are estimated by Rystad Energy to be as low as $32 per barrel, we expect robust activity levels in the basin for the foreseeable future.

Our operational focus has historically been in the Permian Basin's Midland sub-basin in support of our customers' core operations. More recently, however, many of our customers (including Callon Petroleum, Diamondback Energy, Parsley Energy, RSP Permian and XTO Energy) have made sizeable acquisitions in the Delaware Basin. We anticipate that many of these customers will request our services in the Delaware Basin to help develop their acreage, and we believe that we are uniquely positioned to capture a large addressable growth opportunity as the basin develops. For the foreseeable future, we expect both the Midland Basin and the Delaware Basin to continue to command a disproportionate share of future North American E&P spending.

- ***Hydraulic fracturing is highly levered to increasing drilling activity and completion intensity levels.*** The combination of an expanding Permian Basin horizontal rig count and more complex well completions has a compounding effect on HHP demand growth. Horizontal drilling has become the default method for E&P operators to most economically extract unconventional resources, and the number of horizontal rigs has increased from 22% of the total Permian Basin rig count in December 2011 to over 80% of the Permian Basin rig count in January 2017. As the horizontal rig count has grown, well completion intensity levels have also increased as a result of longer wellbore lateral lengths, more fracturing stages per foot of lateral and increasing amounts of proppant per stage. These trends resulted in our hydraulic fracturing operations completing 36% more frac stages during the fourth quarter of 2016 as compared to the third quarter of 2016. Furthermore, the ongoing improvement in drilling and completion efficiencies, driven by innovations such as multi-well pads and zipper fracs, have further increased the demand for HHP. Taken together, these demand drivers have helped contribute to the full utilization of our fleet and leave us well positioned to capture future organic growth opportunities and enhanced pricing for the services we offer.

- ***Deep relationships and operational alignment with high-quality, Permian Basin-focused customers.*** Our deep local roots, operational expertise and commitment to safe and reliable service have allowed us to cultivate longstanding customer relationships with the most active and well-capitalized Permian Basin operators. Our diverse customer base is comprised of market leaders such as Callon Petroleum, Diamondback Energy, Parsley Energy, Pioneer Natural Resources, Surge Energy and XTO Energy, with no single customer representing more than 20% of our revenue for the year ended December 31, 2016. Many of our current customers have worked with us since our inception and have integrated our fleet scheduling with their well development programs. This high degree of operational alignment and their continued support have allowed us to maintain relatively high utilization rates over time. As our customers increase activity levels, we expect to continue to leverage these strong relationships to keep our fleet fully utilized and selectively expand our platform in response to specific customer demand.

- ***Standardized fleet of modern, well-maintained equipment.*** We have a large, homogenous fleet of modern equipment that is configured to handle the Permian Basin's most complex, highest-intensity, hydraulic fracturing jobs. We believe that our fleet design is a key competitive advantage compared to many of our competitors who have fracturing units that are not optimized for Permian Basin conditions. Our fleet is largely standardized across units to facilitate efficient maintenance and repair, reducing equipment downtime and improving labor efficiency. Importantly, we have fully maintained our fleet throughout the recent industry downturn to ensure optimal performance and reliability. In contrast, we believe many of our competitors have deferred necessary maintenance capital spending and cannibalized essential equipment for spare parts during the same period. Furthermore, our entrenched relationships with a variety of key suppliers and vendors provide us with the reliable access to the equipment necessary to support our continued organic growth strategy.

- ***Proven cross-cycle financial performance.*** Over the past several years, we have maintained relatively high cross-cycle fleet utilization rates. Since September 2016, our fleet has been 100% utilized, and for each of the years ended December 31, 2015 and 2016, we operated in excess of 65% utilization. Our consistent track record of steady organic growth, coupled with our ability to immediately deploy new HHP on a dedicated and fully utilized basis, has resulted in revenue growth across industry cycles. We believe that we will be able to grow faster than our competitors while preserving attractive EBITDA margins as a result of our differentiated service offerings and a robust backlog of demand for our services. Furthermore, we believe that our philosophy of maintaining modest financial leverage and a healthy balance sheet has left us more conservatively capitalized than our peers. Several of our customers have recently requested additional HHP capacity from us, and we expect that improving market fundamentals, our superior execution and our customer-focused approach should result in enhanced financial performance going forward.

- ***Seasoned management and operating team and exemplary safety record.*** We have a seasoned executive management team, with our three most senior members contributing more than 100 years of collective industry and financial experience. Members of our management team founded our business and seeded our company with a portion of our original investment capital. We believe their track record of successfully building premier oilfield service companies in the Permian Basin, as well as their deep roots and relationships throughout the West Texas community, provide a meaningful competitive advantage for our business. In addition, our management team has assembled a loyal group of highly-motivated and talented divisional managers and field personnel, and we have had virtually no manager-level turnover in our core service divisions over the past three years. We employ a balanced decision-making structure that empowers managerial and field personnel to work directly with customers to develop solutions while leveraging senior management's oversight. This collaborative approach fosters strong customer links at all levels of the organization and effectively institutionalizes customer relationships beyond the executive suite. We promote a "Safety First" culture, which has led to a Total Recordable Incident Rate, or TRIR, well below industry averages. For example, for the year ended December 31, 2016, we had a TRIR of 0.9, compared to a peer average of 2.5 for the year ended December 31, 2014.

Business Strategies

We intend to achieve our primary business objective through the following business strategies:

- ***Capture an increasing share of rising demand for hydraulic fracturing services in the Permian Basin.*** We intend to continue to position ourselves as a Permian Basin-focused hydraulic fracturing business, as we believe the Permian Basin hydraulic fracturing market offers supportive long-term growth fundamentals. These fundamentals are characterized by increased demand for our HHP, driven by increasing drilling activity and well completion intensity levels, along with underinvestment by our competitors in their equipment. In response to the current commodity price environment, a number of our customers have publicly announced their intention to increase 2017 capital budgets in the Permian Basin in excess of 50% over 2016 levels. We are currently operating at 100% utilization, and several of our customers have requested additional HHP capacity from us. As our customers continue to develop their assets in the Midland Basin and Delaware Basin, we believe we are strategically positioned to deploy additional hydraulic fracturing equipment in support of their ongoing needs. We have purchased two additional hydraulic fracturing units, which are scheduled for delivery and deployment to dedicated customers in April and June 2017, respectively. These units will provide us with an additional 90,000 HHP, bringing our total capacity to 510,000 HHP. Additionally, we expect to use the proceeds from this offering to purchase two additional units that will be deployed in 2017 to meet specific customer requests, giving us an additional 90,000 HHP, or 600,000 HHP in the aggregate, once all units have been received.

- ***Capitalize on improving pricing and efficiency gains.*** The increase in demand for HHP coupled with expected competitor equipment attrition is expected to drive more favorable hydraulic fracturing supply and demand fundamentals. We believe this market tightening may lead to a general increase in prices for hydraulic fracturing services. Furthermore, our consistently high fleet utilization levels and 24 hours per day, seven days per week operating schedule (with approximately 90% of our fleet currently operating on such a schedule, as compared to 2014, when the majority of our services were provided during daylight hours) should result in greater revenue opportunity and enhanced margins as fixed costs are spread over a broader revenue base. We believe that any incremental future fleet additions will benefit from these trends and associated economies of scale.

- ***Cross-sell our complementary services.*** In addition to our hydraulic fracturing services, we offer a broad range of complementary services in support of our customers' development activities, including cementing, acidizing, coiled tubing, flowback services and surface air drilling. These complementary services create operational efficiencies for our customers, and allow us to capture a greater percentage of their capital spending across the lifecycle of an unconventional well. We believe that, as our customers increase spending levels, we are well positioned to continue cross-selling and growing our complementary service offerings.

- ***Maintain financial stability and flexibility to pursue growth opportunities.*** Consistent with our historical practices, we plan to continue to maintain a conservative balance sheet, which will allow us to better react to potential changes in industry and market conditions and opportunistically grow our business. In the near term, we intend to continue our past practice of aligning our growth capital expenditures with visible customer demand, by strategically deploying new equipment on a long-term, dedicated basis in response to inbound customer requests. We will also selectively evaluate potential strategic acquisitions that increase our scale and capabilities or diversify our operations. At the closing of this offering, we expect to have a net cash position of $61.9 million and undrawn borrowing capacity under our $150.0 million revolving credit facility to support our growth ambitions.

Principal Shareholders

Our principal shareholder is Energy Capital Partners. Energy Capital Partners, together with its affiliate funds and related persons, is a private equity firm with over $13.5 billion in capital commitments that is focused on investing in North America's energy infrastructure. Energy Capital Partners has significant energy and financial expertise, including investments in the power generation, midstream oil and gas, energy services and environmental infrastructure sectors.

Upon completion of this offering, Energy Capital Partners will beneficially own approximately 49.2% of our common stock (or approximately 46.4% if the underwriters' option to purchase additional shares of common stock is exercised in full). We are also a party to certain other agreements with Energy Capital Partners and certain of its affiliates. For a description of these agreements, please read "Certain Relationships and Related Party Transactions."

Risk Factors

Investing in our common stock involves risks. You should carefully read the section of this prospectus entitled "Risk Factors" beginning on page 15 and the other information in this prospectus for an explanation of these risks before investing in our common stock.

Principal Executive Offices and Internet Address

Our principal executive offices are located at 1706 S. Midkiff, Bldg. B, Midland Texas, 79701, and our telephone number is (432) 688-0012. Following the closing of this offering, our website will be located at *http://www.propetroservices.com.* We expect to make our periodic reports and other information filed with or furnished to the Securities and Exchange Commission, or the SEC, available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

Our Emerging Growth Company Status

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we may, for up to five years, take advantage of specified exemptions from reporting and other regulatory requirements that are otherwise applicable generally to public companies. These exemptions include:

- the presentation of only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus;
- deferral of the auditor attestation requirement on the effectiveness of our system of internal control over financial reporting;
- exemption from the adoption of new or revised financial accounting standards until they would apply to private companies;
- exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; and
- reduced disclosure about executive compensation arrangements.

We may take advantage of these provisions until we are no longer an emerging growth company, which will occur on the earliest of (i) the last day of the fiscal year following the fifth anniversary of this offering, (ii) the last day of the fiscal year in which we have more than $1.0 billion in annual revenue, (iii) the date on which we issue more than $1.0 billion of non-convertible debt over a three-year period and (iv) the date on which we are deemed to be a "large accelerated filer," as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

We have elected to take advantage of all of the applicable JOBS Act provisions, except that we will elect to opt out of the exemption that allows emerging growth companies to extend the transition period for complying with new or revised financial accounting standards (this election is irrevocable). Accordingly, the information that we provide you may be different than what you may receive from other public companies in which you hold equity interests.

THE OFFERING

Issuer	ProPetro Holding Corp.
Common stock offered by us	10,631,300 shares.
Common stock offered by the selling shareholders	9,368,700 shares.
Common stock outstanding after this offering	80,433,950 shares (after giving effect to the 1.45 for 1 stock split of our common stock and including (i) shares of common stock issued upon the automatic conversion of our Series A Preferred Shares at the consummation of this offering, and (ii) 175,008 shares of common stock expected to be issued to certain of our executive officers and directors upon the exercise of stock options on the effective date of the registration statement of which this prospectus forms a part). Except as otherwise indicated in this prospectus, the number of shares of common stock to be outstanding after this offering excludes: • 2,573,214 shares of common stock issuable upon exercise of outstanding stock options at an exercise price of $3.96 per share; • 1,274,549 shares of common stock issuable upon exercise of outstanding stock options at an exercise price of $2.25 per share; • 372,335 shares of common stock issuable upon settlement of outstanding restricted stock units; and • an additional 5,800,000 shares of common stock reserved for future issuance under our 2017 Incentive Award Plan, or the Plan, including pursuant to equity awards to be granted in connection with this offering, as described in "Executive Compensation — Narrative to Summary Compensation Table — Offering Grants to Employees under the 2017 Incentive Award Plan."
Option to purchase additional shares	The selling shareholders have granted the underwriters a 30-day option to purchase up to an aggregate of 3,000,000 additional shares of our common stock.
Shares held by our selling shareholders after this offering	43,093,674 shares (or 40,093,674 shares, if the underwriters exercise in full their option to purchase additional shares).

Use of proceeds	We expect to receive approximately $171.4 million of net proceeds from this offering, based upon the assumed initial public offering price of $17.50 per share (the midpoint of the price range set forth on the cover page of this prospectus), after deducting underwriting discounts and estimated offering expenses payable by us. We intend to use the net proceeds from this offering as follows: • approximately $71.8 million will be used to repay borrowings outstanding under our term loan; • approximately $63.6 million will be used to fund the purchase of additional hydraulic fracturing units; and • approximately $36.0 million will be retained for general corporate purposes. Please read "Use of Proceeds." We will not receive any of the proceeds from the sale of shares of our common stock by the selling shareholders in this offering, including pursuant to any exercise by the underwriters of their option to purchase additional shares of our common stock from the selling shareholders.
Dividend policy	We do not anticipate paying any cash dividends on our common stock. In addition, we expect our new revolving credit facility will place certain restrictions on our ability to pay cash dividends. Please read "Dividend Policy."
Directed share program	At our request, the underwriters have reserved up to 5% of the common stock being offered by this prospectus for sale, at the initial public offering price, to our directors, executive officers, employees and business associates. The sales will be made by the underwriters through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares available to the general public. Please read "Underwriting — Directed Share Program."
Listing and trading symbol	We have been approved to list our common stock on the NYSE, subject to official notice of issuance, under the symbol "PUMP."
Risk factors	You should carefully read and consider the information set forth under the heading "Risk Factors" and all other information set forth in this prospectus before deciding to invest in our common stock.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents summary historical consolidated financial data of ProPetro Holding Corp. as of the dates and for the periods indicated. The summary historical consolidated financial data as of and for the years ended December 31, 2016 and 2015 are derived from the audited financial statements appearing elsewhere in this prospectus. Historical results are not necessarily indicative of future results. The information in the table below does not give effect to the 1.45 for 1 stock split that we will effect after the effective date of this registration statement of which this prospectus forms a part and prior to the completion of this offering.

We conduct our business through seven operating segments: hydraulic fracturing, cementing, acidizing, coil tubing, flowback, surface drilling and Permian drilling. For reporting purposes, the hydraulic fracturing, cementing and acidizing operating segments are aggregated into our one reportable segment: pressure pumping. The summary historical consolidated data presented below should be read in conjunction with "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes and other financial data included elsewhere in this prospectus.

($ in thousands except shares and per share amounts)	For the Years Ended December 31, 2016	2015
Statement of Operations Data:		
Revenue	$ 436,920	$ 569,618
Costs and Expenses:		
Cost of services(1)	404,140	483,338
General and administrative(2)	26,613	27,370
Depreciation and amortization	43,542	50,134
Property and equipment impairment expense	6,305	36,609
Goodwill impairment expense	1,177	—
Loss on disposal of assets	22,529	21,268
Total costs and expenses	$ 504,306	$ 618,719
Operating Loss	$ (67,386)	$ (49,101)
Other Income (Expense):		
Interest expense	(20,387)	(21,641)
Gain on extinguishment of debt	6,975	—
Other expense	(321)	(499)
Total other expense	(13,733)	(22,140)
Loss before income taxes	(81,119)	(71,241)
Income tax benefit	(27,972)	(25,388)
Net loss	$ (53,147)	$ (45,853)
Per share information:		
Net loss per common share:		
Basic(3)	$ (1.72)	$ (1.90)
Diluted(3)	$ (1.72)	$ (1.90)
Weighted average common shares outstanding:		
Basic	30,887,370	24,132,871
Diluted	30,887,370	24,132,871
Balance Sheet Data as of:		
Cash and cash equivalents	$ 133,596	$ 34,310
Property and equipment — net of accumulated depreciation	263,862	291,838
Total assets	541,422	446,454
Long-term debt — net of deferred loan costs	159,407	236,876
Total shareholders' equity	221,009	69,571
Cash Flow Statement Data:		
Net cash provided by operating activities	$ 10,658	$ 81,231
Net cash used in investing activities	(41,688)	(62,776)
Net cash provided by (used in) financing activities	130,315	(15,216)
Other Data:		
Adjusted EBITDA	$ 7,816	$ 60,149
Adjusted EBITDA Margin	1.8%	10.6%
Capital expenditures	$ 46,008	$ 71,677

(1) Exclusive of depreciation and amortization.

(2) Inclusive of stock-based compensation.

(3) After giving effect to a 1.45 for 1 stock split of our common stock, basic and diluted net loss per share of common stock would have been $(1.19) and $(1.31) for the years ended December 31, 2016 and 2015, respectively.

Non-GAAP Financial Measures

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin

We view Adjusted EBITDA and Adjusted EBITDA margin as important indicators of performance. We define EBITDA as our net income, before (i) interest expense, (ii) income taxes and (iii) depreciation and amortization. We define Adjusted EBITDA as EBITDA, plus (i) loss on disposal of assets, (ii) gain on extinguishment of debt, (iii) stock based compensation, and (iv) other unusual or non-recurring charges, such as costs related to our initial public offering. Adjusted EBITDA margin reflects our Adjusted EBITDA as a percentage of our revenues.

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are supplemental measures utilized by our management and other users of our financial statements such as investors, commercial banks, research analysts and others, to assess our financial performance because it allows us to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization) and items outside the control of our management team (such as income tax rates). EBITDA, Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools and should not be considered as an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP.

We believe that our presentation of EBITDA, Adjusted EBITDA and Adjusted EBITDA margin will provide useful information to investors in assessing our financial condition and results of operations. Net income is the GAAP measure most directly comparable to EBITDA, Adjusted EBITDA and Adjusted EBITDA margin. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin should not be considered alternatives to net income presented in accordance with GAAP. Because EBITDA, Adjusted EBITDA and Adjusted EBITDA margin may be defined differently by other companies in our industry, our definition of EBITDA, Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to similarly titled measures of other companies, thereby diminishing its utility. The following table presents a reconciliation of net loss to EBITDA, Adjusted EBITDA and Adjusted EBITDA margin for each of the years indicated.

Reconciliation of net loss to Adjusted EBITDA

	For the Years ended December 31,	
($ in thousands, except percentages)	2016	2015
Net loss	$ (53,147)	$ (45,853)
Interest expense	20,387	21,641
Income tax benefit	(27,972)	(25,388)
Depreciation and amortization	43,542	50,134
EBITDA	$ (17,190)	$ 534
Property and equipment impairment expense	6,305	36,609
Goodwill impairment expense	1,177	—
Loss on disposal of assets	22,529	21,268
Gain on extinguishment of debt	(6,975)	—
Stock-based compensation	1,649	1,239
Other expense	321	499
Adjusted EBITDA	$ 7,816	$ 60,149
Revenue	436,920	569,618
Adjusted EBITDA margin	1.8%	10.6%

RISK FACTORS

Investing in shares of our common stock involves a high degree of risk. You should carefully consider the risks described below with all of the other information included in this prospectus before deciding to invest in shares of our common stock. If any of the following risks were to occur, our business, financial condition, results of operations and cash flows could be materially adversely affected. In that case, the trading price of our common stock could decline and you could lose all or part of your investment.

Risks Inherent in Our Business

Our business and financial performance depends on the oil and natural gas industry and particularly on the level of capital spending and exploration and production activity within the United States and in the Permian Basin, and a decline in prices for oil and natural gas may have an adverse effect on our revenue, cash flows, profitability and growth.

Demand for most of our services depends substantially on the level of capital expenditures in the Permian Basin by companies in the oil and natural gas industry. As a result, our operations are dependent on the levels of capital spending and activity in oil and gas exploration, development and production. A prolonged reduction in oil and gas prices would generally depress the level of oil and natural gas exploration, development, production, and well completion activity and would result in a corresponding decline in the demand for the hydraulic fracturing services that we provide. The significant decline in oil and natural gas prices beginning in late 2014 caused a reduction in our customers' spending and associated drilling and completion activities, which had an adverse effect on our revenue. If prices were to decline, similar declines in our customers' spending would have an adverse effect on our revenue. In addition, a worsening of these conditions may result in a material adverse impact on certain of our customers' liquidity and financial position resulting in further spending reductions, delays in the collection of amounts owing to us and similar impacts.

Many factors over which we have no control affect the supply of and demand for, and our customers' willingness to explore, develop and produce oil and natural gas, and therefore, influence prices for our services, including:

- the domestic and foreign supply of, and demand for, oil and natural gas;
- the level of prices, and expectations about future prices, of oil and natural gas;
- the level of global oil and natural gas exploration and production;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- the supply of and demand for drilling and hydraulic fracturing equipment;
- the expected decline rates of current production;
- the price and quantity of foreign imports;
- political and economic conditions in oil and natural gas producing countries and regions, including the United States, the Middle East, Africa, South America and Russia;
- actions by the members of Organization of Petroleum Exporting Countries with respect to oil production levels and announcements of potential changes in such levels;
- speculative trading in crude oil and natural gas derivative contracts;
- the level of consumer product demand;
- the discovery rates of new oil and natural gas reserves;

- contractions in the credit market;
- the strength or weakness of the U.S. dollar;
- available pipeline and other transportation capacity;
- the levels of oil and natural gas storage;
- weather conditions and other natural disasters;
- domestic and foreign tax policy;
- domestic and foreign governmental approvals and regulatory requirements and conditions;
- the continued threat of terrorism and the impact of military and other action, including military action in the Middle East;
- technical advances affecting energy consumption;
- the proximity and capacity of oil and natural gas pipelines and other transportation facilities;
- the price and availability of alternative fuels;
- the ability of oil and natural gas producers to raise equity capital and debt financing;
- merger and divestiture activity among oil and natural gas producers; and
- overall domestic and global economic conditions.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and natural gas price movements with any certainty. Such a decline would have a material adverse effect on our business, results of operation and financial condition.

The cyclical nature of the oil and natural gas industry may cause our operating results to fluctuate.

We derive our revenues from companies in the oil and natural gas exploration and production industry, a historically cyclical industry with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices. We have experienced, and may in the future experience, significant fluctuations in operating results as a result of the reactions of our customers to changes in oil and natural gas prices. For example, prolonged low commodity prices experienced by the oil and natural gas industry during 2015 and 2016, combined with adverse changes in the capital and credit markets, caused many exploration and production companies to reduce their capital budgets and drilling activity. This resulted in a significant decline in demand for oilfield services and adversely impacted the prices oilfield services companies could charge for their services. In addition, a majority of the service revenue we earn is based upon a charge for a relatively short period of time (for example, a day, a week or a month) for the actual period of time the service is provided to our customers. By contracting services on a short-term basis, we are exposed to the risks of a rapid reduction in market prices and utilization and resulting volatility in our revenues.

The majority of our operations are located in the Permian Basin, making us vulnerable to risks associated with operating in one major geographic area.

Our operations are geographically concentrated in the Permian Basin. For the year ended December 31, 2016, approximately 97% of our revenues were attributable to our operations in the Permian Basin. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in the Permian Basin caused by significant governmental regulation, processing or transportation capacity constraints, market limitations, curtailment of production or interruption of the processing or transportation of oil and natural gas produced from the wells in these areas. In addition, the effect of fluctuations on supply and demand may become more pronounced within specific geographic oil and natural gas producing areas such as the Permian Basin, which may cause these conditions to occur with greater frequency or magnify the effects of these conditions. Due to the concentrated nature of our operations, we could experience any of the same conditions at the same time, resulting in a relatively greater impact on our revenue than they might have on other companies that have more geographically diverse operations.

We are exposed to the credit risk of our customers, and any material nonpayment or nonperformance by our customers could adversely affect our business, results of operations and financial condition.

We are subject to the risk of loss resulting from nonpayment or nonperformance by our customers. Our credit procedures and policies may not be adequate to fully eliminate customer credit risk. If we fail to adequately assess the creditworthiness of existing or future customers or unanticipated deterioration in their creditworthiness, any resulting increase in nonpayment or nonperformance by them and our inability to re-market or otherwise use the production could have a material adverse effect on our business, results of operations and financial condition. The decline and volatility in oil and natural gas prices over the last two years has negatively impacted the financial condition of our customers and further declines, sustained lower prices, or continued volatility could impact their ability to meet their financial obligations to us.

We face significant competition that may cause us to lose market share.

The oilfield services industry is highly competitive and has relatively few barriers to entry. The principal competitive factors impacting sales of our services are price, reputation and technical expertise, equipment and service quality and health and safety standards. The market is also fragmented and includes numerous small companies capable of competing effectively in our markets on a local basis, as well as several large companies that possess substantially greater financial and other resources than we do. Our larger competitors' greater resources could allow those competitors to compete more effectively than we can. For instance, our larger competitors may offer services at below-market prices or bundle ancillary services at no additional cost our customers. We compete with large national and multi-national companies that have longer operating histories, greater financial, technical and other resources and greater name recognition than we do. Several of our competitors provide a broader array of services and have a stronger presence in more geographic markets. In addition, we compete with several smaller companies capable of competing effectively on a regional or local basis.

Some jobs are awarded on a bid basis, which further increases competition based on price. Pricing is often the primary factor in determining which qualified contractor is awarded a job. The competitive environment may be further intensified by mergers and acquisitions among oil and natural gas companies or other events that have the effect of reducing the number of available customers. As a result of competition, we may lose market share or be unable to maintain or increase prices for our present services or to acquire additional business opportunities, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our competitors may be able to respond more quickly to new or emerging technologies and services and changes in customer requirements. The amount of equipment available may exceed demand, which could result in active price competition. In addition, depressed commodity prices lower demand for hydraulic fracturing equipment, which results in excess equipment and lower utilization rates. In addition, some exploration and production companies have commenced completing their wells using their own hydraulic fracturing equipment and personnel. Any increase in the development and utilization of in-house fracturing capabilities by our customers could decrease the demand for our services and have a material adverse impact on our business.

In addition, competition among oilfield service and equipment providers is affected by each provider's reputation for safety and quality. We cannot assure that we will be able to maintain our competitive position.

Our business depends upon our ability to obtain specialized equipment, parts and key raw materials, including frac sand and chemicals, from third-party suppliers, and we may be vulnerable to delayed deliveries and future price increases.

We purchase specialized equipment, parts and raw materials (including, for example, frac sand, chemicals and fluid ends) from third party suppliers and affiliates. At times during the business cycle, there is a high demand for hydraulic fracturing and other oil field services and extended lead times to obtain equipment and raw materials needed to provide these services. Should our current suppliers be unable or unwilling to provide the necessary equipment, parts or raw materials or otherwise fail to deliver the products timely and in the quantities required, any resulting delays in the provision of our services could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, future price increases for this type of equipment, parts and raw materials could negatively impact our ability to purchase new equipment, to update or expand our existing fleet, to timely repair equipment in our existing fleet or meet the current demands of our customers.

Reliance upon a few large customers may adversely affect our revenue and operating results.

The majority of our revenue is generated from our hydraulic fracturing services. Due to the large percentage of our revenue historically derived from our hydraulic fracturing services with recurring customers and the limited availability of our fracturing units, we have had some degree of customer concentration. Our top ten customers represented approximately 70% and 83% of our consolidated revenue for the years ended December 31, 2015 and 2016, respectively. It is likely that we will depend on a relatively small number of customers for a significant portion of our revenue in the future. If a major customer fails to pay us, revenue would be impacted and our operating results and financial condition could be harmed. Additionally, if we were to lose any material customer, we may not be able to redeploy our equipment at similar utilization or pricing levels and such loss could have an adverse effect on our business until the equipment is redeployed at similar utilization or pricing levels.

Certain of our completion services, particularly our hydraulic fracturing services, are substantially dependent on the availability of water. Restrictions on our or our customers' ability to obtain water may have an adverse effect on our financial condition, results of operations and cash flows.

Water is an essential component of unconventional shale oil and natural gas production during both the drilling and hydraulic fracturing processes. Over the past several years, certain of the areas in which we and our customers operate have experienced extreme drought conditions and competition for water in such areas is growing. In addition, some state and local governmental authorities have begun to monitor or restrict the use of water subject to their jurisdiction for hydraulic fracturing to ensure adequate local water supply. For instance, some states require E&P companies to report certain information regarding the water they use for hydraulic fracturing and to monitor the quality of groundwater surrounding some wells stimulated by hydraulic fracturing. Generally, our water requirements are met by our customers from sources on or near their sites, but there is no assurance that our customers will be able to obtain a sufficient supply of water from sources in these areas. Our or our customers' inability to obtain water from local sources or to effectively utilize flowback water could have an adverse effect on our financial condition, results of operations and cash flows.

We rely on a few key employees whose absence or loss could adversely affect our business.

Many key responsibilities within our business have been assigned to a small number of employees. The loss of their services could adversely affect our business. In particular, the loss of the services of one or more members of our executive team, including our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, could disrupt our operations. We do not maintain "key person" life insurance policies on any of our employees. As a result, we are not insured against any losses resulting from the death of our key employees.

If we are unable to employ a sufficient number of skilled and qualified workers, our capacity and profitability could be diminished and our growth potential could be impaired.

The delivery of our services requires skilled and qualified workers with specialized skills and experience who can perform physically demanding work. As a result of the volatility of the oilfield services industry and the demanding nature of the work, workers may choose to pursue employment in fields that offer a more desirable work environment at wage rates that are competitive. Our ability to be productive and profitable will depend upon our ability to employ and retain skilled workers. In addition, our ability to expand our operations depends in part on our ability to increase the size of our skilled labor force. The demand for skilled workers is high, and the supply is limited. As a result, competition for experienced oilfield service personnel is intense, and we face significant challenges in competing for crews and management with large and well-established competitors. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. If either of these events were to occur, our capacity and profitability could be diminished and our growth potential could be impaired.

Our operations require substantial capital and we may be unable to obtain needed capital or financing on satisfactory terms or at all, which could limit our ability to grow.

The oilfield services industry is capital intensive. In conducting our business and operations, we have made, and expect to continue to make, substantial capital expenditures. Our total capital expenditures were approximately $46 million for the year ended December 31, 2016. We have historically financed capital expenditures primarily with funding from cash generated by operations, equipment and vendor financing and borrowings under our credit facilities. Following the completion of this offering, we intend to finance our capital expenditures primarily with cash on hand, cash flow from operations and borrowings under our new revolving credit facility. We may be unable to generate sufficient cash from operations and other capital resources to maintain planned or future levels of capital expenditures which, among other things, may prevent us from acquiring new equipment or properly maintaining our existing equipment. Further, any disruptions or continuing volatility in the global financial markets may lead to an increase in interest rates or a contraction in credit availability impacting our ability to finance our operations. This could put us at a competitive disadvantage or interfere with our growth plans. Further, our actual capital expenditures for 2017 or future years could exceed our capital expenditure budget. In the event our capital expenditure requirements at any time are greater than the amount we have available, we could be required to seek additional sources of capital, which may include debt financing, joint venture partnerships, sales of assets, offerings of debt or equity securities or other means. We may not be able to obtain any such alternative source of capital. We may be required to curtail or eliminate contemplated activities. If we can obtain alternative sources of capital, the terms of such alternative may not be favorable to us. In particular, the terms of any debt financing may include covenants that significantly restrict our operations. Our inability to grow as planned may reduce our chances of maintaining and improving profitability.

Concerns over general economic, business or industry conditions may have a material adverse effect on our results of operations, liquidity and financial condition.

Concerns over global economic conditions, geopolitical issues, interest rates, inflation, the availability and cost of credit and the United States and foreign financial markets have contributed to increased economic uncertainty and diminished expectations for the global economy. These factors, combined with volatility in commodity prices, business and consumer confidence and unemployment rates, have precipitated an economic slowdown. Concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices. If the economic climate in the United States or abroad deteriorates, worldwide demand for petroleum products could diminish further, which could impact the price at which oil, natural gas and natural gas liquids can be sold, which could affect the ability of our customers to continue operations and ultimately adversely impact our results of operations, liquidity and financial condition.

Our indebtedness and liquidity needs could restrict our operations and make us more vulnerable to adverse economic conditions.

Our existing and future indebtedness, whether incurred in connection with acquisitions, operations or otherwise, may adversely affect our operations and limit our growth, and we may have difficulty making debt service payments on such indebtedness as payments become due. Our level of indebtedness may affect our operations in several ways, including the following:

- increasing our vulnerability to general adverse economic and industry conditions;
- the covenants that are contained in the agreements governing our indebtedness could limit our ability to borrow funds, dispose of assets, pay dividends and make certain investments;
- our debt covenants could also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry;
- any failure to comply with the financial or other debt covenants, including covenants that impose requirements to maintain certain financial ratios, could result in an event of default, which could result in some or all of our indebtedness becoming immediately due and payable;
- our level of debt could impair our ability to obtain additional financing, or obtain additional financing on favorable terms, in the future for working capital, capital expenditures, acquisitions or other general corporate purposes; and
- our business may not generate sufficient cash flow from operations to enable us to meet our obligations under our indebtedness.

Restrictions in our new revolving credit facility and any future financing agreements may limit our ability to finance future operations or capital needs or capitalize on potential acquisitions and other business opportunities.

We expect to enter into a new revolving credit agreement concurrently with the closing of this offering. The operating and financial restrictions and covenants in our new revolving credit facility and any future financing agreements could restrict our ability to finance future operations or capital needs or to expand or pursue our business activities. For example, we expect that our new revolving credit facility will restrict or limit our ability to:

- grant liens;
- incur additional indebtedness;
- engage in a merger, consolidation or dissolution;
- enter into transactions with affiliates;
- sell or otherwise dispose of assets, businesses and operations;
- materially alter the character of our business as conducted at the closing of this offering; and
- make acquisitions, investments and capital expenditures.

Furthermore, our new revolving credit facility may contain certain other operating and financial covenants. Our ability to comply with the covenants and restrictions contained in the new revolving credit facility may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any of the restrictions, covenants, ratios or tests in our new revolving credit facility, a significant portion of our indebtedness may become immediately due and payable, our lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. Any subsequent replacement of our new revolving credit facility or any new indebtedness could have similar or greater restrictions. Please read "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Credit Facilities — Our Revolving Credit Facility."

Our operations are subject to unforeseen interruptions and hazards inherent in the oil and natural gas industry, for which we may not be adequately insured and which could cause us to lose customers and substantial revenue.

Our operations are exposed to the risks inherent to our industry, such as equipment defects, vehicle accidents, fires, explosions, blowouts, surface cratering, uncontrollable flows of gas or well fluids, pipe or pipeline failures, abnormally pressured formations and various environmental hazards, such as oil spills and releases of, and exposure to, hazardous substances. For example, our operations are subject to risks associated with hydraulic fracturing, including any mishandling, surface spillage or potential underground migration of fracturing fluids, including chemical additives. In addition, our operations are exposed to potential natural disasters, including blizzards, tornadoes, storms, floods, other adverse weather conditions and earthquakes. The occurrence of any of these events could result in substantial losses to us due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigations and penalties or other damage resulting in curtailment or suspension of our operations. The cost of managing such risks may be significant. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. In particular, our customers may elect not to purchase our services if they view our environmental or safety record as unacceptable, which could cause us to lose customers and substantial revenues.

Our insurance may not be adequate to cover all losses or liabilities we may suffer. Furthermore, we may be unable to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased and could escalate further. In addition, sub-limits have been imposed for certain risks. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we are not fully insured, it could have a material adverse effect on our business, results of operations and financial condition. In addition, we may not be able to secure additional insurance or bonding that might be required by new governmental regulations. This may cause us to restrict our operations, which might severely impact our financial position.

Since hydraulic fracturing activities are part of our operations, they are covered by our insurance against claims made for bodily injury, property damage and clean-up costs stemming from a sudden and accidental pollution event. However, we may not have coverage if we are unaware of the pollution event and unable to report the "occurrence" to our insurance company within the time frame required under our insurance policy. In addition, these policies do not provide coverage for all liabilities, and the insurance coverage may not be adequate to cover claims that may arise, or we may not be able to maintain adequate insurance at rates we consider reasonable. A loss not fully covered by insurance could have a material adverse effect on our financial position, results of operations and cash flows.

A terrorist attack or armed conflict could harm our business.

Terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States could adversely affect the U.S. and global economies and could prevent us from meeting financial and other obligations. We could experience loss of business, delays or defaults in payments from payors or disruptions of fuel supplies and markets if pipelines, production facilities, processing plants, refineries or transportation facilities are direct targets or indirect casualties of an act of terror or war. Such activities could reduce the overall demand for oil and natural gas, which, in turn, could also reduce the demand for our services. Terrorist activities and the threat of potential terrorist activities and any resulting economic downturn could adversely affect our results of operations, impair our ability to raise capital or otherwise adversely impact our ability to realize certain business strategies.

Increasing trucking regulations may increase our costs and negatively impact our results of operations.

In connection with our business operations, including the transportation and relocation of our hydraulic fracking equipment and shipment of frac sand, we operate trucks and other heavy equipment. As such, we operate as a motor carrier in providing certain of our services and therefore are subject to regulation by the United States Department of Transportation and by various state agencies. These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations, driver licensing, insurance requirements, financial reporting and review of certain mergers, consolidations and acquisitions, and transportation of hazardous materials (HAZMAT). Our trucking operations are subject to possible regulatory and legislative changes that may increase our costs. Some of these possible changes include increasingly stringent environmental regulations, changes in the hours of service regulations which govern the amount of time a driver may drive or work in any specific period, onboard black box recorder device requirements or limits on vehicle weight and size.

Interstate motor carrier operations are subject to safety requirements prescribed by the United States Department of Transportation. To a large degree, intrastate motor carrier operations are subject to state safety regulations that mirror federal regulations. Matters such as the weight and dimensions of equipment are also subject to federal and state regulations. From time to time, various legislative proposals are introduced, including proposals to increase federal, state, or local taxes, including taxes on motor fuels, which may increase our costs or adversely impact the recruitment of drivers. We cannot predict whether, or in what form, any increase in such taxes applicable to us will be enacted.

Certain motor vehicle operators require registration with the Department of Transportation. This registration requires an acceptable operating record. The Department of Transportation periodically conducts compliance reviews and may revoke registration privileges based on certain safety performance criteria that could result in a suspension of operations.

We are subject to environmental laws and regulations, and future compliance, claims, and liabilities relating to such matters may have a material adverse effect on our results of operations, financial position or cash flows.

The nature of our operations, including the handling, transporting and disposing of a variety of fluids and substances, including hydraulic fracturing fluids and other regulated substances, air emissions, and wastewater discharges exposes us to some risks of environmental liability, including the release of pollutants from oil and natural gas wells and associated equipment to the environment. The cost of compliance with these laws can be significant. Failure to properly handle, transport or dispose of these materials or otherwise conduct our operations in accordance with these and other environmental laws could expose us to substantial liability for administrative, civil and criminal penalties, cleanup and site restoration costs and liability associated with releases of such materials, damages to natural resources and other damages, as well as potentially impair our ability to conduct our operations. Such liability is commonly on a strict, joint and several liability basis, without regard to fault. Liability may be imposed as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Neighboring landowners and other third parties may file claims against us for personal injury or property damage allegedly caused by the release of pollutants into the environment. Environmental laws and regulations have changed in the past, and they may change in the future and become more stringent. Current and future claims and liabilities may have a material adverse effect on us because of potential adverse outcomes, defense costs, diversion of management resources, unavailability of insurance coverage and other factors. The ultimate costs of these liabilities are difficult to determine and may exceed any reserves we may have established. If existing environmental requirements or enforcement policies change, we may be required to make significant unanticipated capital and operating expenditures.

The adoption of climate change legislation or regulations restricting emissions of greenhouse gases could result in increased operating costs and reduced demand for oil and natural gas.

The EPA has determined that greenhouse gases present an endangerment to public health and the environment because such gases contribute to warming of the earth's atmosphere and other climatic changes. Based on these findings, the EPA has adopted and implemented, and continues to adopt and implement, regulations that restrict emissions of greenhouse gases ("GHGs") under existing provisions of the Clean Air Act ("CAA"). The EPA also requires the annual reporting of GHG emissions from certain large sources of GHG emissions in the United States, including certain oil and gas production facilities. The EPA has also taken steps to limit methane emissions from oil and gas production facilities. In addition, the U.S. Congress has from time to time considered adopting legislation to reduce emissions of GHGs and almost one-half of the states have already taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. And in December 2015, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France. The resulting Paris Agreement calls for the parties to undertake "ambitious efforts" to limit the average global temperature, and to conserve and enhance sinks and reservoirs of greenhouse gases. The Paris Agreement entered into force in November 2016. The United States is one of over 70 nations that has ratified or otherwise indicated that it intends to comply with the agreement. Restrictions on emissions of GHGs that may be imposed could adversely affect the oil and natural gas industry by reducing demand for hydrocarbons and by making it more expensive to develop and produce hydrocarbons, either of which could have a material adverse effect on future demand for our services.

Moreover, climate change may cause more extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our operations and increase our costs, and damage resulting from extreme weather may not be fully insured.

Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

Our hydraulic fracturing operations are a significant component of our business, and it is an important and common practice that is used to stimulate production of hydrocarbons, particularly oil and natural gas, from tight formations, including shales. The process, which involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, federal agencies have asserted regulatory authority over certain aspects of the process. For example, in May 2014, the EPA issued an Advanced Notice of Proposed Rulemaking seeking comment on the development of regulations under the Toxic Substances Control Act to require companies to disclose information regarding the chemicals used in hydraulic fracturing. Beginning in August 2012, the EPA issued a series of rules under the CAA that establish new emission control requirements for emissions of volatile organic compounds and methane from certain oil and natural gas production and natural gas processing operations and equipment. And in March 2015, the Bureau of Land Management finalized a rule governing hydraulic fracturing on federal lands, implementation of which has been stayed pending the resolution of legal challenges. Further, legislation to amend the Safe Drinking Water Act to repeal the exemption for hydraulic fracturing (except when diesel fuels are used) from the definition of "underground injection" and require federal permitting and regulatory control of hydraulic fracturing, as well as legislative proposals to require disclosure of the chemical constituents of the fluids used in the fracturing process, have been proposed in recent sessions of Congress. Several states and local jurisdictions in which we or our customers operate also have adopted or are considering adopting regulations that could restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and/or require the disclosure of the composition of hydraulic fracturing fluids.

More recently, federal and state governments have begun investigating whether the disposal of produced water into underground injection wells has caused increased seismic activity in certain areas. For example, in December 2016, the EPA released its final report regarding the potential impacts of hydraulic fracturing on drinking water resources, concluding that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain circumstances such as water withdrawals for fracturing in times or areas of low water availability, surface spills during the management of fracturing fluids, chemicals or produced water, injection of fracturing fluids into wells with inadequate mechanical integrity, injection of fracturing fluids directly into groundwater resources, discharge of inadequately treated fracturing wastewater to surface waters, and disposal or storage of fracturing wastewater in unlined pits. The results of these studies could lead federal and state governments and agencies to develop and implement additional regulations.

Increased regulation of hydraulic fracturing and related activities (whether as a result of the EPA study results or resulting from other factors) could subject us and our customers to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and recordkeeping obligations, and plugging and abandonment requirements. New requirements could result in increased operational costs for us and our customers, and reduce the demand for our services.

Conservation measures, commercial development and technological advances could reduce demand for oil and natural gas and our services.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices could reduce demand for oil and natural gas, resulting in reduced demand for oilfield services. The impact of the changing demand for oil and natural gas services and products may have a material adverse effect on our business, financial condition, results of operations and cash flows.

The commercial development of economically-viable alternative energy sources and related products (such as electric vehicles, wind, solar, geothermal, tidal, fuel cells and biofuels) could have a similar effect. In addition, certain U.S. federal income tax deductions currently available with respect to oil and natural gas exploration and development, including the allowance of percentage depletion for oil and natural gas properties, may be eliminated as a result of proposed legislation. Any future decreases in the rate at which oil and natural gas reserves are discovered or developed, whether due to the passage of legislation, increased governmental regulation leading to limitations, or prohibitions on exploration and drilling activity, including hydraulic fracturing, or other factors, could have a material adverse effect on our business and financial condition, even in a stronger oil and natural gas price environment.

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

We operate with most of our customers under master service agreements, or MSAs. We endeavor to allocate potential liabilities and risks between the parties in the MSAs. Generally, under our MSAs, including those relating to our hydraulic fracturing services, we assume responsibility for, including control and removal of, pollution or contamination which originates above surface and originates from our equipment or services. Our customer assumes responsibility for, including control and removal of, all other pollution or contamination which may occur during operations, including that which may result from seepage or any other uncontrolled flow of drilling fluids. We may have liability in such cases if we are negligent or commit willful acts. Generally, our customers also agree to indemnify us against claims arising from their employees' personal injury or death to the extent that, in the case of our hydraulic fracturing operations, their employees are injured or their properties are damaged by such operations, unless resulting from our gross negligence or willful misconduct. Similarly, we generally agree to indemnify our customers for liabilities arising from personal injury to or death of any of our employees, unless resulting from gross negligence or willful misconduct of the customer. In addition, our customers generally agree to indemnify us for loss or destruction of customer-owned property or equipment and in turn, we agree to indemnify our customers for loss or destruction of property or equipment we own. Losses due to catastrophic events, such as blowouts, are generally the responsibility of the customer. However, despite this general allocation of risk, we might not succeed in enforcing such contractual allocation, might incur an unforeseen liability falling outside the scope of such allocation or may be required to enter into an MSA with terms that vary from the above allocations of risk. Litigation arising from a catastrophic occurrence at a location where our equipment and services are being used may result in our being named as a defendant in lawsuits asserting large claims. As a result, we may incur substantial losses which could materially and adversely affect our financial condition and results of operation.

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

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

Risks Related to This Offering and Ownership of Our Common Stock

The concentration of our capital stock ownership among our largest shareholders and their affiliates will limit your ability to influence corporate matters.

Upon completion of this offering (assuming no exercise of the underwriters' option to purchase additional shares), Energy Capital Partners will own approximately 49.2% of our outstanding common stock. Consequently, Energy Capital Partners will continue to have significant influence over all matters that require approval by our shareholders, including the election of directors and approval of significant corporate transactions. This concentration of ownership will limit your ability to influence corporate matters, and as a result, actions may be taken that you may not view as beneficial. Moreover, this concentration of stock ownership may also adversely affect the trading price of our common stock to the extent investors perceive a disadvantage in owning stock of a company with a controlling shareholder.

Conflicts of interest could arise in the future between us, on the one hand, and Energy Capital Partners and its affiliates and affiliated funds, including its and their current and future portfolio companies, on the other hand, concerning among other things, potential competitive business activities or business opportunities.

Conflicts of interest could arise in the future between us, on the one hand, and Energy Capital Partners and its affiliates and affiliated funds, including its and their current and future portfolio companies, on the other hand, concerning among other things, potential competitive business activities or business opportunities. Energy Capital Partners and its affiliated funds are primarily North American investors in essential, long-lived and capital intensive energy assets within a host of energy related industries. Energy Capital Partners and its affiliated funds currently have investments in companies that operate in the energy infrastructure and oilfield services industries. As a result, Energy Capital Partners and its affiliates' and affiliated funds' current and future portfolio companies which it controls may now, or in the future, directly or indirectly, compete with us for investment or business opportunities.

Our governing documents provide that Energy Capital Partners and its affiliates and affiliated funds (including portfolio investments of Energy Capital Partners and its affiliates and affiliated funds) are not restricted from owning assets or engaging in businesses that compete directly or indirectly with us and will not have any duty to refrain from engaging, directly or indirectly, in the same or similar business activities or lines of business as us, including those business activities or lines of business deemed to be competing with us, or doing business with any of our clients, customers or vendors. In particular, subject to the limitations of applicable law, our certificate of incorporation, among other things:

- permits Energy Capital Partners and its affiliates and affiliated funds and our non-employee directors to conduct business that competes with us and to make investments in any kind of property in which we may make investments; and
- provides that if Energy Capital Partners or any of its affiliates who is also one of our non-employee directors becomes aware of a potential business opportunity, transaction or other matter, they will have no duty to communicate or offer that opportunity to us.

Energy Capital Partners or its affiliates or affiliated funds may become aware, from time to time, of certain business opportunities (such as acquisition opportunities) and may direct such opportunities to other businesses in which they have invested, in which case we may not become aware of or otherwise have the ability to pursue such opportunity. Further, such businesses may choose to compete with us for these opportunities, possibly causing these opportunities to not be available to us or causing them to be more expensive for us to pursue. In addition, Energy Capital Partners and its affiliates and affiliated funds may dispose of their interests in energy infrastructure or other oilfield services companies or other assets in the future, without any obligation to offer us the opportunity to purchase any of those assets. As a result, our renouncing our interest and expectancy in any business opportunity that may be from time to time presented to Energy Capital Partners and its affiliates and affiliated funds could adversely impact our business or prospects if attractive business opportunities are procured by such parties for their own benefit rather than for ours.

In any of these matters, the interests of Energy Capital Partners and its affiliates and affiliated funds may differ or conflict with the interests of our other shareholders. Any actual or perceived conflicts of interest with respect to the foregoing could have an adverse impact on the trading price of our common stock.

The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act and the NYSE, may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

As a public company, we will need to comply with new laws, regulations and requirements, certain corporate governance provisions of the Sarbanes-Oxley Act of 2002, related regulations of the SEC and the requirements of the NYSE, with which we are not required to comply as a private company. Complying with these statutes, regulations and requirements will occupy a significant amount of time of our board of directors and management and will significantly increase our costs and expenses. We will need to:

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

In addition, we expect that being a public company subject to these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers. We are currently evaluating these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

We will be required to comply with certain provisions of Section 404 of the Sarbanes-Oxley Act as early as our fiscal year ending December 31, 2018. Section 404 requires that we document and test our internal control over financial reporting and issue management's assessment of our internal control over financial reporting. This section also requires that our independent registered public accounting firm opine on those internal controls upon becoming a large accelerated filer, as defined in the SEC rules, or otherwise ceasing to qualify as an emerging growth company under the JOBS Act. We are evaluating our existing controls against the standards adopted by the Committee of Sponsoring Organizations of the Treadway Commission. During the course of our ongoing evaluation and integration of the internal control over financial reporting, we may identify areas requiring improvement, and we may have to design enhanced processes and controls to address issues identified through this review. For example, we anticipate the need to hire additional administrative and accounting personnel to conduct our financial reporting.

We cannot be certain at this time that we will be able to successfully complete the procedures, certification and attestation requirements of Section 404 or that we or our independent registered public accounting firm will not identify material weaknesses in our internal control over financial reporting. If we fail to comply with the requirements of Section 404 or if we or our independent registered public accounting firm identify and report such material weaknesses, the accuracy and timeliness of the filing of our annual and quarterly reports may be materially adversely affected and could cause investors to lose confidence in our reported financial information, which could have a negative effect on the stock price of our common stock. In addition, a material weakness in the effectiveness of our internal control over financial reporting could result in an increased chance of fraud and the loss of customers, reduce our ability to obtain financing and require additional expenditures to comply with these requirements, each of which could have a material adverse effect on our business, results of operations and financial condition.

There is no existing market for our common stock, and a trading market that will provide you with adequate liquidity may not develop. The price of our common stock may fluctuate significantly, and you could lose all or part of your investment.

Prior to this offering, there has been no public market for our common stock. After this offering, there will be only 20,000,000 publicly traded shares of common stock held by our public common shareholders (23,000,000 shares of common stock if the underwriters exercise in full their option to purchase additional shares of common stock). Energy Capital Partners will own 39,535,106 shares of common stock, representing an aggregate 49.2% of outstanding shares of our common stock (or 37,328,007 shares of common stock, representing an aggregate 46.4% of outstanding shares of our common stock, if the underwriters exercise in full their option to purchase additional shares of common stock). In addition, in connection with this offering, we intend to grant certain of our employees awards of stock options at an exercise price equal to the initial public offering price of our common stock with respect to an aggregate of up to 812,008 shares of common stock. See "Executive Compensation — Narrative to Summary Compensation Table — Offering Grants to Employees under the 2017 Incentive Award Plan." We do not know the extent to which investor interest will lead to the development of an active trading market or how liquid that market might become. If an active trading market does not develop, you may have difficulty reselling any of our common stock at or above the initial public offering price. Additionally, the lack of liquidity may result in wide bid-ask spreads, contribute to significant fluctuations in the market price of the common stock and limit the number of investors who are able to buy the common stock.

The initial public offering price for the common stock offered hereby will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of the market price of the common stock that will prevail in the trading market. Consequently, you may not be able to sell shares of our common stock at prices equal to or greater than the price paid by you in this offering.

The following is a non-exhaustive list of factors that could affect our stock price:

- our operating and financial performance;
- quarterly variations in the rate of growth of our financial indicators, such as net income per share, net income and revenues;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;
- our failure to meet revenue or earnings estimates by research analysts or other investors;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- speculation in the press or investment community;
- the failure of research analysts to cover our common stock;
- sales of our common stock by us, the selling shareholders or other shareholders, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance, interpretations or standards;
- additions or departures of key management personnel;
- actions by our shareholders;
- general market conditions, including fluctuations in commodity prices;
- domestic and international economic, legal and regulatory factors unrelated to our performance; and
- the realization of any risks described under this "Risk Factors" section.

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

If securities or industry analysts do not publish research reports or publish unfavorable research about our business, the price and trading volume of our common stock could decline.

The trading market for our common stock will depend in part on the research reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of us the trading price for our common stock and other securities would be negatively affected. In the event we obtain securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our securities, the price of our securities would likely decline. If one or more of these analysts ceases to cover us or fails to publish regular reports on us, interest in the purchase of our securities could decrease, which could cause the price of our common stock and other securities and their trading volume to decline.

Our certificate of incorporation and bylaws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our common stock.

We intend to redomicile as a corporation under Delaware General Corporation Law and file a new certificate of incorporation. Our certificate of incorporation will authorize our board of directors to issue preferred stock, in addition to the Series A Preferred Shares, without shareholder approval. If our board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire us. In addition, some provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our shareholders, including:

- limitations on the removal of directors;
- limitations on the ability of our shareholders to call special meetings;
- advance notice provisions for shareholder proposals and nominations for elections to the board of directors to be acted upon at meetings of shareholders;
- providing that the board of directors is expressly authorized to adopt, or to alter or repeal our bylaws; and
- establishing advance notice and certain information requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by shareholders at shareholder meetings.

Investors in this offering will experience immediate and substantial dilution of $12.75 per share.

Based on an assumed initial public offering price of $17.50 per share (the midpoint of the price range set forth on the cover of this prospectus), purchasers of our common stock in this offering will experience an immediate and substantial dilution of $12.75 per share in the net tangible book value per share of common stock from the initial public offering price. This dilution is due in large part to earlier investors having paid substantially less than the initial public offering price when they purchased their shares. Please see "Dilution."

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. We intend to use the net proceeds for general corporate purposes. However, our use of these proceeds may differ substantially from our current plans. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business and cause the price of our common stock to decline. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

We do not intend to pay dividends on our common stock, and we expect that our debt agreements will place certain restrictions on our ability to do so. Consequently, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.

We do not plan to declare dividends on shares of our common stock in the foreseeable future. Additionally, we expect that our new revolving credit facility will place certain restrictions on our ability to pay cash dividends. Consequently, unless we revise our dividend policy, your only opportunity to achieve a return on your investment in us will be if you sell your common stock at a price greater than you paid for it. There is no guarantee that the price of our common stock that will prevail in the market will ever exceed the price that you pay in this offering.

Future sales of our common stock in the public market could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

We may sell additional shares of common stock in subsequent public offerings. We may also issue additional shares of common stock or convertible securities. After the completion of this offering, we will have outstanding 80,433,950 shares of common stock, after giving effect to the 1.45 for 1 stock split of our common stock and including (i) shares of common stock issued upon the automatic conversion of the Series A Preferred Shares upon the consummation of this offering, and (ii) 175,008 shares of common stock expected to be issued to certain of our executive officers and directors upon the exercise of stock options on the effective date of the registration statement of which this prospectus forms a part. Following the completion of this offering, assuming no exercise of the underwriters' option to purchase additional shares, Energy Capital Partners will own 39,535,106 shares of our common stock, or approximately 49.2% of our total outstanding shares, all of which are restricted from immediate resale under the federal securities laws and are subject to the lock-up agreements with the underwriters described in "Underwriting," but may be sold into the market in the future. Please see "Shares Eligible for Future Sale."

In connection with this offering, we intend to file a registration statement with the SEC on Form S-8 providing for the registration of shares of our common stock issued or reserved for issuance under our equity incentive plan. Subject to the satisfaction of vesting conditions, the expiration of lock-up agreements and the requirements of Rule 144, shares registered under the registration statement on Form S-8 will be available for resale immediately in the public market without restriction.

We cannot predict the size of future issuances of our common stock or securities convertible into common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock.

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

Prior to this offering, we, all of our directors and executive officers and holders of substantially all of our common stock will enter into lock-up agreements with respect to their common stock, pursuant to which they are subject to certain resale restrictions for a period of 180 days following the effectiveness date of the registration statement of which this prospectus forms a part. Goldman, Sachs & Co. and Barclays Capital Inc. may, at any time and without notice, release all or any portion of the common stock subject to the foregoing lock-up agreements. If the restrictions under the lock-up agreements are waived, then common stock will be available for sale into the public markets, which could cause the market price of our common stock to decline and impair our ability to raise capital.

A significant reduction by Energy Capital Partners of its ownership interests in us could adversely affect us.

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

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We intend to take advantage of these reporting exemptions until we are no longer an emerging growth company. We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We will remain an emerging growth company for up to five years, although we will lose that status sooner if we have more than $1.0 billion of revenues in a fiscal year, have more than $700 million in market value of our common stock held by non-affiliates as of any June 30 or issue more than $1.0 billion of non-convertible debt over a rolling three-year period.

Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

To the extent that we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. If some investors find our common stock to be less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile

We may be a "controlled company" for purposes of NYSE corporate governance requirements, and if so, our shareholders will not have, and may never have, the protections that these corporate governance requirements are intended to provide.

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

Our ability to use our net operating loss carryforwards may be limited.

As of December 31, 2016, we had approximately $175.6 million of U.S. federal and state net operating loss carryforwards ("NOLs"). Our NOLs begin to expire in 2024. Utilization of these NOLs depends on many factors, including our future income, which cannot be assured. In addition, Section 382 of the Internal Revenue Code of 1986, as amended ("Section 382"), generally imposes an annual limitation on the amount of taxable income that may be offset by NOLs when a corporation has undergone an "ownership change" (as determined under Section 382). Generally, a change of more than 50% in the ownership of a corporation's stock, by value, over a three-year period constitutes an ownership change for U.S. federal income tax purposes. Any unused annual limitation may, subject to certain limitations, be carried over to later years. We have previously experienced an ownership change and anticipate we will have an ownership change as a result of this offering, which would result in an annual limitation under Section 382 determined by multiplying the value of our stock at the time of the ownership change by the applicable long-term tax-exempt rate as defined in Section 382, increased under certain circumstances as a result of recognizing built-in gains in our assets existing at the time of the ownership change. The limitations arising from our prior ownership change or from any ownership change arising as a result of this offering may prevent utilization of our NOLs prior to their expiration. Future ownership changes or regulatory changes could further limit our ability to utilize our NOLs. To the extent we are not able to offset our future income with our NOLs, this could adversely affect our operating results and cash flows if we attain profitability.

Our certificate of incorporation will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL"), our certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our certificate of incorporation described in the preceding sentence. This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

USE OF PROCEEDS

Our net proceeds from the sale of 10,631,300 shares of common stock in this offering are estimated to be $171.4 million, after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds from this offering as follows: (i) approximately $71.8 million will be used to repay borrowings outstanding under our term loan, (ii) approximately $63.6 million will be used to fund the purchase of additional hydraulic fracturing units; and (iii) approximately $36.0 million will be retained for general corporate purposes.

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

The following table illustrates our anticipated use of the net proceeds from this offering:

Sources of Funds		Use of Funds	
	(In millions)		
Net proceeds from this offering	$ 171.4	Repayment of outstanding borrowings under our term loan	$ 71.8
		Purchase of additional hydraulic fracturing units	63.6
		General corporate purposes	36.0
Total sources of funds	$ 171.4	Total uses of funds	$ 171.4

As of January 31, 2017, we had $71.8 million of outstanding borrowings under our term loan. The term loan matures on September 30, 2019 and requires quarterly principal and interest payments. Our term loan bears interest at a rate of LIBOR plus 6.25% and is subject to a 1% floor. The outstanding borrowings under our term loan were incurred primarily to fund a portion of our 2015 and 2016 capital expenditures. In connection with the completion of this offering, we expect to repay our term loan in full and terminate our term loan.

A $1.00 increase or decrease in the assumed initial public offering price of $17.50 per share would cause the net proceeds from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses, received by us to increase or decrease, respectively, by approximately $10.0 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. If the proceeds increase due to a higher initial public offering price or due to the issuance of additional shares, we would use the additional net proceeds to fund growth capital expenditures or for general corporate purposes. If the proceeds decrease due to a lower initial public offering price or a decrease in the number of shares issued, then we would first reduce by a corresponding amount the net proceeds directed to general corporate purposes and, if necessary, the purchase of additional hydraulic fracturing units and then, if necessary, the net proceeds directed to repay outstanding borrowings under our term loan.

STOCK SPLIT

We will effect a 1.45 for 1 stock split after the effective date of the registration statement of which this prospectus forms a part and prior to the completion of this offering. The stock split will affect all of our shareholders uniformly and will not affect any individual shareholder's percentage ownership interest in us. Unless otherwise indicated, and other than the consolidated financial statements and the related notes included elsewhere in this prospectus, information presented in this prospectus is adjusted to reflect our 1.45 for 1 stock split.

DIVIDEND POLICY

We do not anticipate declaring or paying any cash dividends to holders of our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to finance the growth of our business. Our future dividend policy is within the discretion of our board of directors and will depend upon then-existing conditions, including our results of operations, financial condition, capital requirements, investment opportunities, statutory restrictions on our ability to pay dividends and other factors our board of directors may deem relevant. In addition, we expect that our revolving credit facility will place restrictions on our ability to pay cash dividends.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2016:

- on a historical basis;
- on an as adjusted basis to reflect the application of the net proceeds from the private placement of our Series A Preferred Shares; and
- on an as further adjusted basis to reflect this offering (including the conversion of our Series A Preferred Shares into common stock) and the application of the net proceeds from this offering as described under "Use of Proceeds."

This table is derived from, should be read together with and is qualified in its entirety by reference to the historical consolidated financial statements and the accompanying notes. You should also read this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations." Historical actual share amounts presented in the table below are not adjusted to reflect our 1.45 for 1 stock split that will occur after the effective date of the registration statement of which this prospectus forms a part and prior to the completion of this offering.

	As of December 31, 2016		
	Historical	As Adjusted	As Further Adjusted
	(in thousands, except per share)		
Cash and cash equivalents[1]	$ 133,596	$ 45,096	$ 81,096
Debt[2]**:**			
Revolving credit facility[3]	$ 13,500	$ —	$ —
Term loan[4]	146,750	71,750	—
Equipment financing	19,193	19,193	19,193
Total debt	$ 179,443	$ 90,943	$ 19,193
Shareholders' equity:			
Preferred Stock ($0.001 par value; 30,000,000 shares authorized and 11,724,134 shares issued and outstanding, actual historical; and 30,000,000 shares authorized, zero shares issued and outstanding, as further adjusted)	12	12	—
Preferred stock, additional paid in capital	162,499	162,499	—
Common stock ($0.001 par value; 200,000,000 shares authorized, 36,294,936 issued and outstanding, actual historical; and 200,000,000 shares authorized, 80,433,950 shares issued and outstanding, as further adjusted)	36	36	80
Additional paid-in capital	265,372	265,372	599,162
Accumulated deficit	(206,910)	(206,910)	(206,910)
Total shareholders' equity	$ 221,009	$ 221,009	392,332
Total Capitalization	$ 400,452	$ 311,952	411,525

(1) As of January 31, 2017, we had a total of $9.2 million in cash and cash equivalents on hand.

(2) Debt shown is exclusive of deferred loan costs and net of amortization.

(3) As of January 31, 2017, we had no borrowings outstanding under our revolving credit facility and $1,500,000 of letters of credit issued under our credit agreement.

(4) As of January 31, 2017, we had $71,750,000 outstanding under our term loan. Our term loan carries a LIBOR plus 6.25% interest rate, subject to a 1% floor. The term loan matures on September 30, 2019.

DILUTION

Purchasers of our common stock in this offering will experience immediate and substantial dilution in the net tangible book value (tangible assets less total liabilities) per share of our common stock for accounting purposes. Our net tangible book value as of December 31, 2016 (after giving effect to our 1.45 to 1 stock split) was approximately $211.0 million, or $4.01 per share.

Pro forma net tangible book value per share is determined by dividing our net tangible book value, or total tangible assets less total liabilities, by our shares of common stock that will be outstanding immediately prior to the closing of this offering (after giving effect to our 1.45 to 1 stock split). Assuming an initial public offering price of $17.50 per share (which is the midpoint of the price range set forth on the cover page of this prospectus), after giving effect to (i) the sale of the shares in this offering and (ii) the conversion of the Series A Preferred Shares into shares of common stock upon the consummation of this offering, and further assuming the receipt of the estimated net proceeds (after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us), our adjusted pro forma net tangible book value as of December 31, 2016 would have been approximately $382.3 million, or $4.75 per share. This represents an immediate increase in the net tangible book value of $0.74 per share to our existing common stockholders and an immediate dilution to new investors purchasing shares in this offering of $12.75 per share, resulting from the difference between the offering price and the pro forma as adjusted net tangible book value after this offering. The following table illustrates the per share dilution to new investors purchasing shares in this offering:

Assumed initial public offering price per share		$ 17.50
Pro forma net tangible book value per share as of December 31, 2016 (after giving effect to our 1.45 to 1 stock split and the conversion of the Series A Preferred Shares into common stock)	$ 3.03	
Increase per share to existing common stockholders attributable to new investors in this offering	$ 1.72	
As adjusted pro forma net tangible book value per share (after giving effect to this offering)		$ 4.75
Dilution in pro forma net tangible book value per share to new investors in this offering		$ 12.75

A $1.00 increase (decrease) in the assumed initial public offering price of $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our as adjusted pro forma net tangible book value per share after the offering by $10.0 million and increase (decrease) the dilution to new investors in this offering by $0.12 per share, assuming the number of shares offered by us and the selling shareholders, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The above discussion and table below are based on the number of shares outstanding as of the date of this prospectus and exclude:

- 2,573,214 shares of common stock issuable upon exercise of outstanding stock options at an exercise price of $3.96 per share;
- 1,274,549 shares of common stock issuable upon exercise of outstanding stock options at an exercise price of $2.25 per share;
- 372,335 shares of common stock issuable upon settlement of outstanding restricted stock units; and
- an additional 5,800,000 shares of common stock reserved for future issuance under our 2017 Incentive Award Plan, or the Plan, including pursuant to equity awards to be granted in connection with this offering, as described in "Executive Compensation — Narrative to Summary Compensation Table — Offering Grants to Employees under the 2017 Incentive Award Plan."

Table of Contents

The following table summarizes, on an adjusted pro forma basis as of December 31, 2016, the total number of shares of common stock owned by existing shareholders and to be owned by new investors at $17.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and the total consideration paid and the average price per share paid by our existing shareholders and to be paid by new investors in this offering at $17.50, the midpoint of the price range set forth on the cover page of this prospectus, calculated before deduction of estimated underwriting discounts and commissions.

	Shares Acquired		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing shareholders[1]	60,433,950	75.1%	$ 351,572,541	50.1%	$ 5.82
New investors in this offering	20,000,000	24.9	350,000,000	49.9	17.50
Total	80,433,950	100%	$ 701,572,541	100%	$ 8.72

(1) Includes 16,999,990 shares issuable upon the conversion of our Series A Preferred Shares in connection with this offering.

SELECTED HISTORICAL FINANCIAL DATA

The following table presents selected historical financial and operating data of ProPetro Holding Corp. as of the dates and for the years indicated. The selected historical financial data as of and for the years ended December 31, 2016 and 2015 are derived from the audited consolidated financial statements appearing elsewhere in this prospectus. Historical results are not necessarily indicative of future results.The information in the table below does not give effect to the 1.45 for 1 stock split that we will effect after the effective date of this registration statement of which this prospectus forms a part and prior to the completion of this offering.

We conduct our business through seven operating segments: hydraulic fracturing, cementing, acidizing, coil tubing, flowback, surface drilling and Permian drilling. For reporting purposes, the hydraulic fracturing, cementing and acidizing operating segments are aggregated into our one reportable segment: pressure pumping. The selected historical consolidated financial and operating data presented below should be read in conjunction with "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes and other financial data included elsewhere in this prospectus.

($ in thousands except shares and per share amounts)	For the Years Ended December 31, 2016	2015
Statement of Operations Data:		
Revenue	$ 436,920	$ 569,618
Pressure pumping	409,014	510,198
All other	27,906	59,420
Costs and Expenses:		
Cost of services[1]	404,140	483,338
General and administrative[2]	26,613	27,370
Depreciation and amortization	43,542	50,134
Property and equipment impairment expense	6,305	36,609
Goodwill impairment expense	1,177	—
Loss on disposal of assets	22,529	21,268
Total costs and expenses	$ 504,306	$ 618,719
Operating Loss	$ (67,386)	$ (49,101)
Other Income (Expense):		
Interest expense	(20,387)	(21,641)
Gain on extinguishment of debt	6,975	—
Other expense	(321)	(499)
Total other expense	(13,733)	(22,140)
Loss before income taxes	(81,119)	(71,241)
Income tax benefit	(27,972)	(25,388)
Net loss	$ (53,147)	$ (45,853)
Per share information:		
Net loss per common share:		
Basic[3]	$ (1.72)	$ (1.90)
Diluted[3]	$ (1.72)	$ (1.90)
Weighted average common shares outstanding:		
Basic	30,887,370	24,132,871
Diluted	30,887,370	24,132,871
Balance Sheet Data as of:		
Cash and cash equivalents	$ 133,596	$ 34,310
Property and equipment — net of accumulated depreciation	263,862	291,838
Total assets	541,422	446,454
Long-term debt — net of deferred loan costs	159,407	236,876
Total shareholders' equity	221,009	69,571
Cash Flow Statement Data:		
Net cash provided by operating activities	$ 10,658	$ 81,231
Net cash used in investing activities	(41,688)	(62,776)
Net cash provided by (used in) financing activities	130,315	(15,216)
Other Data:		
Adjusted EBITDA[4]	$ 7,816	$ 60,149
Adjusted EBITDA margin[4]	1.8%	10.6%
Capital expenditures	46,008	71,677

(1) Exclusive of depreciation and amortization.

(2) Inclusive of stock-based compensation.

(3) After giving effect to a 1.45 for 1 stock split of our common stock, basic and diluted net loss per share of common stock would have been $(1.19) and $(1.31) for the years ended December 31, 2016 and 2015, respectively.

(4) For definitions of the non-GAAP financial measures of Adjusted EBITDA and Adjusted EBITDA margin and reconciliation of Adjusted EBITDA and Adjusted EBITDA margin from our most directly comparable financial measures calculated in accordance with GAAP, please read "Summary Historical Financial Data — Non-GAAP Financial Measures."

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

You should read the following discussion and analysis of our financial condition and results of operations together with our audited financial statements and the related notes appearing at the end of this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should read the "Risk Factors" section of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Basis of Presentation

Unless otherwise indicated, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "ProPetro Holding Corp.," "the Company," "we," "our," "us" or like terms refer to ProPetro Holding Corp. and its subsidiary.

Overview

We are a growth-oriented, Midland, Texas-based oilfield services company providing hydraulic fracturing and other complementary services to leading upstream oil and gas companies engaged in the exploration and production, or E&P, of North American unconventional oil and natural gas resources. Our operations are primarily focused in the Permian Basin, where we have cultivated longstanding customer relationships with some of the region's most active and well-capitalized E&P companies, including Parsley Energy, Diamondback Energy, Surge Energy, XTO Energy, Callon Petroleum and Pioneer Natural Resources. For the year ended December 31, 2016, no single customer represented greater than 20% of our revenue. The Permian Basin is widely regarded as the most prolific oil-producing area in the United States, and we believe we are currently the largest private provider of hydraulic fracturing services in the region by hydraulic horsepower, or HHP, with an aggregate deployed capacity of 420,000 HHP. Our fleet, which consists of 10 hydraulic fracturing units, has been designed to handle the highest intensity, most complex hydraulic fracturing jobs and has been 100% utilized since September 2016. We have purchased two additional hydraulic fracturing units, which are scheduled for delivery and deployment to dedicated customers in April and June 2017, respectively. These units will provide us with an additional 90,000 HHP, bringing our total capacity to 510,000 HHP. Additionally, we expect to use the proceeds from this offering to purchase two additional units to meet specific customer requests, giving us an additional 90,000 HHP, or 600,000 HHP in the aggregate, once all units have been received.

Our Assets and Operations

Through our pressure pumping segment, which includes cementing and acidizing operations, we primarily provide hydraulic fracturing services to E&P companies in the Permian Basin. Our modern hydraulic fracturing fleet has been designed to handle Permian Basin specific operating conditions and the region's increasingly high-intensity well completions, which are characterized by longer horizontal wellbores, more frac stages per lateral and increasing amounts of proppant per well. Over 75% of our fleet has been delivered over the past four years, and we have fully maintained our equipment throughout the recent industry downturn to ensure optimal performance and reliability. In contrast, we believe many of our competitors have deferred necessary maintenance capital spending throughout the downturn, which we believe uniquely positions us to respond more quickly to customer needs during the ongoing market recovery.

In addition to our core hydraulic fracturing operations, we also offer a suite of complementary well completion and production services, including coiled tubing, flowback services and surface air drilling. We believe these complementary services create operational efficiencies for our customers and allow us to capture a greater portion of their capital spending across the lifecycle of an unconventional well. We believe that these complementary services should benefit from a continued industry recovery and that we are well positioned to continue expanding these offerings in response to our customers increasing service needs and spending levels.

Overall Trends and Outlook

The oil and gas industry has traditionally been volatile and is influenced by a combination of long-term, short-term and cyclical trends, including domestic and international supply and demand for oil and gas, current and expected future prices for oil and gas and the perceived stability and sustainability of those prices, and capital investments of E&P companies toward their development and production of oil and gas reserves. The oil and gas industry is also impacted by general domestic and international economic conditions, political instability in oil producing countries, government regulations (both in the United States and internationally), levels of consumer demand, adverse weather conditions, and other factors that are beyond our control. Declines and sustained weakness in crude oil prices began in the fourth quarter of 2014 and continued into February 2016, when the closing crude oil prices reached a low of $26.19 per barrel. This decline in oil prices caused our customers to reduce drilling and completion activity and curtail spending. These declines adversely affected the demand for our equipment and services and negatively impacted the prices we were able to charge our customers.

Over the same period, the low crude oil price environment caused a steep reduction in our customers' drilling, completion and other production activities and their spending on our equipment and services. However, the recent recovery of crude oil prices to the low $50 per barrel range as of December 2016 has driven a considerable increase in drilling and completion activity, and associated demand for our services. The Permian Basin, our primary area of operation, is leading the recovery with the number of active drilling rigs increasing 110% from a low of 137 rigs in the basin as of May 2016 to 291 rigs in the basin as of January 2017, according to Baker Hughes. In addition to increased activity levels in the Permian Basin, several evolving industry trends, including increasingly longer horizontal wellbore laterals, a greater number of frac stages per lateral and increasing amounts of proppant employed per well, have significantly increased demand for our hydraulic fracturing and other completion services.

As the Permian Basin shifts further towards more intensive horizontal drilling, operators and service providers are expected to continue to place significant focus on drilling and completion efficiencies, such as multi-well pads and zipper fracs. Multi-well pads allow for the drilling of multiple wellbores from a single topside location, reducing average drilling time. Similarly, zipper fracking allows for the alternating completion of hydraulic fracturing stages in adjacent wells, increasing the number of stages that can be performed in a given time period. These advancements have resulted in a reduction in the number of days typically required to drill and complete a well and, as a result, increased the total number of wells that can be drilled per rig, which, in turn, drives incremental demand for hydraulic fracturing services.

Rising producer activity levels, increasing basin service intensity and continued drilling and completion efficiencies have combined to drive the 100% utilization of our fleet and build a sizable backlog of addressable demand for our services. We have seen our competitors defer necessary maintenance capital spending, cannibalize existing units for spare parts and idle HHP. This has resulted in tightening hydraulic fracturing supply and demand fundamentals and is likely to drive pricing improvement for our hydraulic fracturing services. Moreover, we believe the other complementary services that we provide are well-positioned to similarly benefit from a continued industry recovery.

Our competitors include many large and small oilfield services companies, including RPC, Inc., Halliburton, C&J Energy Services, Patterson-UTI Energy Inc., Superior Energy Services, Schlumberger and a number of private companies. Competitive factors impacting sales of our services are price, reputation and technical expertise, service and equipment quality, and health and safety standards. Although we believe our customers consider all of these factors, we believe price is a key factor in E&P companies' criteria in choosing a service provider. While we seek to price our services competitively, we believe many of our customers elect to work with us based on our deep local roots, operational expertise, equipment's ability to handle the most complex Permian Basin well completions, and commitment to safety and reliability.

Our substantial market presence in the Permian Basin positions us well to capitalize on increasing drilling and completion activity in the region. Historically, our operational focus has been in the Permian Basin's Midland sub-basin, where our customers have primarily operated. More recently however, with increasing levels of Delaware Basin activity, we have begun to expand our Delaware Basin presence in response to increasing levels of demand pull from our customers. Given our entrenched relationships with a variety of Delaware Basin operators, we believe that we are uniquely positioned to capture large addressable growth opportunity as the basin develops. Over time, we expect the Permian Basin's Midland and Delaware sub-basins to continue to command a disproportionate share of future North American E&P spending.

How We Generate Revenue

We generate revenue primarily through our pressure pumping segment, and more specifically, by providing hydraulic fracturing services to our customers. We own and operate a fleet of mobile hydraulic fracturing units and other auxiliary equipment to perform fracturing services. We also provide personnel and services that are tailored to meet each of our customers' needs. We generally do not have long-term written contractual arrangements with our customers other than standard master service agreements, which include general contractual terms between our customers and us. We charge our customers on a per-job basis, in which we set pricing terms after receiving full specifications for the requested job, including the lateral length of the customer's wellbore, the number of frac stages per well, the amount of proppant to be employed and other parameters of the job.

In addition to hydraulic fracturing services, we generate revenue through the complementary services that we provide to our customers, including cementing, acidizing, coiled tubing, flowback services and surface air drilling. These complementary services are provided through various contractual arrangements, including on a turnkey contract basis, in which we set a price to perform a particular job, a daywork contract basis, in which we are paid a set price per day for our services, or a footage contract basis, in which we are paid a set price per foot we drill. We are also sometimes paid by the hour for these complementary services.

Costs of Conducting our Business

The principal direct costs involved in operating our business are expendables, other direct costs, and direct labor costs. Generally, we price each job to reflect a predetermined margin over our expendables and direct labor costs. Our fixed costs are relatively low and a large portion of the costs described below are only incurred as we perform jobs for our customers.

Expendables. Expendables are the largest expenses incurred, and include the product and freight costs associated with proppant, chemicals and other consumables used in our pressure pumping and other operations. These costs comprise a substantial variable component of our service costs, particularly with respect to the quantity and quality of sand and chemicals demanded when providing hydraulic fracturing services. Expendable product costs comprised approximately

61.0% and 58.9% of total costs of service for the years ended December 31, 2016 and 2015, respectively.

Other Direct Costs. We incur other direct expenses related to our service offerings, including the costs of fuel, repairs and maintenance, general supplies, equipment rental and other miscellaneous operating expenses. Fuel is consumed both in the operation and movement of our hydraulic fracturing fleet and other equipment. Repairs and maintenance costs are expenses directly related to upkeep of equipment, which have been amplified by the demand for higher horsepower jobs. Capital expenditures to upgrade or extend the useful life of equipment are not included in other direct costs. Other direct costs were 24.4% and 24.3% of total costs of service for the years ended December 31, 2016 and 2015, respectively.

Direct Labor Costs. Payroll and benefit expenses related to our crews and other employees that are directly attributable to the effective delivery of services are included in our operating costs. Direct labor costs amounted to 14.5% and 16.9% of total costs of service for the years ended December 31, 2016 and 2015, respectively.

How We Evaluate Our Operations

Our management uses a variety of financial and operating metrics to evaluate and analyze the performance of our business, including Adjusted EBITDA and Adjusted EBITDA margin.

Adjusted EBITDA and Adjusted EBITDA margin

We view Adjusted EBITDA and Adjusted EBITDA margin as important indicators of performance. We define EBITDA as our net income, before (i) interest expense, (ii) income taxes and (iii) depreciation and amortization. We define Adjusted EBITDA as EBITDA, plus (i) loss on disposal of assets, (ii) gain on extinguishment of debt, (iii) stock based compensation, and (iv) other unusual or non-recurring charges, such as costs related to our initial public offering. Adjusted EBITDA margin reflects our Adjusted EBITDA as a percentage of our revenues.

Adjusted EBITDA and Adjusted EBITDA margin are supplemental measures utilized by our management and other users of our financial statements such as investors, commercial banks, research analysts and others, to assess our financial performance because it allows us to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization) and items outside the control of our management team (such as income tax rates). Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools and should not be considered as an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP.

Note Regarding Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA margin are not financial measures presented in accordance with GAAP. We believe that the presentation of these non-GAAP financial measures will provide useful information to investors in assessing our financial condition and results of operations. Net income is the GAAP measure most directly comparable to Adjusted EBITDA. Our non-GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measure. Each of these non-GAAP financial measures has important limitations as analytical tools because they exclude some but not all items that affect the most directly comparable GAAP financial measures. You should not consider Adjusted EBITDA or Adjusted EBITDA margin in isolation or as a substitute for an analysis of our results as reported under GAAP. Because Adjusted EBITDA and Adjusted EBITDA margin may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. Please read "Summary — Summary Historical Consolidated Financial Data — Non-GAAP Financial Measures."

Factors Affecting the Comparability of Our Financial Results

Our future results of operations may not be comparable to our historical results of operations for the reasons described below:

Our strategic focus on our pressure pumping segment and other complementary services will reduce the relative financial contribution of the Permian drilling operating segment in our results of operations. We expect revenues and costs of services related to our Permian drilling operating segment to comprise a lower percentage of total revenues and total costs of service in future results of operations when compared to historic results due to our increased focus on pressure pumping and other complementary service offerings. We idled all seven of our Permian vertical drilling rigs throughout 2016. As a result, Permian drilling comprised only $9.9 million of revenue (or 2.3% of revenues) for the year ended December 31, 2016, as compared to $35.7 million (or 6.3% of revenues) for the year ended December 31, 2015. Likewise cost of services related to Permian drilling was $8.5 million (2.1% of all costs of services) for the year ended December 31, 2016 as compared to $30.8 million (or 6.4% of cost of service) for the year ended December 31, 2015. We anticipate the financial significance of this service line relative to the financial results from pressure pumping and other service offerings to continue to decline.

We will incur additional operating expenses as a publicly traded corporation. We expect to incur approximately $3.0 million annually in additional operating expenses as a publicly traded corporation that we have not previously incurred, including costs associated with compliance under the Exchange Act, annual and quarterly reports to common shareholders, registrar and transfer agent fees, audit fees, incremental director and officer liability insurance costs and director and officer compensation.

Results of Operations

We conduct our business through seven operating segments: hydraulic fracturing, cementing, acidizing, coil tubing, flowback, surface drilling, and Permian drilling. For reporting purposes, the hydraulic fracturing, cementing and acidizing operating segments are aggregated into our one reportable segment: pressure pumping.

Year Ended December 31, 2016 Compared To Year Ended December 31, 2015

	Year Ended December 31,	
(in thousands except industry data)	2016	2015
Revenue	$ 436,920	$ 569,618
Cost of services[(1)]	404,140	483,338
General and administrative expense[(2)]	26,613	27,370
Depreciation and amortization	43,542	50,134
Property and equipment impairment expense	6,305	36,609
Goodwill impairment expense	1,177	—
Loss on disposal of assets	22,529	21,268
Interest expense	20,387	21,641
Gain on extinguishment of debt	6,975	—
Other expense	321	499
Income tax benefit	27,972	25,388
Net loss	$ (53,147)	$ (45,853)
Adjusted EBITDA[(3)]	$ 7,816	$ 60,149
Adjusted EBITDA Margin[(3)]	1.8%	10.6%
Pressure pumping segment results of operations:		
Service revenue	$ 409,014	$ 510,198
Cost of services	$ 379,815	$ 432,372
Adjusted EBITDA	$ 15,655	$ 62,540
Adjusted EBITDA Margin[(3)(7)]	3.8%	12.3%
Baker Hughes Domestic Average Rig Count — Onshore[(4)]	490	948
Average oil price (per barrel)	$ 43.29	$ 48.66
Average natural gas price (per thousand cubic feet)[(6)]	$ 2.52	$ 2.62

(1) Exclusive of depreciation and amortization.

(2) Inclusive of stock-based compensation.

(3) For definitions of the non-GAAP financial measures of Adjusted EBITDA and Adjusted EBITDA margin and reconciliation of Adjusted EBITDA and Adjusted EBITDA margin to our most directly comparable financial measures calculated in accordance with GAAP, please read "Summary — Summary Historical Financial Data — Non-GAAP Financial Measures."

(4) Average onshore U.S. rig count published by Baker Hughes 12/31/16 10-K.

(5) Average twelve-month West TX Intermediate Spot Price published by EIA.

(6) Average twelve-month Henry Hub Natural Gas Spot Price published by EIA.

(7) The non-GAAP financial measure of Adjusted EBITDA margin for the pressure pumping segment is calculated by taking Adjusted EBITDA for the pressure pumping segment as a percentage of our revenues for the pressure pumping segment.

Revenues. Revenues decreased 23.3%, or $132.7 million, to $436.9 million for the year ended December 31, 2016 as compared to $569.6 million for the year ended December 31, 2015. The decrease was primarily attributable to a reduction in customer activity, a decline in pricing for our frac services as a result of an over-supply of HHP in our areas of operations, and the idling of our seven Permian drilling rigs. Our pressure pumping segment revenues decreased 19.8%, or $101.2 million, for the year ended December 31, 2016 as compared to the year ended December 31, 2015. Revenues other than pressure pumping decreased 53.0%, or $31.5 million, for the year December 31, 2016 as compared to the year ended December 31, 2015. The decrease was primarily attributable to a decline in demand and pricing for these ancillary services. The overall decrease in revenues was attributable to a competitive market environment caused by the decrease in U.S. onshore drilling and completion activity as a result of decreased oil and natural gas commodity prices. Average oil and natural gas prices have decreased 11.0% and 3.8%, respectively, from the year ended December 31, 2015 as compared to the year ended December 31, 2016. The Baker Hughes U.S. onshore rig count also decreased 48.3% during the year ended December 31, 2016 as compared to the year ended December 31, 2015.

Cost of Services. Cost of services decreased 16.4%, or $79.2 million, to $404.1 million for the year ended December 31, 2016 from $483.3 million as compared to the year ended December 31, 2015. Cost of services in our pressure pumping segment decreased $52.6 million for the year ended December 31, 2016 as compared to the year ended December 31, 2015. The decreases were primarily attributable to lower activity levels, coupled with reduced personnel headcount. As a percentage of pressure pumping segment revenues, pressure pumping cost of services increased to 92.9% for the year ended December 31, 2016 as compared to 84.7% for the year ended December 31, 2015. The increase in cost of services as a percentage of sales for the pressure pumping segment resulted from lower revenue generating activity levels without a corresponding reduction in costs as well as depressed pricing for our services, which resulted in significantly lower realized EBITDA margins.

General and Administrative Expenses. General and administrative expenses decreased 2.8%, or $0.8 million, to $26.6 million for the year ended December 31, 2016 as compared to $27.4 million for the year ended December 31, 2015. The decrease was primarily attributable to a $2.2 million reduction in insurance expense due to a reduction in personnel headcount and a $1.0 million reduction in property taxes, partially offset by an increase in bonus expense of $2.5 million as compared to 2015. General and administrative expenses as a percentage of total revenues was 6.1% for the year ended December 31, 2016 as compared to 4.8% for the year ended December 31, 2015. This increase was due partially to pricing pressures in a competitive operating environment, as well as our decision to maintain equipment and retain key personnel during times of lower equipment utilization levels.

Depreciation and Amortization. Depreciation and amortization decreased 13.1%, or $6.6 million, to $43.5 million for the year ended December 31, 2016 as compared to $50.1 million for the year ended December 31, 2015. The decrease was primarily attributable to a decrease in average depreciable assets partially offset by approximately $46.0 million in capital expenditures during the year ended December 31, 2016. We calculate depreciation of property and equipment using the straight-line method.

Property and Equipment Impairment Expense. Property and equipment impairment expense was $36.6 million for the year ended December 31, 2015, as compared to $6.3 million for the year ended December 31, 2016. The non-cash impairment expense in 2015 was associated with our Permian drilling rigs and acidizing assets and was recognized as a result of depressed commodity prices and a negative future near-term outlook for these assets. The non-cash impairment expense in 2016 was a result of the continuous depressed demand for our vertical drilling rigs.

Goodwill Impairment Expense. Goodwill impairment expense was $1.2 million for the year ended December 31, 2016, as compared to no goodwill impairment expense for the year ended December 31, 2015. The impairment expense in 2016 was attributable to the write-down of goodwill related to our surface drilling reporting unit.

Loss on Disposal of Assets. Loss on the disposal of assets increased 5.9%, or $1.3 million, to $22.5 million for the year ended December 31, 2016 as compared to $21.3 million for the year ended December 31, 2015. The increase was primarily attributable to greater service intensity of jobs completed despite lower pressure pumping activity levels.

Interest Expense. Interest expense decreased 5.8%, or $1.3 million, to $20.4 million for the year ended December 31, 2016 as compared to $21.6 million for the year ended December 31, 2015. The decrease in interest expense was primarily attributable to a reduction in our average debt balance during 2016.

Gain on Extinguishment of Debt. Gain on extinguishment of debt was $7.0 million, net of cost, for the year ended December 31, 2016, as compared to no debt extinguishment gain or loss for the year ended December 31, 2015. In June 2016, we conducted an auction process with our lenders to repurchase $37.5 million of our term loan at a 20% discount to par value.

Other Expense. Other expense decreased to $0.3 million for the year ended December 31, 2016 as compared to $0.5 million for the year ended December 31, 2015. The decrease was primarily attributable to an unrealized gain resulting from the change in the fair value of our interest rate swap liability at December 31, 2016 compared to 2015, partially offset by restructuring expenses related to the first amendment to our existing credit agreement incurred in 2016 and the reduction of other income in 2016 as compared to 2015.

Income Tax Benefit. The increase of $2.6 million in income tax benefit for the year ended December 31, 2016 as compared to the year ended December 31, 2015 is primarily attributable to a higher loss before income taxes, partially offset by the valuation allowance of $0.9 million recorded in the year.

Liquidity and Capital Resources

As of December 31, 2016, our cash and cash equivalents were $133.6 million, and as of December 31, 2015, were $34.3 million. Historically, our primary sources of liquidity and capital resources have been borrowings under our term loan and revolving credit facility, cash flows from our operations and capital contributions from our shareholders. Our primary uses of capital have been investing in and maintaining our property and equipment and repaying indebtedness.

Effective as of December 27, 2016, we completed a private placement of 11,724,134 shares of Series A Preferred Shares. We received net proceeds of approximately $163 million and used the net proceeds (i) to repay a portion of the indebtedness outstanding under our revolving credit facility and term loan, (ii) to acquire new hydraulic fracturing units totaling 90,000 additional HHP and (iii) for general corporate purposes.

We expect that our primary sources of liquidity and capital resources will be cash flows generated by operating activities and borrowings under our revolving credit facility. We expect that our primary uses of capital will be to continue to fund our operations, support organic growth opportunities and satisfy future debt payments. We believe that our operating cash flow will be sufficient to fund our operations for at least the next twelve months. However, we expect that additional capital expenditures will be required to conduct our future operations and grow our business. As of December 31, 2016, we had $25.0 million borrowing capacity available under our revolving credit facility.

There can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of capital expenditures. Future cash flows are subject to a number of variables, and are highly dependent on the drilling, completion, and production activity by our customers, which in turn is highly dependent on oil and gas prices. Depending upon market conditions and other factors, we may issue equity and debt securities or take other actions necessary to fund our business or meet our future obligations.

Working Capital

Working capital is the amount by which current assets exceed current liabilities and is a measure of our ability to pay our liabilities as they become due. The following table presents the components of our working capital as of December 31, 2016 compared to December 31, 2015.

	December 31	
	2016	2015
Current Assets:		
Cash and cash equivalents	$ 133,596	$ 34,310
Accounts receivable — net of allowance for doubtful accounts	115,179	90,291
Inventories	4,713	8,572
Prepaid expenses	4,609	4,488
Other current assets	6,683	804
Total current assets	264,780	138,465
Current liabilities:		
Accounts payable	129,093	87,365
Accrued liabilities	13,620	7,052
Current portion of long-term debt	16,920	16,295
Accrued interest payable	108	77
Total current liabilities	159,741	110,789
Working capital	$ 105,039	$ 27,676

Our working capital totaled $105.0 million at December 31, 2016 and our working capital totaled $27.7 million at December 31, 2015. The $77.4 million increase in working capital was primarily due to the receipt of $163.0 million (net of $7.5 million transaction costs) from the private placement issuance of Series A Preferred Shares. As of December 31, 2016, $25 million of the proceeds from the private placement were used to pay a portion of the outstanding indebtedness under our revolving credit facility. The increase in cash due to the proceeds from the private placement was partially offset by a decrease in cash provided by operations as a result of depressed revenues and margins during 2016. These factors contributed to a $99.3 million net increase in cash and cash equivalents.

Cash and Cash Flows

Our cash and cash equivalents were $133.6 million and $34.3 million at December 31, 2016 and December 31, 2015, respectively.

The following table sets forth the historical cash flows for the years ended December 31, 2016 and 2015 (in thousands):

	Year ended December 31	
	2016	2015
Net cash provided by operating activities	$ 10,658	$ 81,231
Net cash used in investing activities	$ (41,688)	$ (62,776)
Net cash provided by (used in) financing activities	$ 130,315	$ (15,216)
Net increase in cash and cash equivalents	$ 99,285	$ 3,239

Operating Activities

Net cash provided by operating activities was $10.7 million for the year ended December 31, 2016 and $81.2 million for the year ended December 31, 2015. The decrease was primarily due to a decrease in operating margins when adjusted for non-cash items. Operating income (loss), excluding depreciation, amortization and impairment expenses, decreased from income of $37.6 million in 2015 to a loss of $16.4 million in 2016. Additionally, the change in operating assets and liabilities decreased from a $38.3 million cash inflow in 2015 to a $19.8 million cash inflow in 2016 due to an increase in accounts receivable attributable to higher business activity levels in the fourth quarter of 2016 as compared to 2015, partially offset by the timing of payments of our accounts payable.

Investing Activities

Net cash used in investing activities was $41.7 million and $62.8 million for the years ended December 31, 2016 and 2015, respectively. The decrease was primarily due to the addition of one hydraulic fracturing unit in January 2015 and a decline in capital expenditures in response to lower activity levels in 2016. Approximately 97.8% of our capital expenditures during 2016 is related to maintenance of equipment.

Financing Activities

Net cash provided by financing activities was $130.3 million for the year ended December 31, 2016, and net cash used in financing activities was $15.2 million for the year ended December 31, 2015. The change was primarily due to a $210.4 million increase in equity capitalization, $40.4 million common equity and $170.0 million preferred equity, partially offset by a $28.2 million increase in net repayments of borrowings, $7.5 million of transaction costs occurred related to the private placement and $30.0 million extinguishment of debt during 2016. In 2015, we entered into a new equipment financing arrangement relating to three hydraulic fracturing units, where we extended the amortization period from 13 to 36 months and reduced the amount of required monthly installment payments.

Credit Facility and Other Financing Arrangements

Existing Credit Facility

On September 30, 2013, we and our wholly owned subsidiary, ProPetro Services, Inc. (the "Borrower"), entered into a credit agreement with Deutsche Bank AG New York Branch (as administrative agent) and the lenders party thereto, which we refer to as our "existing credit agreement". Our existing credit agreement provides for a term loan facility in a principal amount of $220.0 million, which we refer to as our term loan, and a revolving credit facility in a principal amount of commitments of $40.0 million. We refer to this revolving credit facility and our term loan collectively as "our existing credit facility". Our existing revolving credit facility matures on September 30, 2018, and the term loan matures on September 30, 2019.

On June 8, 2016, we and the Borrower entered into an amendment and waiver to our existing credit agreement as a result of our failure to comply with the specified leverage ratio financial covenant for the test period ended March 31, 2016. As a condition precedent to the effectiveness of the amendment our sponsor and majority shareholder, Energy Capital Partners, together with certain minority shareholders, contributed $40.4 million of additional equity into us, $10.4 million of which was reserved for working capital purposes and fees and up to $30.0 million of which was utilized to repurchase outstanding debt under our term loan. As of December 31, 2016, we and the Borrower were in compliance with all covenants and restrictions in our existing credit facility.

As of December 31, 2016, we had an outstanding principal balance of $13.5 million and $146.8 million under our revolving credit facility and term loan, respectively. On January 13, 2017, we used a portion of the net proceeds of our recent private placement to repay in full all outstanding borrowings under our revolving credit facility and approximately $75 million under our term loan. In addition, we entered into an amendment to our existing credit agreement pursuant to which the Borrower is no longer required to make scheduled amortization payments of principal for the remainder of the term of the existing credit facility.

New Revolving Credit Facility

Concurrent with the consummation of this offering, it is expected that we and the Borrower, will enter into an asset-based revolving credit agreement with Barclays Bank PLC (as administrative agent) and the lenders party thereto, which we refer to as our "new credit agreement." Our new credit agreement is expected to provide for revolving credit facility commitments in a principal amount of $150.0 million, which we refer to as "our new revolving credit facility."

Our new revolving credit facility is expected to be guaranteed, in the future, by any domestic subsidiaries of the Borrower, subject to certain qualifications and exceptions. Our new revolving credit facility is expected to be secured by a first priority lien on, and security interest in, (i) substantially all assets and equity interests held by the Borrower and (ii) the equity interests we hold in the Borrower, subject to certain exceptions and excluded assets.

The applicable margin on our new revolving credit facility will be determined by reference to a three-tier pricing grid based on availability under our new revolving credit facility. The Borrower, at its option, may elect for loans drawn under our new credit facility to be based on either LIBOR or base rate, plus the applicable margin. The applicable margin on our new revolving credit facility will range from 1.75% to 2.25% (in the case of LIBOR loans) and 0.75% to 1.25% (in the case of base rate loans). Our new revolving credit facility does not contain a LIBOR floor.

The Borrower will also be required to pay an unused line fee on unutilized commitments under our new revolving credit facility. The unused line fee will be determined by reference to a two-tier grid based on availability under our new revolving credit facility. The unused line fee will range from 0.25% to 0.375% depending on the Borrower's usage of our new revolving credit facility.

Our new revolving credit facility is expected to mature five years from the closing date.

Our new revolving credit facility is also expected to contain a springing fixed charge coverage ratio (the "FCCR"). The FCCR would only be tested if availability under our new revolving credit facility falls below certain specified levels. If tested, the Borrower would need to demonstrate compliance with a 1.0x FCCR, on a quarterly basis, until such time as the Borrower has availability under our new revolving credit facility in excess of certain specified levels for at least thirty consecutive days.

Our new revolving credit facility is expected to contain various covenants that would restrict, among other things and subject to certain exceptions, our ability, as well as the ability of the Borrower and certain of its present and future subsidiaries to incur certain liens, incur indebtedness, change the nature of its business, undertake mergers and other fundamental changes, dispose of certain assets, make investments and restricted payments, amend its organizational documents or accounting policies, make early prepayments of certain debt, enter into dividend or lien blockers, enter into certain transactions with affiliates and, solely in our case, carry out certain activities.

Failure to comply with these covenants and restrictions could result in an event of default under our new revolving credit facility. In such an event, we could not request borrowings under our new revolving credit facility, and all amounts outstanding under our new revolving credit facility, together with accrued interest, could then be declared immediately due and payable.

Equipment Financing Arrangements

On November 24, 2015, we entered into a 36-month equipment financing arrangement for three hydraulic fracturing units, and received proceeds of $25.0 million. A portion of the proceeds were used to pay off manufacturer notes, and the remainder was used for additional liquidity. As of December 31, 2016 the outstanding balance was $19.2 million.

Off Balance Sheet Arrangements

We had no off balance sheet arrangements as of December 31, 2016.

Capital Requirements

Capital expenditures were $71.7 million in 2015 and $46.0 million in 2016. We currently expect our capital expenditures to increase in 2017 as we deploy new hydraulic fracturing units and continue to capitalize equipment maintenance costs.

Our capital expenditures, maintenance costs and other expenses, including labor, proppant and fuel costs have increased commensurately with our organic fleet growth and increase in overall hydraulic fracturing fleet utilization to 100% utilization since September 2016.

Customer Concentration

For the year ended December 31, 2016, sales to Parsley Energy and Diamondback Energy accounted for 18.0% and 12.5%, respectively, of total revenue. No other customer accounted for more than 10% of total revenue for the year ended December 31, 2016.

Contractual Obligations

The following table presents our contractual obligations and other commitments as of December 31, 2016 (in thousands).

	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
6.25% Term loan[1]	$ 173,267	$ 21,340	$ 151,927	$ —	$ —
Revolving credit facility[2]	13,500	—	13,500	—	—
Equipment refinancing[3]	22,115	7,773	14,342	—	—
Operating leases[4]	2,382	471	793	688	430
Total contractual obligations	$ 211,264	$ 29,584	$ 180,562	$ 688	$ 430

(1) Includes estimated interest cost at an interest rate of 6.25% plus rate with a 1% floor, per the terms of our term loan. As the Eurodollar Rate is floating and cannot be determined with accuracy for future periods, the floor rate of 1% was utilized to calculate anticipated future interest payments.

(2) Exclusive of future commitment fees, amortization of deferred financing costs, interest expense or other fees on our revolving credit facility because obligations thereunder are floating rate instruments and we cannot determine with accuracy of the timing of future loan advances, repayments or future interest rates to be charged.

(3) Equipment refinancing includes estimated interests costs of $2.9 million.

(4) Operating leases include agreements for various office locations.

Quantitative and Qualitative Disclosure of Market Risks

Market risk is the risk of loss arising from adverse changes in market rates and prices. Historically, our risks have been predominantly related to potential changes in the fair value of our long-term debt due to fluctuations in applicable market interest rates. Going forward our market risk exposure generally will be limited to those risks that arise in the normal course of business, as we do not engage in speculative, non-operating transactions, nor do we utilize financial instruments or derivative instruments for trading purposes.

Commodity Price Risk

Our material and fuel purchases expose us to commodity price risk. Our material costs primarily include the cost of inventory consumed while performing our pressure pumping services such as proppants, chemicals, guar, trucking and fluid supplies. Our fuel costs consist primarily of diesel fuel used by our various trucks and other motorized equipment. The prices for fuel and the raw materials in our inventory are volatile and are impacted by changes in supply and demand, as well as market uncertainty and regional shortages. Historically, we have generally been able to pass along price increases to our customers; however, we may be unable to do so in the future. We do not engage in commodity price hedging activities.

Interest Rate Risk

We are subject to interest rate risk on our variable rate debt, and use an interest rate swap to manage the cash flow impacts of the floating rate obligations associated with our existing term loan and credit facility. The Company also has fixed rate debt, but does not currently utilize derivative instruments to manage the economic effect of changes in interest rates on our fixed rate debt. Our policies do not permit speculative trading activities, and the swap was not designated as a hedging instrument. The impact of a 1% increase in interest rates on our outstanding debt as of December 31, 2016 and 2015 would have resulted in an increase in interest expense and corresponding decrease in pre-tax income of approximately $2.1 million and $2.3 million, for the years ended December 31, 2016 and 2015, respectively.

Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk are trade receivables. We extend credit to customers and other parties in the normal course of business. We have established various procedures to manage our credit exposure, including credit evaluations and maintaining an allowance for doubtful accounts.

Internal Controls and Procedures

We are not currently required to comply with the SEC's rules implementing Section 404 of the Sarbanes Oxley Act of 2002, and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Section 302 of the Sarbanes-Oxley Act of 2002, which will require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. We will not be required to make our first assessment of our internal control over financial reporting until the year of our second annual report required to be filed with the SEC. To comply with the requirements of being a public company, we may need to implement additional financial and management controls, reporting systems and procedures and hire additional accounting, finance and legal staff.

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

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 requires entities to recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 requires entities to disclose both qualitative and quantitative information that enables users of consolidated financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including disclosure of significant judgments affecting the recognition of revenue. ASU No. 2014-09 was originally effective for annual periods beginning after December 15, 2016, using either the retrospective or cumulative effect transition method. On August 12, 2015, the FASB issued ASU No. 2015-14, which defers the effective date of the revenue standard, ASU No. 2014-09, by one year for all entities and permits early adoption on a limited basis. We believe that the adoption of this guidance will not materially affect our revenue recognition. However, we will continue to evaluate and quantify the effect of the adoption of this guidance on our consolidated financial statements.

On July 22, 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory,* which requires entities to measure most inventory "at the lower of cost and net realizable value," thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. ASU No. 2015-11 does not apply to inventories that are measured by using either the last-in, first-out method or the retail inventory method. The amendments in ASU No. 2015-11 are effective for fiscal years beginning after December 15, 2016. We are currently evaluating the effect of the adoption of this guidance on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, a new standard on accounting for leases. The ASU introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in the current accounting guidance as well as the FASB's new revenue recognition standard. However, the ASU eliminates the use of bright-line tests in determining lease classification as required in the current guidance. The ASU also requires additional qualitative disclosures along with specific quantitative disclosures to better enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The pronouncement is effective for annual reporting periods beginning after December 15, 2018, including periods within that reporting period, using a modified retrospective approach. Early adoption is permitted. We have not completed an evaluation of the impact the pronouncement will have on our consolidated financial statements and related disclosures.

Emerging Growth Company

We qualify as an "emerging growth company" pursuant to the provisions of the JOBS Act, enacted on April 5, 2012. Section 102 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. However, we are choosing to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Our election to "opt-out" of the extended transition period is irrevocable.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally acceptable in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenues and expenses during the reporting periods. We evaluate these estimates and assumptions on an ongoing basis and base our estimates on historical experience, current conditions and various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Our actual results may materially differ from these estimates.

Listed below are the accounting policies that we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved, and that we believe are critical to the understanding of our operations.

Property and Equipment

Our property and equipment are recorded at cost, less accumulated depreciation.

Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are removed from the balance sheet and the net amount, less proceeds from disposal, is recognized as a gain or loss in earnings.

We retired certain components of equipment rather than entire pieces of equipment, which resulted in a net loss on disposal of assets of $22.5 million and $21.3 million for the years ended December 31, 2016 and 2015, respectively.

Depreciation of property and equipment is provided on the straight-line method over estimated useful lives. The estimated useful lives and salvage values of property and equipment is subject to key assumptions such as maintenance, utilization and job variation. Unanticipated future changes in these assumptions could negatively or positively impact our net income. A 10% change in the useful lives of our property and equipment would have resulted in a $4.3 million impact on net income in the year ended December 31, 2016.

Depreciation of property and equipment is provided on the straight-line method over the following estimated useful lives:

Vehicles	1 - 5 years
Equipment	2 - 20 years
Buildings and improvements	5 - 20 years

Impairment of Long-Lived Assets

In accordance with the Financial Accounting Standards Board Accounting Standards Codification 360 regarding *Accounting for the Impairment or Disposal of Long-Lived Assets*, we review the long-lived assets to be held and used whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss is indicated if the sum of the expected future undiscounted cash flows attributable to the assets is less than the carrying amount of such assets. In this circumstance, we recognize an impairment loss for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Our cash flows forecasts require us to make certain judgements regarding long-term forecasts of future revenue and costs and cash flows related to the assets subject to review. The significant assumption in our cash flow forecasts is our future growth expectations. The significant assumption is uncertain in that it is driven by future demand for our services and utilization which could be impacted by crude oil market prices, future market conditions and technological advancements. Our fair value estimates for certain long-lived assets require us to use significant other observable inputs among others including significant assumptions related to market approach based on recent auction sales or selling prices of comparable equipment. The estimates of fair value are also subject to significant variability, are sensitive to changes in market conditions, and are reasonably likely to change in the future. We recorded an impairment loss of $6.3 million during the fiscal year 2016 related to our permian drilling asset group, as our cash flow forecasts were negatively impacted with the idling of these rigs during the fourth quarter. The fair value estimate also declined as observable market inputs, such as recent auction sales also decreased.

If the crude oil market declines or the demand for vertical drilling does not recover, and if our equipment remains idle or under-utilized, the estimated fair value of such equipment may decline, which could result in additional impairment charges. Though the impacts of variations in any of these factors can have compounding or off-setting impacts, a 10% decline in the estimated fair value of our permian drilling assets would result in additional impairment of approximately $0.9 million as of December 31, 2016. A 10% decline in the estimated future cash flows for our other asset groups would not indicate an impairment.

Goodwill

Goodwill is the excess of the consideration transferred over the fair value of the tangible and identifiable intangible assets and liabilities recognized. Goodwill is not amortized. We perform an annual impairment test of goodwill as of December 31, or more frequently if circumstances indicate that impairment may exist.

We most recently performed our annual goodwill impairment test in accordance with ASC 350 on December 31, 2016, at which time, we determined that the fair value of our hydraulic fracturing reporting unit was substantially in excess of its carrying value and the fair value of our surface drilling reporting unit was less than its carrying value, resulting in the impairment of the entire $1.2 million of our surface drilling goodwill. The hydraulic fracturing and surface drilling operating segments are the only two segments which have goodwill. The quantitative impairment test we perform for goodwill utilizes certain assumptions, including forecasted revenue and cost assumptions. If the crude oil market declines and remains at low levels for a sustained period of time, we could record an impairment of the carrying value of our goodwill in the future. If crude oil prices decline further or remain at low levels, to the extent appropriate we expect to perform our goodwill impairment assessment on a more frequent basis to determine whether an impairment is required. Our discounted cash flow analysis for each reporting unit includes significant assumptions regarding discount rates, revenue growth rates, expected profitability margin, forecasted capital expenditures, the timing of an anticipated market recovery, and the timing of expected cash flow. As such, these analyses incorporate inherent uncertainties that are difficult to predict in volatile economic environments and could result in impairment charges in future periods if actual results materially differ from the estimated assumptions utilized in our forecast.

Income Taxes

Income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of differences between the consolidated financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, and the results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. In determining the valuation allowance of $0.9 million in 2016, we have considered and made judgements and estimates regarding estimated future taxable income. These estimates and judgements include some degree of uncertainty and changes in these estimates and assumptions could require us to adjust the valuation allowances for our deferred tax assets and the ultimate realization of tax assets depends on the generation of sufficient taxable income.

Our methodology for recording income taxes requires a significant amount of judgement in the use of assumptions and estimates. Additionally, we forecasts certain tax elements, such as future taxable income, as well as evaluate the feasibility of implementing tax planning strategies. Given the inherent uncertainty involved with the use of such variables, there can be significant variation between anticipated and actual results. Unforeseen events may significantly impact these variables, and changes to these variables could have a material impact on our income tax accounts. The final determination of our income tax liabilities involves the interpretation of local tax laws and related authorities in each jurisdiction. Changes in the operating environments, including changes in tax law, could impact the determination of our income tax liabilities for a tax year.

Table of Contents

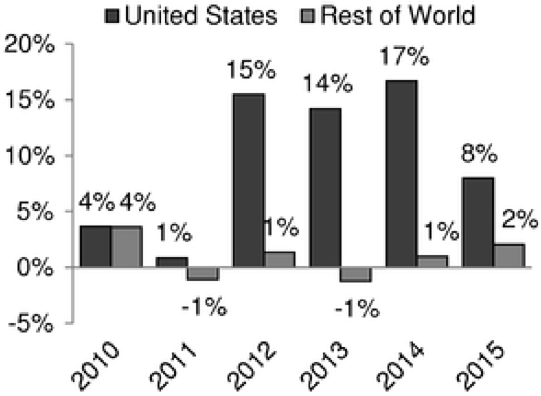
INDUSTRY OVERVIEW

Unless otherwise indicated, the information set forth under "Industry Overview," including all statistical data and related forecasts, is derived from Spears & Associates' "Hydraulic Fracturing Market 2005-2017" published in the fourth quarter 2016, and Rystad Energy's "UCube" as of November 2016. We believe that the third-party sources are reliable and that the third-party information included in this prospectus or in our estimates is accurate and complete. While we are not aware of any misstatements regarding the hydraulic fracturing industry data presented herein, estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors."

Over the past decade, the innovative application of horizontal drilling and hydraulic fracturing has fundamentally changed the U.S. onshore oil and gas industry by enabling the extraction of hydrocarbons from tight rock formations, commonly referred to as shales, or unconventional resources. These technological advancements, discussed in detail below, have enabled E&P operators to economically extract these unconventional resources, repositioning the United States as a globally competitive oil and gas producer with resources expected to last generations.

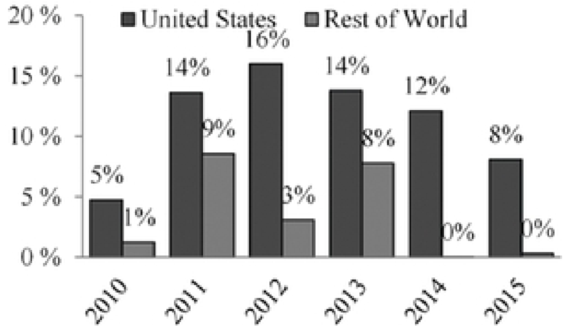
According to the EIA, U.S. unconventional oil production grew from 380,000 barrels per day in 2007 to almost 4.9 million barrels per day in 2015, representing 52% of total U.S. crude oil production in 2015. Furthermore, unconventional shale resources are expected to remain a substantial component of U.S. oil and gas production growth for the foreseeable future. The EIA projects that U.S. production of unconventional oil will increase by 45% from 2015 to 2040, representing a 1.5% annual growth rate over the next 25 years. This growth trajectory is supported by the vast resource potential of U.S. shale basins. According to industry consultant, Rystad Energy, there are over 430 billion barrels of technically recoverable oil and gas equivalent in U.S. shales, or more than 50 times the total amount of oil and gas produced in the United States in 2015. We believe the Permian Basin, our primary area of operation, will be a key driver of U.S. tight oil production due to its extensive drilling inventory and relatively attractive breakeven economics.

Crude Oil Annual Production Growth



Source: Rystad Energy UCube, November 2016

Global Crude Oil Proved Reserves Growth

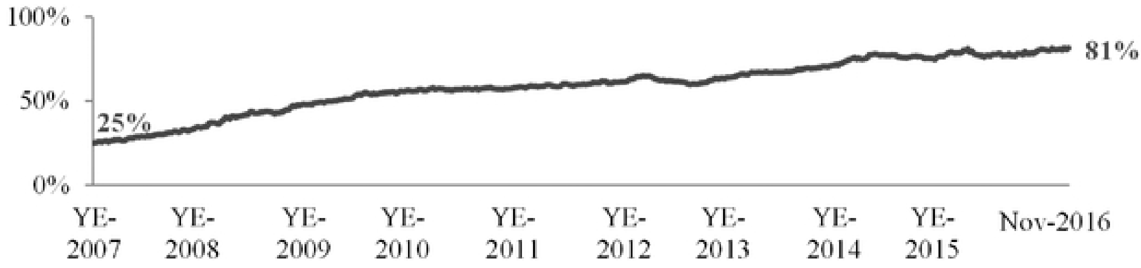


Source: EIA, January 2017

Horizontal Drilling Overview

Horizontal drilling is used to provide greater access to hydrocarbon reserves by exposing the well to more of the trapped producing formation. Horizontal wells have become the default method for E&P operators to most economically extract unconventional resources. According to Baker Hughes, as of January 27, 2017, horizontal rigs accounted for approximately 81% of all rigs drilling in the United States, up from 25% at year-end 2007. The figure below illustrates this shift over time.

Horizontal Rigs as a Percentage of Total U.S. Rig Count



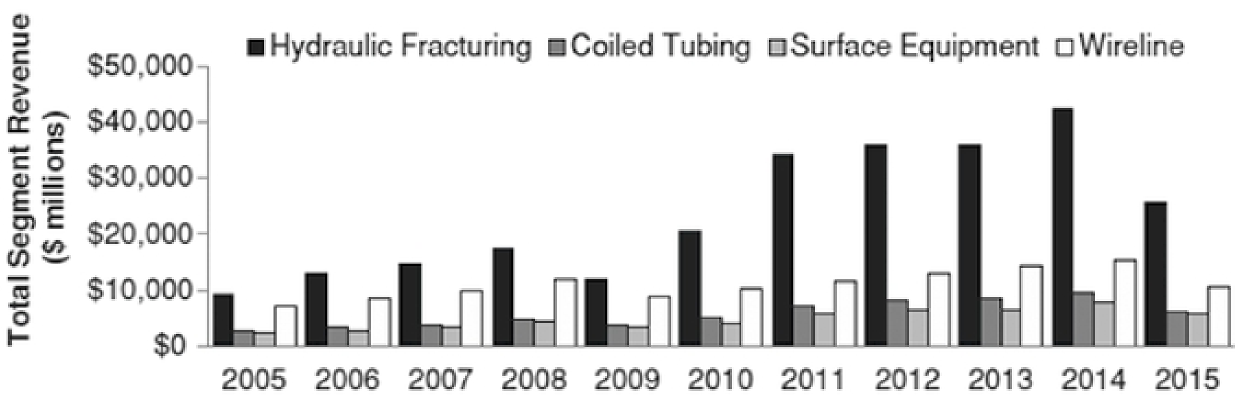
Source: Baker Hughes Rig Data, January 27, 2017

Hydraulic Fracturing Overview

Hydraulic fracturing involves pumping fluid down a well casing or tubing under high pressure to cause the underground formation to crack or fracture, allowing hydrocarbons to flow more freely. A propping agent, or proppant, is suspended in the fracturing fluid and holds open the fractures created in this process. Proppants generally consist of raw sand, resin-coated sand or ceramic particles and other engineered proprietary materials. To perform fracturing jobs, service providers use hydraulic horsepower and equipment mounted on mobile units, referred to as "frac fleets", to pump fluids, sand and other consumables downhole with high amounts of hydraulic horsepower ("HHP") to complete numerous frac stages in a single well, thereby increasing the flow of hydrocarbons.

Among oilfield service subsectors, recent developments in drilling and completion techniques have had a disproportionately positive impact on demand for hydraulic fracturing and other well completion services. Spears & Associates estimates that the global market for hydraulic fracturing grew at a 10% compound annual growth rate from 2005 to 2015, faster than any other oilfield service segment. Spears & Associates estimates the total size of this market to be $25 billion in revenue in 2015, as shown below.

Historical Worldwide Revenues for Selected Oilfield Service Segments



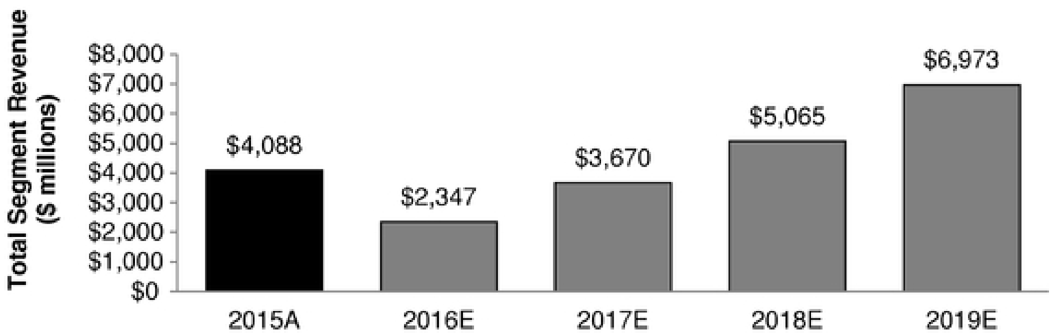
Source: Spears & Associates, December 2016

Recent Trends in North American Hydraulic Fracturing Market

In response to the increased demand for hydraulic fracturing services, between 2010 and 2015, over 12 million HHP entered the North American hydraulic fracturing market, resulting in an estimated 22 million HHP operating in North America (United States and Canada) at year-end 2015, according to Spears & Associates. As drilling and completion activity declined during the most recent oil and gas downturn, working North America, HHP also declined leading to an oversupply of HHP and a decline in HHP fleet utilization. In response to an oversupplied hydraulic fracturing market, many hydraulic fracturing service companies deferred necessary maintenance capital spending and idled HHP. As a result, Spears & Associates estimates that North American HHP will fall to approximately 20 million by year-end 2016, down over 10% from peak 2015 operating HHP.

Since the closing price of crude oil reached a low of $26.19 in February 2016, demand for HHP has improved significantly, with oil and gas producers adding 250 oil-directed rigs in the United States since the lowest point during this time period. Further, North American shale E&P operators' 2017 capital budgets are higher than 2016 levels due to the more supportive commodity price environment. We anticipate industry-wide utilization of hydraulic fracturing horsepower to continue to increase resulting in a convergence of equipment supply and demand. Spears & Associates forecasts that Permian Basin hydraulic fracturing revenue will increase to $7 billion by 2019, representing a 70% increase over 2015 revenue and a 14% annual growth rate during the same time period.

Permian Basin Hydraulic Fracturing Revenue

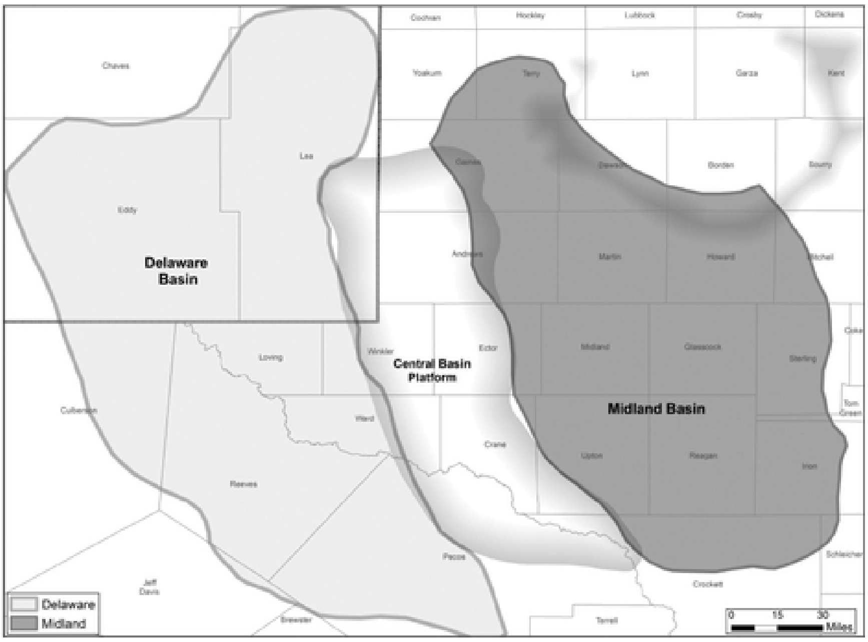


Source: Spears & Associates, December 2016

Permian Basin

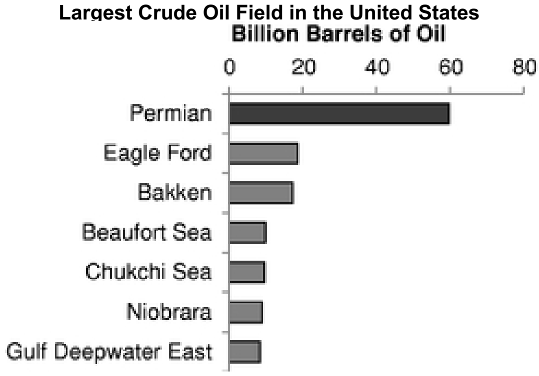
The Permian Basin stretches across more than 86,000 square miles in West Texas and Southeast New Mexico and is comprised of three primary sub-areas: the Midland Basin, the Central Basin Platform and the Delaware Basin. These areas are characterized by high oil and liquids-rich natural gas content, extensive production histories, long-lived reserves, multiple producing horizons and historically high drilling success rates.

Major Sub-Basins of the Permian Basin



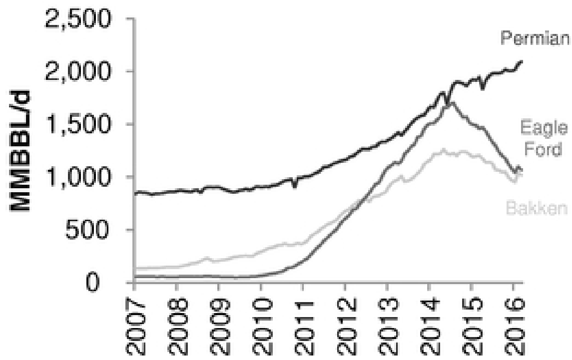
With the advent of hydraulic fracturing and horizontal drilling, the Permian Basin has experienced a renaissance over the past five years, and is today the largest crude oil resource in the United States, and the second largest in the world, according to Rystad Energy. The Permian Basin currently produces two million barrels of crude oil per day, which represents more than 22% of U.S. crude oil production, and exceeds the combined oil output of the Bakken and Eagle Ford, according to the EIA.

Largest Crude Oil Field in the United States



Source: Rystad Energy UCube, November 2016

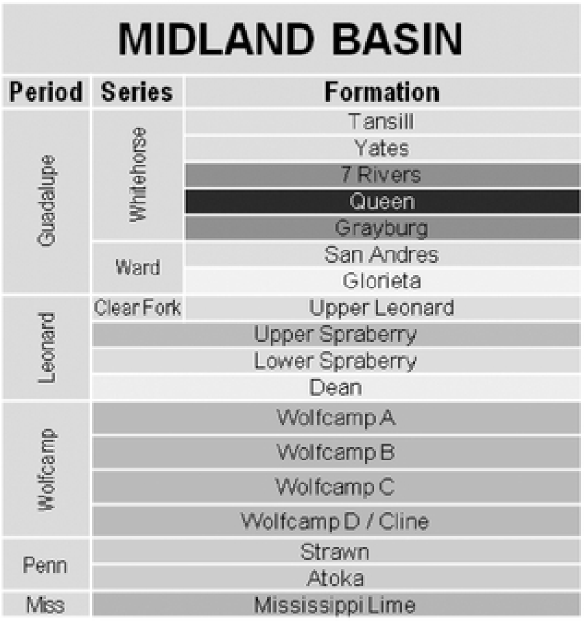
Permian Oil Production Continues to Increase

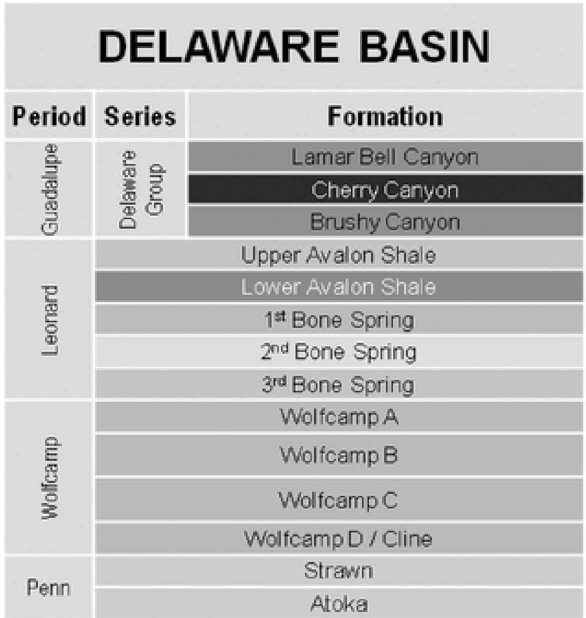


Source: EIA, January 27, 2017

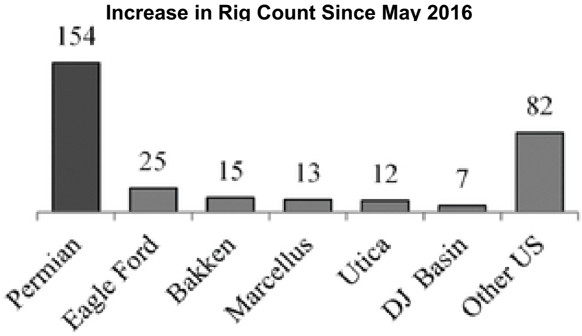
The Permian Basin's extensive proved oil reserve base, and ability to increase production through commodity price cycles is largely due to its unique, multi-zone geology, commonly referenced to as stacked pay zones. Unlike other oil-producing basins, like the Eagle Ford and Bakken, Permian E&P operators are able to extract hydrocarbons from a single topside location from multiple stacked pay zones. This unique stacked geology lends itself to increased efficiencies and well productivity, driving costs considerably lower than other U.S. shale plays on a per barrel basis. Rystad Energy estimates Permian Basin breakeven costs to be as low $32 per barrel.

Permian Basin Producing Zones Benchmarking

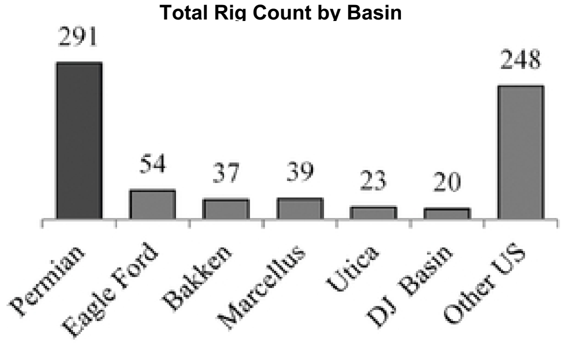




The Permian Basin's extensive drilling inventory and relatively attractive breakeven economics have resulted in an acceleration of E&P activity relative to other U.S. basins. Since rig counts bottomed in May 2016, the Permian Basin rig count has increased by 154 rigs, from 137 in May 2016 to 291 in January 2017, which represents approximately 50% of the total U.S. rig count increase over the same period. Today, the Permian Basin is the most active onshore North American basin, with over 291 drilling rigs operating as of January 2017, representing approximately 51% of all oil-directed rigs in the United States, according to Baker Hughes.

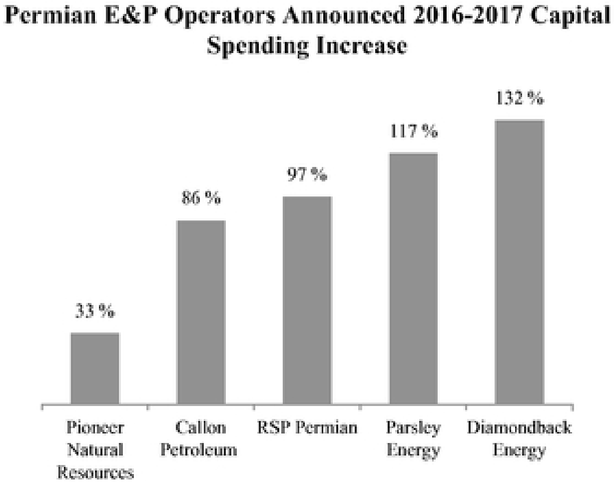


Source: Baker Hughes Rig Data, January 27, 2017

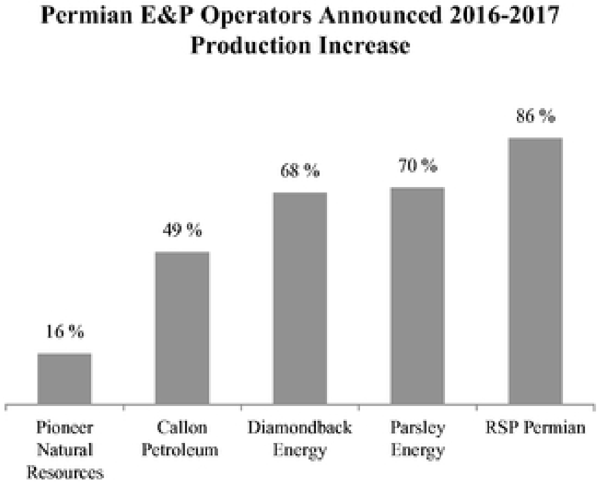


Source: Baker Hughes Rig Data, January 27, 2017

Increased drilling and completion activity in the Permian Basin has been further supported by an active Permian M&A and capital markets environment. In contrast to other U.S. shale plays, through the most recent commodity price cycle Permian Basin-focused operators were able to raise significant amounts of equity and debt capital to fund their drilling programs and bolster their acreage positions through M&A. In 2016 alone, publicly traded Permian pure-play operators were able to raise over $12.0 billion of common equity, in contrast to Bakken and Eagle Ford operators who only raised approximately $2.8 billion and $1.9 billion, respectively. Further, many E&P operators who did not have a presence in the Permian entered the basin through acquisitions. We anticipate that the influx of capital into the basin will result in increased drilling and completion spending as well as increased hydrocarbon production.



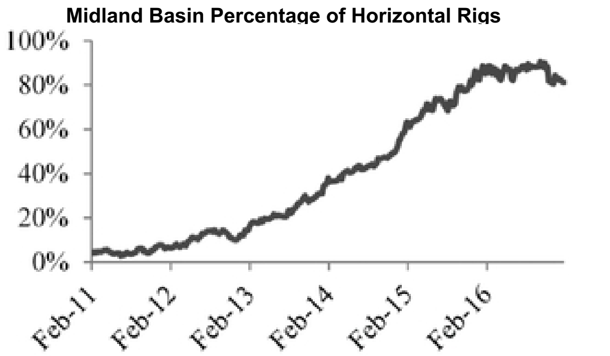
Source: Company disclosures, February 2017



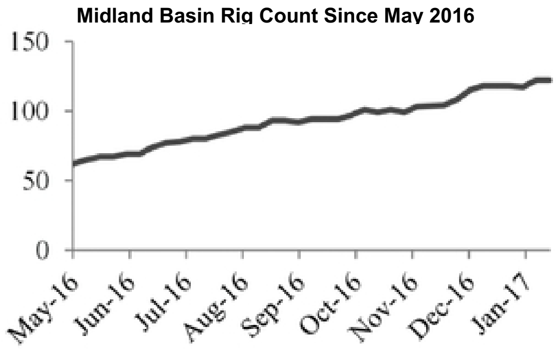
Source: Company disclosures, February 2017

Midland Basin

The Midland basin is the more delineated and mature resource-play of the Permian Basin's sub-basins. Investors look to the Midland Basin for near-term oil volume growth given its advanced stages of pad drilling, downspacing, and capital efficiency. Initially derisked with thousands of vertical wells, today its resource potential is further enhanced through horizontal drilling and drilling and completion efficiencies. Rystad Energy estimates the Midland Basin's recoverable oil resource to be over 27 billion barrels, which is greater than the entire Eagle Ford shale play's crude oil reserves, and is second only to the Midland Basin adjacent Delaware Basin. Our leading position in the Midland Basin positions us well to capitalize on increasing drilling and completion activity.



Source: Baker Hughes Rig Data, January 27, 2017

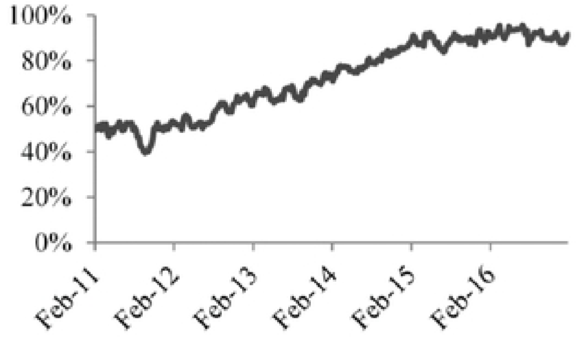


Source: Baker Hughes Rig Data, January 27, 2017

Delaware Basin

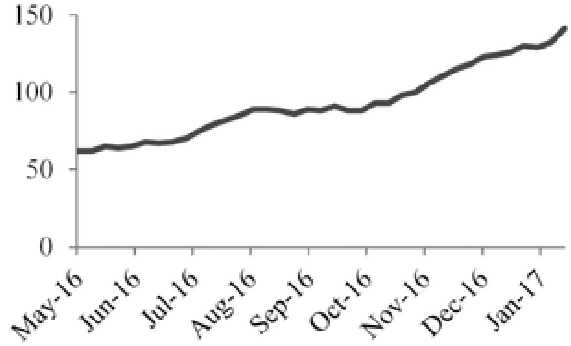
Accounting for over 50% of the Permian Basin's growth in rig-activity since May 2016, the Delaware Basin has become a premier, complementary resource base to the Midland Basin. Rystad Energy estimates the recoverable crude oil resource in the Delaware Basin to be slightly greater than the Midland Basin, at approximately 28 billion barrels. As the less-developed of the two primary Permian Basin sub-basins, the Delaware Basin represents a high-growth opportunity for Midland-based service providers. As activity levels increase in the Delaware Basin we have begun to expand our presence in the Delaware Basin due to considerable demand pull from both existing and new customers.

Delaware Basin Percentage of Horizontal Rigs



Source: Baker Hughes Rig Data, January 27, 2017

Delaware Basin Rig Count Since May 2016



Source: Baker Hughes Rig Data, January 27, 2017

Industry Trends Impacting Hydraulic Fracturing Services

A number of recent industry developments are positively impacting demand for hydraulic fracturing and related oilfield services. These developments include:

- overall increase in drilling activity in the Permian Basin;
- dramatic shift to horizontal drilling as a percentage of total drilling activity;
- increasingly longer horizontal wellbore laterals;
- greater number of frac stages per well;
- increasing amounts of proppant employed per well; and
- enhanced drilling and completion efficiencies.

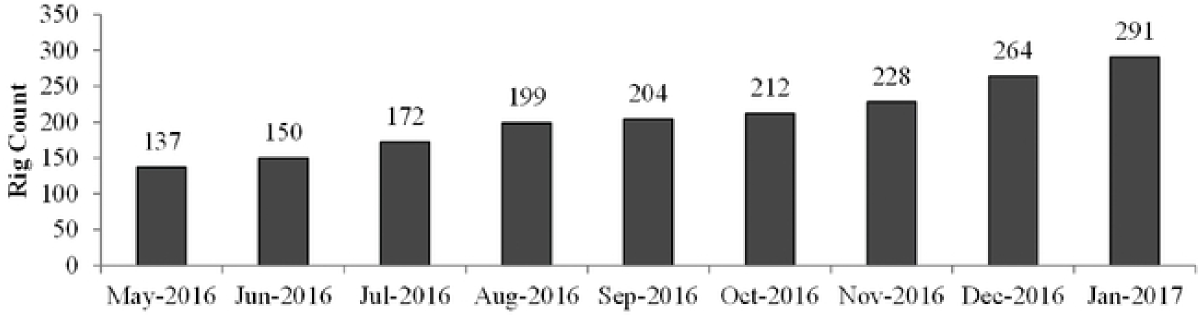
These developments, which are being driven by E&P operators to increase drilling and completion efficiencies, enhance well performance and decrease breakeven costs, are described in greater detail below.

Increase in Permian Basin Drilling Activity

Since rig counts reached their lowest point in May 2016, the Permian Basin rig count has increased by 154 rigs, from 137 in May 2016 to 291 in January 2017, which represents approximately 50% of the total U.S. rig count increase over the same period.

Table of Contents

Total Permian Basin Rig Count Since May 2016

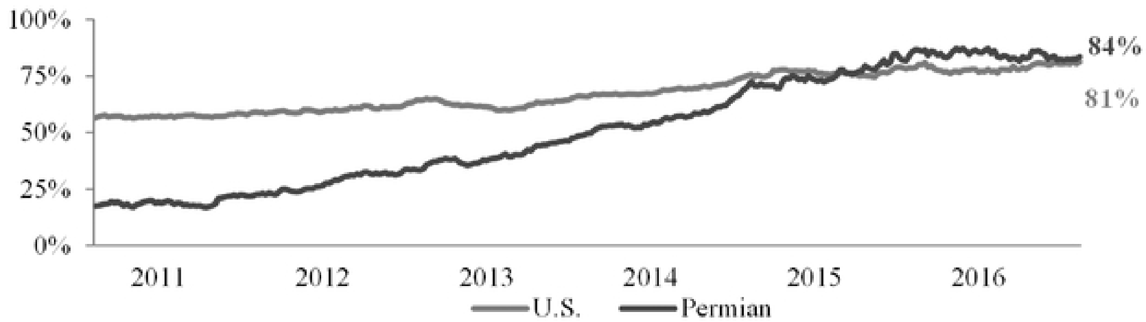


Source: Baker Hughes Rig Data, January 27, 2017

Horizontal Drilling Activity

Much of the growth in rig activity in the Permian Basin is the result of increasing horizontal drilling activity. Horizontal drilling has become the default method for E&P operators to most economically extract unconventional resources from the basin. According to Baker Hughes, as of January 27, 2017, horizontal rigs accounted for approximately 81% of all rigs drilling in the United States, up from 58% as of December 31, 2011. This growth has been especially pronounced in the Permian Basin, where horizontal rigs account for approximately 84% of current Permian Basin rig activity compared to just 22% in December 2011.

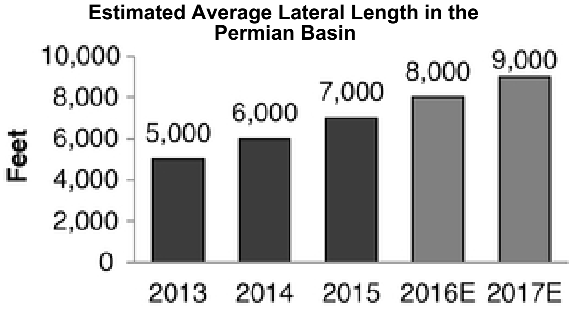
Horizontal Rigs as a Percentage of Total Rig Count



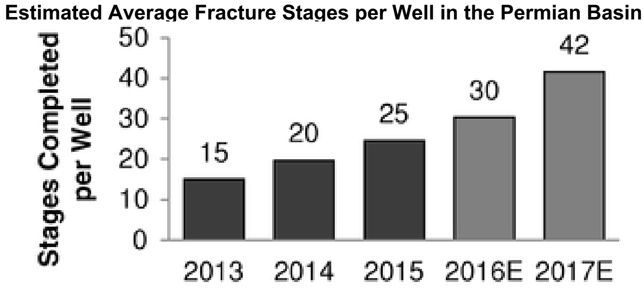
Source: Baker Hughes Rig Data, January 27, 2017

Horizontal Lateral Length and Frac Stages per Well

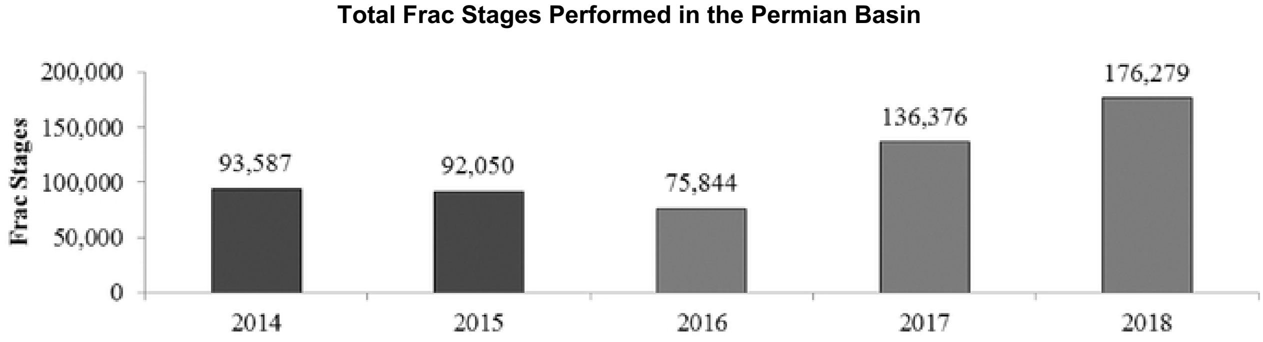
As the Permian Basin has shifted towards horizontal drilling, E&P operators and service providers are expected to continue to focus on advancing horizontal drilling efficiencies. Operators are expected to continue to increase horizontal wellbore lateral lengths and increase the number of frac stages per well by minimizing the spacing between stages along laterals. Longer horizontal laterals provide producers with a greater length of productive wellbore, and Spears & Associates estimates that lateral lengths will increase from an average of 5,000 feet in 2013 to an estimated average of 9,000 feet expected in 2017. Furthermore, we estimate that current leading-edge laterals in the Permian Basin can be as long as 12,500 feet. The combination of longer laterals and increased frac stages per well is resulting in increased demand for HHP. The graphs below illustrate recent and expected increases in horizontal lateral lengths and frac stages per well within the Permian Basin.



Source: Spears & Associates, December 2016



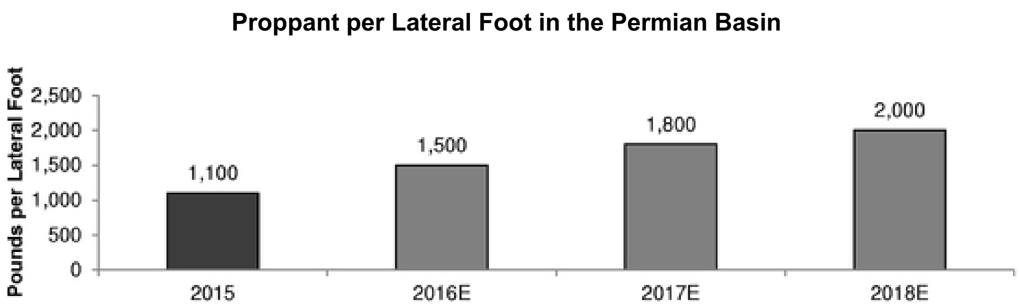
Source: Spears & Associates, December 2016



Source: Spears & Associates, December 2016

Greater Volume of Proppant per Well

The purpose of fluids and proppant in well completion is to induce and sustain reservoir rock fractures, thereby facilitating the flow of hydrocarbons from the reservoir into the well. Over time, oilfield service providers have been able to increase the volume of proppant used per lateral foot, thereby increasing the effectiveness of fractures. In order to pump larger amounts of these consumables, oilfield service providers require greater horsepower per fracturing stage, which results in increased demand for hydraulic fracturing equipment that is capable of performing the more complex and intense fracturing jobs. As shown below, Spears & Associates expects the amount of proppant pumped per foot of lateral length in the Permian Basin to rise over each of the next four years, growing at an annualized rate of approximately 20% from 2015 to 2018.



Source: Spears & Associates, November 2016

Drilling and Completion Efficiencies

In addition to the shift to horizontal drilling and increasing service intensity, drilling and completion efficiencies, such as multi-well pads and zipper fracs, are also driving increased hydraulic fracturing demand. Multi-well pads allow for the drilling of multiple wellbores from a single topside location, reducing average drilling time. Similarly, zipper fracking allows for the simultaneous completion of hydraulic fracturing stages in adjacent wells, increasing the number of stages that can be performed in a given time period. These advancements have resulted in a reduction in the number of days typically required to drill and complete a well, and as a result, increased the total number of wells that can be drilled per rig, which drives incremental demand for hydraulic fracturing services.

Supply and Demand Dynamics in the Hydraulic Fracturing Services Market

The increase in demand for hydraulic horsepower coupled with anticipated competitor equipment attrition is expected to drive more favorable hydraulic fracturing supply and demand dynamics. As the market for fracturing services tightens, we believe this may lead to a general increase in pricing. With demand for our services in excess of current capacity and the ability of our fleet to handle the most complex, highest intensity hydraulic fracturing jobs, we are optimally positioned to benefit from increasing pricing trends.

BUSINESS

Overview

We are a growth-oriented, Midland, Texas-based oilfield services company providing hydraulic fracturing and other complementary services to leading upstream oil and gas companies engaged in the exploration and production, or E&P, of North American unconventional oil and natural gas resources. Our operations are primarily focused in the Permian Basin, where we have cultivated longstanding customer relationships with some of the region's most active and well-capitalized E&P companies, including Callon Petroleum, Diamondback Energy, Parsley Energy, Pioneer Natural Resources, Surge Energy and XTO Energy. For the year ended December 31, 2016, no single customer represented greater than 20% of our revenue. The Permian Basin is widely regarded as the most prolific oil-producing area in the United States, and we believe we are currently the largest private provider of hydraulic fracturing services in the region by HHP, with an aggregate deployed capacity of 420,000 HHP. Our fleet, which consists of 10 hydraulic fracturing units, has been designed to handle the highest intensity, most complex hydraulic fracturing jobs, and has been 100% utilized since September 2016. We have purchased two additional hydraulic fracturing units, which are scheduled for delivery and deployment to dedicated customers in April and June 2017, respectively. These units will provide us with an additional 90,000 HHP, bringing our total capacity to 510,000 HHP. Additionally, we expect to use the proceeds from this offering to purchase two additional units that will be deployed in 2017 to meet specific customer requests, giving us an additional 90,000 HHP, or 600,000 HHP in the aggregate, once all units have been received.

Our modern hydraulic fracturing fleet has been designed to handle Permian Basin specific operating conditions and the region's increasingly high-intensity well completions, which are characterized by longer horizontal wellbores, more frac stages per lateral and increasing amounts of proppant per well. Over 75% of our fleet has been delivered over the past four years, and we have fully maintained our equipment throughout the recent industry downturn to ensure optimal performance and reliability. In contrast, we believe many of our competitors have deferred necessary maintenance capital spending throughout the downturn, which we believe uniquely positions us to respond more quickly and reliably to customer needs during the ongoing market recovery.

In addition to our core hydraulic fracturing operations, we also offer a suite of complementary well completion and production services, including cementing, acidizing, coiled tubing, flowback services and surface air drilling. We believe these complementary services create operational efficiencies for our customers and allow us to capture a greater portion of their capital spending across the lifecycle of an unconventional well. We believe that these complementary services should benefit from a continued industry recovery and that we are well positioned to continue expanding these offerings in response to our customers increasing service needs and spending levels.

Our primary business objective is to serve as a strategic partner to our customer. We achieve this objective by providing reliable, high-quality services that are tailored to our customers' needs and synchronized with their well development programs. This alignment assists our customers in optimizing the long-term development of their unconventional resources. Over the past four years, we have leveraged our strong Permian Basin relationships to grow our installed HHP capacity by over four times and organically build our Permian Basin cementing, coiled tubing and acidizing lines of business. Consistent with past performance, we believe our substantial market presence will continue to yield a variety of actionable growth opportunities allowing us to expand both our hydraulic fracturing and complementary services going forward. To this end, we intend to continue our past practice of opportunistically deploying new equipment on a long-term, dedicated basis in response to specific customer demand.

For the years ended December 31, 2016 and 2015, we generated net losses of approximately $(53.1) million and $(45.9) million, respectively, and Adjusted EBITDA of approximately $7.8 million and $60.1 million, respectively. Over these same periods, approximately 94% and 90% of our revenues, respectively, were generated from our pressure pumping segment, which includes our hydraulic fracturing, cementing and acidizing services. For the definition of Adjusted EBITDA and a reconciliation from its most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles ("GAAP"), please read "Selected Historical Consolidated Financial Data — Non-GAAP Financial Measures."

Recent Developments

Private Placement of Convertible Preferred Stock

Effective as of December 27, 2016, we completed a private placement of 11,724,134 shares of Series A Preferred Shares to certain "accredited investors" (as defined in Regulation D promulgated under the Securities Act of 1933, as amended, or the Securities Act). We received net proceeds of approximately $163 million and used the net proceeds (i) to repay in full all outstanding borrowings under our revolving credit facility and approximately $75 million under our term loan, (ii) to acquire new hydraulic fracturing units totaling 90,000 additional HHP and (iii) for general corporate purposes. Upon consummation of this offering, the Series A Preferred Shares will automatically convert into shares of our common stock.

Effective December 27, 2016, and in connection with the closing of the private placement of Series A Preferred Shares, we entered into a registration rights agreement with the purchasers of the Series A Preferred Shares under which we agreed to grant such purchasers certain registration rights with respect to the common stock into which the Series A Preferred Shares will convert. Please see "Shares Eligible for Future Sales — Preferred Shareholder Registration Rights Agreement."

Reverse Stock Split

On December 22, 2016, we effected a 170.4667-for-1 reverse split of our common stock (the "reverse stock split"). All share-related and per-share information in the registration statement of which this prospectus constitutes a part has been adjusted to give effect to the reverse stock split from the beginning of the earliest years presented.

Our Services

We conduct our business through seven operating segments: hydraulic fracturing, cementing, acidizing, coil tubing, flowback, surface drilling and Permian drilling. For reporting purposes, the hydraulic fracturing, cementing and acidizing operating segments are aggregated into our one reportable segment: pressure pumping.

Pressure Pumping

Hydraulic Fracturing

We primarily provide hydraulic fracturing services to E&P companies in the Permian Basin. These services are intended to optimize hydrocarbon flow paths during the completion phase of horizontal shale wellbores. We have significant expertise in multi-stage fracturing of horizontal oil-producing wells in unconventional geological formations. As of December 31, 2016, we had grown our hydraulic fracturing business to a total of 10 hydraulic fracturing units with an aggregate of 420,000 HHP, of which 320,000 HHP has been delivered since 2013. We have purchased two additional hydraulic fracturing units, which are scheduled for delivery and deployment to dedicated customers in April and June 2017, respectively. These units will provide us with an additional 90,000 HHP, bringing our total capacity to 510,000 HHP. Additionally, we expect to use the proceeds from this offering to purchase two additional units that will be deployed in 2017 to meet specific customer requests, giving us an additional 90,000 HHP, or 600,000 HHP in the aggregate, once all units have been received.

The fracturing process consists of pumping a fracturing fluid into a well at sufficient pressure to fracture the formation. Materials known as proppants, which in our business are comprised primarily of sand, are suspended in the fracturing fluid and are pumped into the fracture to prop it open. The fracturing fluid is designed to "break," or loosen viscosity, and be forced out of the formation by its pressure, leaving the proppants suspended in the fractures created, thereby increasing the mobility of the hydrocarbons. As a result of the fracturing process, production rates are usually enhanced substantially, thus increasing the rate of return of hydrocarbons for the operator.

We own and operate a fleet of mobile hydraulic fracturing units and other auxiliary equipment to perform fracturing services. We refer to all of our fracturing units, other equipment and vehicles necessary to perform fracturing jobs as our "fleet" and the personnel assigned to each unit as a "crew." Our hydraulic fracturing units consist primarily of a high pressure hydraulic pump, a diesel engine, a transmission and various hoses, valves, tanks and other supporting equipment that are typically mounted to a flat-bed trailer.

We provide dedicated equipment, personnel and services that are tailored to meet each of our customer's needs. Each unit in our fleet has a designated team of personnel, which allows us to provide responsive and customized services, such as project design, proppant and other consumables procurement, real-time data provision and post-completion analysis for each of our jobs. Many of our hydraulic fracturing units and associated personnel have continuously worked with the same customer for the past several years promoting deep relationships and a high degree of coordination and visibility into future customer activity levels. Furthermore, in light of our substantial market presence and historically high fleet utilization levels, we have established a variety of entrenched relationships with key equipment, sand and other downhole consumable suppliers. These strategic relationships ensure ready access to equipment, parts and materials on a timely and economic basis and allow our dedicated procurement logistics team to ensure consistently safe and reliable operations.

Cementing

We provide cementing services for completion of new wells and remedial work on existing wells. Cementing services use pressure pumping equipment to deliver a slurry of liquid cement that is pumped down a well between the casing and the borehole. Cementing provides isolation between fluid zones behind the casing to minimize potential damage to hydrocarbon bearing formations or the integrity of freshwater aquifers, and provides structural integrity for the casing by securing it to the earth. Cementing is also done when recompleting wells, where one zone is plugged and another is opened.

We currently operate a total of 13 cementing units, with seven units operating in the Permian Basin and six units operating in the Uinta-Piceance Basin. We believe that our cementing segment provides an organic growth opportunity for us to expand our service offerings within our existing customer base.

Acidizing

We operate 10 acidizing pumps and four combination units in the Permian Basin, together totaling approximately 22,000 HHP, which perform procedures like toe preps, pump downs and foamed acid. Acidizing is a stimulation technique where acid is injected under pressure into formations (typically carbonate reservoirs) which can form or expand fissures. We believe that our acidizing operations provide an organic growth opportunity for us to expand our service offerings within our existing customer base.

Other Services

Coiled Tubing

Coiled tubing services involve injecting coiled tubing into wells to perform various completion well intervention operations. Coiled tubing is a flexible steel pipe with a diameter of typically less than three inches and manufactured in continuous lengths of thousands of feet. It is wound or coiled on a truck-mounted reel for onshore applications. Due to its small diameter, coiled tubing can be inserted into existing production tubing and used to perform a variety of services to enhance the flow of oil or natural gas.

The principal advantages of using coiled tubing include the ability to (i) continue production from the well without interruption, thus reducing the risk of formation damage, (ii) move continuous coiled tubing in and out of a well significantly faster than conventional pipe in the case of a workover rig, which must be jointed and unjointed, (iii) direct fluids into a wellbore with more precision, allowing for improved stimulation fluid placement, (iv) provide a source of energy to power a downhole motor or manipulate down-hole tools and (v) enhance access to remote fields due to the smaller size and mobility.

As of November 2016, we had one 2", one $2\,^{3}/8$" and one $1\,^{1}/4$" coiled tubing unit, all of which were operating in the Permian Basin. We believe these units are well suited for the performance requirements of the unconventional resource markets we serve. The average age of these units is less than four years old.

Flowback Services

Our flowback services consist of production testing, solids control, hydrostatic testing and torque services. Flowback involves the process of allowing fluids to flow from the well following a treatment, either in preparation for an impending phase of treatment or to return the well to production. Our flowback equipment consists of manifolds, accumulators, valves, flare stacks and other associated equipment that combine to form up to a total of five well-testing spreads. We provide flowback services in the Permian Basin and mid-continent markets.

Surface Air Drilling

We currently operate a surface air drilling operation in the Uinta-Piceance Basin, which is capable of offering cost-effective, pre-set surface air drilling services to target depths of approximately 4,000 feet in areas of fragile geology. Air drilling is a technique in which oil, natural gas, or geothermal wells are drilled by creating a pressure within the well that is lower than the reservoir pressure, which results in increased rates of penetration, reduced formation damage and reduced drilling costs. This division is uniquely suited to the fragile geology of the Uinta-Piceance Basin and is highly complementary to our cementing offering.

Competitive Strengths

Our primary business objective is to serve as a strategic partner for our customers. We achieve this objective by providing reliable, high-quality services that are tailored to our customers' needs and synchronized with their well development programs. This alignment assists our customers in optimizing the long-term development of their unconventional resources. We believe that the following competitive strengths differentiate us from our peers and uniquely position us to achieve our primary business objective.

- ***Strong market position in the Permian Basin.*** We believe we are the largest private hydraulic fracturing provider by HHP in the Permian Basin, which is the most prolific oil producing area in the United States, by HHP. Our longstanding customer relationships and substantial Permian Basin market presence uniquely position us to continue growing in tandem with the basin's ongoing development. The Permian Basin is a mature, liquids-rich basin with well-known geology and a large, exploitable resource base that delivers attractive E&P producer economics at or below current commodity prices. Rystad Energy estimates that, as of November 2016, the Permian Basin contains approximately 58 billion barrels of oil, the largest recoverable crude oil resource base in the United States and the second largest in the world. The massive extent of the Permian Basin coupled with the presence of multiple prospective geologic benches render the Permian Basin the most attractive and economic oil resource in North America.

  The recent recovery of oil prices to the low $50 per barrel range has driven a considerable increase in Permian drilling and completion activity and associated demand for our services. Today, the Permian Basin is the most active onshore basin in North America, with over 291 active rigs, and accounts for approximately 51% of all oil-directed rigs in the United States. Current Permian production levels exceed the combined output of both the Bakken and Eagle Ford shale formations, and, given the Permian Basin's superior breakeven economics, which are estimated by Rystad Energy to be as low as $32 per barrel, we expect robust activity levels in the basin for the foreseeable future.

  Our operational focus has historically been in the Permian Basin's Midland sub-basin, where our customers have historically operated. More recently however, many of our customers (including Callon Petroleum, Diamondback Energy, Parsley Energy, RSP Permian and XTO Energy) have made sizeable acquisitions in the Delaware Basin. We anticipate that many of these customers will request our services in the Delaware Basin to help develop their acreage, and we believe that we are uniquely positioned to capture large addressable growth opportunity as the basin develops. For the foreseeable future, we expect both the Midland Basin and the Delaware Basin to continue to command a disproportionate share of future North American E&P spending.

- ***Hydraulic fracturing is highly levered to increasing drilling activity and completion intensity levels.*** The combination of an expanding Permian Basin horizontal rig count and well completions has a compounding effect on HHP demand growth. Horizontal drilling has become the default method for E&P operators to most economically extract unconventional resources, and the number of horizontal rigs has increased from 22% of the total Permian Basin rig count in December 2011 to over 80% of the Permian Basin rig count in January 2017. As the horizontal rig count has grown, well completion intensity levels have also increased as a result of longer wellbore lateral lengths, more fracturing stages per foot of lateral and increasing amounts of proppant per stage. These trends resulted in our hydraulic fracturing operations completing 36% more frac stages during the fourth quarter of 2016 as compared to the third quarter of 2016. Furthermore, the ongoing improvement in drilling and completion efficiencies, driven by innovations such as multi-well pads and zipper fracs, have further increased the demand for HHP. Taken together, these demand drivers have helped contribute to the full utilization of our fleet and leave us well positioned to capture future organic growth opportunities and enhanced pricing for the services we offer.

- ***Deep relationships and operational alignment with high-quality, Permian Basin-focused customers.*** Our deep local roots, operational expertise and commitment to safe and reliable service have allowed us to cultivate longstanding customer relationships with the most active and well-capitalized Permian Basin operators. Our diverse customer base is comprised of market leaders such as Callon Petroleum, Diamondback Energy, Parsley Energy, Pioneer Natural Resources, Surge Energy and XTO Energy, with no single customer representing more than 20% of our revenue for the year ended December 31, 2016. Many of our current customers have worked with us since our inception and have integrated our fleet scheduling with their well development programs. This high degree of operational alignment and their continued support have allowed us to maintain relatively high utilization rates. As our customers increase activity levels, we expect to continue to leverage these strong relationships to keep our fleet fully utilized and selectively expand our platform in response to specific customer demand.

- ***Standardized fleet of modern, well-maintained equipment.*** We have a large, homogenous fleet of modern equipment that is configured to handle the Permian Basin's most complex, highest-intensity, hydraulic fracturing jobs. We believe that our fleet design is a key competitive advantage compared to many of our competitors who have fracturing units that are not optimized for Permian Basin conditions. Our fleet is largely standardized across units to facilitate efficient maintenance and repair, reducing equipment downtime and improving labor efficiency. Importantly, we have fully maintained our fleet throughout the recent industry downturn to ensure optimal performance and reliability. In contrast, we believe many of our competitors have deferred necessary maintenance capital spending and cannibalized essential equipment for spare parts during the same period. Furthermore, our entrenched relationships with a variety of key suppliers and vendors provide us with the reliable access to the equipment necessary to support our continued organic growth strategy.

- ***Proven cross-cycle financial performance.*** Over the past several years, we have maintained relatively high cross-cycle fleet utilization rates. Since September 2016, our fleet has been 100% utilized, and for each of the years ended December 31, 2015 and 2016, we operated in excess of 65% utilization. Our consistent track record of steady organic growth, coupled with our ability to immediately deploy new HHP on a dedicated and fully utilized basis, has resulted in revenue growth across industry cycles. We believe that we will be able to grow faster than our competitors while preserving attractive EBITDA margins as a result of our differentiated service offerings and a robust backlog of demand for our services. Furthermore, we believe that our philosophy of maintaining modest financial leverage and a healthy balance sheet has left us more conservatively capitalized than our peers. Several of our customers have recently requested additional HHP capacity from us, and we expect that improving market fundamentals, our superior execution and our customer-focused approach should result in enhanced financial performance going forward.

- ***Seasoned management and operating team and exemplary safety record.*** We have a seasoned executive management team, with our three most senior members contributing more than 100 years of collective industry and financial experience. Members of our management team founded our business and seeded our company with a portion of our original investment capital. We believe their track record of successfully building premier oilfield service companies in the Permian Basin, as well as their deep roots and relationships throughout the West Texas community, provide a meaningful competitive advantage for our business. In addition, our management team has assembled a loyal group of highly-motivated and talented divisional managers and field personnel, and we have had virtually no manager-level turnover in our core service divisions over the past three years. We employ a balanced decision-making structure that empowers managerial and field personnel to work directly with customers to develop solutions while leveraging senior management's oversight. This collaborative approach fosters strong customer links at all levels of the organization and effectively institutionalizes customer relationships beyond the executive suite. We promote a "Safety First" culture, which has led to a Total Recordable Incident Rate, or TRIR, well below industry averages. For example, for the year ended December 31, 2016, we had a TRIR of 0.9, compared to a peer average of 2.5 for the year ended December 31, 2014.

Business Strategies

We intend to achieve our primary business objective through the following business strategies:

- ***Capture an increasing share of rising demand for hydraulic fracturing services in the Permian Basin.*** We intend to continue to position ourselves as a Permian Basin-focused hydraulic fracturing business, as we believe the Permian Basin hydraulic fracturing market offers supportive long-term growth fundamentals. These fundamentals are characterized by increased demand for our HHP, driven by increasing drilling activity and well completion intensity levels, along with underinvestment by our competitors in their equipment. In response to the current commodity price environment, a number of our customers have publicly announced their intention to increase 2017 capital budgets in the Permian Basin in excess of 50% over 2016 levels. We are currently operating at 100% utilization, and several of our customers have requested additional HHP capacity from us. As our customers continue to develop their assets in the Midland Basin and Delaware Basin, we believe we are strategically positioned to deploy additional hydraulic fracturing equipment in support of their ongoing needs. We have purchased two additional hydraulic fracturing units, which are scheduled for delivery and deployment to dedicated customers in April and June 2017, respectively. These units will provide us with an additional 90,000 HHP, bringing our total capacity to 510,000 HHP. Additionally, we expect to use the proceeds from this offering to purchase two additional units that will be deployed in 2017 to meet specific customer requests, giving us an additional 90,000 HHP, or 600,000 HHP in the aggregate, once all units have been received.

- ***Capitalize on improving pricing and efficiency gains.*** The increase in demand for HHP coupled with expected competitor equipment attrition is expected to drive more favorable hydraulic fracturing supply and demand fundamentals. We believe this market tightening may lead to a general increase in prices for hydraulic fracturing services. Furthermore, our consistently high fleet utilization levels and 24 hours per day, seven days per week operating schedule (with approximately 90% of our fleet currently operating on such a schedule, as opposed to 2014, when the majority of our work was daylight hour operations) should result in greater revenue opportunity and enhanced margins as fixed costs are spread over a broader revenue base. We believe that any incremental future fleet additions will benefit from these trends and associated economies of scale.

- ***Cross-sell our complementary services.*** In addition to our hydraulic fracturing services, we offer a broad range of complementary services in support of our customers' development activities, including cementing, acidizing, coiled tubing, flowback services and surface air drilling. These complementary services create operational efficiencies for our customers, and allow us to capture a greater percentage of their capital spending across the lifecycle of an unconventional well. We believe that, as our customers increase spending levels, we are well positioned to continue cross-selling and growing our complementary service offerings.

- ***Maintain financial stability and flexibility to pursue growth opportunities.*** Consistent with our historical practices, we plan to continue to maintain a conservative balance sheet, which will allow us to better react to potential changes in industry and market conditions and opportunistically grow our business. In the near term, we intend to continue our past practice of aligning our growth capital expenditures with visible customer demand, by strategically deploying new equipment on a long-term, dedicated basis in response to inbound customer requests. We will also selectively evaluate potential strategic acquisitions that increase our scale and capabilities or diversify our operations. At the closing of this offering, we expect to have a net cash position of $61.9 million and undrawn borrowing capacity under our $150.0 million revolving credit facility to support our growth ambitions.

Properties

Our corporate headquarters are located at 1706 S. Midkiff, Bldg. B Midland, Texas 79701. In addition to our headquarters, we also lease nine properties that are used for field offices, yards or storage. We believe that our facilities are adequate for our current operations.

Our Customers

Our customers consist primarily of oil and natural gas producers in North America. Our top five customers accounted for approximately 58% and 53% of our revenue, for the years ended December 31, 2016 and 2015, respectively. During the year ended December 31, 2016, Parsley Energy accounted for 18.0% and Diamondback Energy accounted for 12.5%, respectively, of our total revenue.

Our Relationship with Energy Capital Partners

Our principal shareholder is Energy Capital Partners.

Energy Capital Partners, together with its affiliate funds and related persons, is a private equity firm with over $13.5 billion in capital commitments that is focused on investing in North America's energy infrastructure. Energy Capital Partners has significant energy and financial expertise to complement its investment in us, including investments in power generation, midstream oil and gas, oilfield services, environmental infrastructure and energy services sectors.

We believe that our relationship with Energy Capital Partners is a competitive advantage, as it brings significant financial and management experience, which we believe it will use to help support our business, and also relationships throughout the energy industry.

Competition

The markets in which we operate are highly competitive. To be successful, an oilfield services company must provide services that meet the specific needs of oil and natural gas exploration and production companies at competitive prices. Competitive factors impacting sales of our services are price, reputation and technical expertise, service and equipment quality, and health and safety standards. Although we believe our customers consider all of these factors, we believe price is a key factor in E&P companies' criteria in choosing a service provider. While we seek to price our services competitively, we believe many of our customers elect to work with us based on our deep local roots, operational expertise, equipment's ability to handle the most complex Permian Basin well completions, and commitment to safety and reliability.

We provide our services primarily in the Permian Basin, and we compete against different companies in each service and product line we offer. Our competition includes many large and small oilfield service companies, including the largest integrated oilfield services companies. Our major competitors for hydraulic fracturing services, which make up the majority of revenues, include C&J Energy Services, Halliburton, Patterson-UTI Energy Inc., RPC, Inc., Schlumberger, Superior Energy Services and a number of locally oriented businesses.

Seasonality

Our results of operations have historically reflected seasonal tendencies, generally in the fourth quarter, relating to the conclusion of our customers' annual capital expenditure budgets, the holidays and inclement winter weather during which we may experience declines in our operating results.

Operating Risks and Insurance

Our operations are subject to hazards inherent in the oilfield services industry, such as accidents, blowouts, explosions, fires and spills and releases that can cause personal injury or loss of life, damage or destruction of property, equipment, natural resources and the environment and suspension of operations.

In addition, claims for loss of oil and natural gas production and damage to formations can occur in the oilfield services industry. If a serious accident were to occur at a location where our equipment and services are being used, it could result in us being named as a defendant in lawsuits asserting large claims.

Because our business involves the transportation of heavy equipment and materials, we may also experience traffic accidents which may result in spills, property damage and personal injury.

Despite our efforts to maintain safety standards, we from time to time have suffered accidents in the past and anticipate that we could experience accidents in the future. In addition to the property damage, personal injury and other losses from these accidents, the frequency and severity of these incidents affect our operating costs and insurability and our relationships with customers, employees, regulatory agencies and other parties. Any significant increase in the frequency or severity of these incidents, or the general level of compensation awards, could adversely affect the cost of, or our ability to obtain, workers' compensation and other forms of insurance, and could have other material adverse effects on our financial condition and results of operations.

We maintain commercial general liability, workers' compensation, business auto, commercial property, umbrella liability, in certain instances, excess liability, and directors and officers insurance policies providing coverages of risks and amounts that we believe to be customary in our industry. Further, we have pollution legal liability coverage for our business entities, which would cover, among other things, third party liability and costs of clean-up relating to environmental contamination on our premises while our equipment are in transit and while on our customers' job site. With respect to our hydraulic fracturing operations, coverage would be available under our pollution legal liability policy for any surface or subsurface environmental clean-up and liability to third parties arising from any surface or subsurface contamination. We also have certain specific coverages for some of our businesses, including for our hydraulic fracturing services.

Although we maintain insurance coverage of types and amounts that we believe to be customary in the industry, we are not fully insured against all risks, either because insurance is not available or because of the high premium costs relative to perceived risk. Further, insurance rates have in the past been subject to wide fluctuation and changes in coverage could result in less coverage, increases in cost or higher deductibles and retentions. Liabilities for which we are not insured, or which exceed the policy limits of our applicable insurance, could have a material adverse effect on us. See "Risk Factors" for a description of certain risks associated with our insurance policies.

Environmental and Occupational Health and Safety Regulations

Environmental, Health and Safety Matters and Regulation

Our operations are subject to stringent laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection, and occupational health and safety. Numerous federal, state and local governmental agencies issue regulations that often require difficult and costly compliance measures that could carry substantial administrative, civil and criminal penalties and may result in injunctive obligations for non-compliance. These laws and regulations may, for example, restrict the types, quantities and concentrations of various substances that can be released into the environment, limit or prohibit construction or drilling activities on certain lands lying within wilderness, wetlands, ecologically or seismically sensitive areas and other protected areas, or require action to prevent or remediate pollution from current or former operations. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances, hydrocarbons or other waste products into the environment. Changes in environmental, health and safety laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially adversely affect our operations and financial position. We have not experienced any material adverse effect from compliance with these requirements. This trend, however, may not continue in the future.

Below is an overview of some of the more significant environmental, health and safety requirements with which we must comply. Our customers' operations are subject to similar laws and regulations. Any material adverse effect of these laws and regulations on our customers operations and financial position may also have an indirect material adverse effect on our operations and financial position.

Waste Handling. We handle, transport, store and dispose of wastes that are subject to the Resource Conservation and Recovery Act ("RCRA") and comparable state laws and regulations, which affect our activities by imposing requirements regarding the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. With federal approval, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. Although certain petroleum production wastes are exempt from regulation as hazardous wastes under RCRA, such wastes may constitute "solid wastes" that are subject to the less stringent requirements of non-hazardous waste provisions.

Administrative, civil and criminal penalties can be imposed for failure to comply with waste handling requirements. Moreover, the EPA or state or local governments may adopt more stringent requirements for the handling of non-hazardous wastes or recategorize some non-hazardous wastes as hazardous for future regulation. Indeed, legislation has been proposed from time to time in Congress to recategorize certain oil and natural gas exploration, development and production wastes as hazardous wastes. Several environmental organizations have also petitioned the EPA to modify existing regulations to recategorize certain oil and natural gas exploration, development and production wastes as hazardous. Any such changes in these laws and regulations could have a material adverse effect on our capital expenditures and operating expenses. Although we do not believe the current costs of managing our wastes, as presently classified, to be significant, any legislative or regulatory reclassification of oil and natural gas exploration and production wastes could increase our costs to manage and dispose of such wastes.

Remediation of Hazardous Substances. The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund") and analogous state laws generally impose liability without regard to fault or legality of the original conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment.

These persons include the current owner or operator of a contaminated facility, a former owner or operator of the facility at the time of contamination and those persons that disposed or arranged for the disposal of the hazardous substance at the facility. Liability for the costs of removing or remediating previously disposed wastes or contamination, damages to natural resources, the costs of conducting certain health studies, amongst other things, is strict and joint and several. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. In the course of our operations, we use materials that, if released, would be subject to CERCLA and comparable state laws. Therefore, governmental agencies or third parties may seek to hold us responsible under CERCLA and comparable state statutes for all or part of the costs to clean up sites at which such hazardous substances have been released.

One of our facilities in Midland, Texas is located within the boundaries of the West County Road 112 federal Superfund site, which site and the associated investigation and cleanup is being managed by EPA Region 6. The site's soil and groundwater is contaminated with chromium and hexavalent chromium as a result of historic site operations unaffiliated with the Company and unassociated with the Company's operations. Toxic tort claims also have been asserted as a result of this groundwater contamination against various unaffiliated parties. In 2013, in order to reduce the Company's risk of incurring any future liabilities in connection with this site, the Company negotiated and obtained a bona fide prospective purchaser ("BFPP") letter from EPA Region 6 in connection with a reorganization of the facility site ownership and lease. The BFPP letter generally acknowledges and provides that the Company is unaffiliated with any potentially responsible parties or known contamination that is the subject of the Superfund action, the Company agrees to comply with any future land use restrictions that may be imposed in connection with a site remedy (none have been imposed to date), and the Company agrees to cooperate with and provide access and assistance to EPA Region 6 in connection with the remediation. In exchange for these undertakings, the Company will not be subject to any CERCLA action by the EPA. In addition, the Company separately obtained a 10-year environmental pollution legal liability insurance policy, effective March 4, 2013, with an aggregate limit of $20 million to insure against potential third-party claims and any known or unknown pre-existing conditions at the site, including Superfund or toxic tort liabilities. Both prior to and since obtaining the BFPP letter and the insurance policy, no claims have been made or threatened against the Company or any of its affiliated persons or entities with regard to this Superfund site or any related liabilities, and the Company has not incurred any significant expenses in connection with this matter.

NORM. In the course of our operations, some of our equipment may be exposed to naturally occurring radioactive materials ("NORM") associated with oil and gas deposits and, accordingly may result in the generation of wastes and other materials containing NORM. NORM exhibiting levels of naturally occurring radiation in excess of established state standards are subject to special handling and disposal requirements, and any storage vessels, piping and work area affected by NORM may be subject to remediation or restoration requirements.

Water Discharges. The Clean Water Act, Safe Drinking Water Act, Oil Pollution Act and analogous state laws and regulations impose restrictions and strict controls regarding the unauthorized discharge of pollutants, including produced waters and other gas and oil wastes, into regulated waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or the state. Also, spill prevention, control and countermeasure plan requirements require appropriate containment berms and similar structures to help prevent the contamination of regulated waters.

Air Emissions. The Clean Air Act ("CAA") and comparable state laws and regulations, regulate emissions of various air pollutants through the issuance of permits and the imposition of other emissions control requirements. The EPA has developed, and continues to develop, stringent regulations governing emissions of air pollutants from specified sources. New facilities may be required to obtain permits before work can begin, and existing facilities may be required to obtain additional permits and incur capital costs in order to remain in compliance. These and other laws and regulations may increase the costs of compliance for some facilities where we operate. Obtaining or renewing permits also has the potential to delay the development of oil and natural gas projects.

Climate Change. The EPA has determined that greenhouse gases ("GHG") present an endangerment to public health and the environment because such gases contribute to warming of the earth's atmosphere and other climatic changes. Based on these findings, the EPA has adopted and implemented, and continues to adopt and implement, regulations that restrict emissions of GHGs under existing provisions of the CAA. The EPA also requires the annual reporting of GHG emissions from certain large sources of GHG emissions in the United States, including certain oil and gas production facilities. The U.S. Congress has from time to time considered adopting legislation to reduce emissions of GHGs and almost one-half of the states have already taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. And in December 2015, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France. The resulting Paris Agreement calls for the parties to undertake "ambitious efforts" to limit the average global temperature, and to conserve and enhance sinks and reservoirs of greenhouse gases. The Paris Agreement entered into force in November 2016. The United States is one of over 70 nations that has ratified or otherwise indicated that it intends to comply with the agreement. Restrictions on emissions of GHGs that may be imposed could adversely affect the oil and natural gas industry by reducing demand for hydrocarbons and by making it more expensive to develop and produce hydrocarbons, either of which could have a material adverse effect on future demand for our services.

Moreover, climate change may cause more extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our operations and increase our costs, and damage resulting from extreme weather may not be fully insured.

Endangered and Threatened Species. Environmental laws such as the Endangered Species Act ("ESA") and analogous state laws may impact exploration, development and production activities in areas where we operate. The ESA provides broad protection for species of fish, wildlife and plants that are listed as threatened or endangered. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act and various state analogs. The U.S. Fish and Wildlife Service may identify previously unidentified endangered or threatened species or may designate critical habitat and suitable habitat areas that it believes are necessary for survival of a threatened or endangered species, which could cause us or our customers to incur additional costs or become subject to operating restrictions or operating bans in the affected areas.

Regulation of Hydraulic Fracturing and Related Activities. Our hydraulic fracturing operations are a significant component of our business. Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations, including shales. The process, which involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, federal agencies have asserted regulatory authority over certain aspects of the process. For example, in May 2014, the EPA issued an Advanced Notice of Proposed Rulemaking seeking comment on the development of regulations under the Toxic Substances Control Act to require companies to disclose information regarding the chemicals used in hydraulic fracturing. Beginning in August 2012, the EPA issued a series of rules under the CAA that establish new emission control requirements for certain oil and natural gas production and natural gas processing operations and associated equipment. And in March 2015, the Bureau of Land Management finalized a rule governing hydraulic fracturing on federal lands, implementation of which has been stayed pending the resolution of legal challenges. Further, legislation to amend the Safe Drinking Water Act to repeal the exemption for hydraulic fracturing (except when diesel fuels are used) from the definition of "underground injection" and require federal permitting and regulatory control of hydraulic fracturing, as well as legislative proposals to require disclosure of the chemical constituents of the fluids used in the fracturing process, have been proposed in recent sessions of Congress. Several states and local jurisdictions in which we or our customers operate also have adopted or are considering adopting regulations that could restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and/or require the disclosure of the composition of hydraulic fracturing fluids.

More recently, federal and state governments have begun investigating whether the disposal of produced water into underground injection wells has caused increased seismic activity in certain areas. For example, in December 2016, the EPA released its final report regarding the potential impacts of hydraulic fracturing on drinking water resources, concluding that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain circumstances such as water withdrawals for fracturing in times or areas of low water availability, surface spills during the management of fracturing fluids, chemicals or produced water, injection of fracturing fluids into wells with inadequate mechanical integrity, injection of fracturing fluids directly into groundwater resources, discharge of inadequately treated fracturing wastewater to surface waters, and disposal or storage of fracturing wastewater in unlined pits. The results of these studies could lead federal and state governments and agencies to develop and implement additional regulations.

Increased regulation of hydraulic fracturing and related activities (whether as a result of the EPA study results or resulting from other factors) could subject us and our customers to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and recordkeeping obligations, and plugging and abandonment requirements. New requirements could result in increased operational costs for us and our customers, and reduce the demand for our services.

OSHA Matters. The Occupational Safety and Health Act ("OSHA") and comparable state statutes regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and the public.

Employees

As of December 31, 2016, we employed 642 people. None of our employees are represented by labor unions or subject to collective bargaining agreements.

Legal Proceedings

From time to time we may be involved in litigation relating to claims arising out of our operations in the normal course of business. We are not currently a party to any legal proceedings that we believe would have a material adverse effect on our financial position, results of operations or cash flows and are not aware of any material legal proceedings contemplated by governmental authorities.

Table of Contents

MANAGEMENT

Directors and Executive Officers of ProPetro Holding Corp.

The following table sets forth the names, ages and titles of our directors and executive officers. Directors hold office until their successors have been elected or qualified or until their earlier death, resignation, removal or disqualification. Executive officers are appointed by, and serve at the discretion of, the board of directors. The following table shows information for the directors and executive officers as of January 31, 2017.

Name	Age	Position with ProPetro Holding Corp.
Dale Redman	56	Chief Executive Officer and Director
David Sledge	60	Chief Operating Officer
Jeffrey Smith	57	Chief Financial Officer
Mark Howell	38	General Counsel and Corporate Secretary Designate
Spencer D. Armour, III	62	Chairman of the Board of Directors
Schuyler E. Coppedge	43	Director
Stephen Herman	73	Director
Matthew H. Himler	30	Director
Peter L. Labbat	51	Director
Francesco Ciabatti	29	Director Nominee
Alan E. Douglas	58	Director Nominee
Christopher Leininger	48	Director Nominee
Jack B. Moore	63	Director Nominee

Dale Redman

Dale Redman is a co-founder of ProPetro and has been Chief Executive Officer since 2008, and he has been a member of our board of directors since 2005. Mr. Redman has over 32 years of executive and entrepreneurial experience in the energy services industry. He was a co-founder and Chief Executive Officer of Downhole Injection Systems, LLC, which was sold in 2004. Prior to that, Mr. Redman was President and CEO of Reef Chemical Company from 1993 to 1998. Mr. Redman received a B.B.A. in Finance from Texas Tech University. We believe that Mr. Redman's industry experience and deep knowledge of our business and our customers makes him well suited to serve as Chief Executive Officer and director.

David Sledge

David Sledge has served as our Chief Operating Officer since 2011. Mr. Sledge has over 37 years of experience in the energy services industry, Mr. Sledge currently serves on the Board of Directors for Comstock Resources, Inc. where he has served since 1996. Prior to joining ProPetro Mr. Sledge was Vice President — Drilling for Basic Energy Services from 2007 to 2009. Mr. Sledge was President and Chief Operating Officer of Sledge Drilling Corp., which was sold to Basic Energy Services in 2007. Mr. Sledge received a B.B.A. in Management from Baylor University. We believe Mr. Sledge's experience in the oilfield services business, combined with his executive management experience, makes him well suited to serve as our Chief Operating Officer.

Jeffrey Smith

Jeffrey Smith is a co-founder of ProPetro and has been our Chief Financial Officer since 2005. Mr. Smith has over 33 years of accounting and financial experience. Prior to joining the Company, Mr. Smith served as President of Nittany Enterprises from 1991 to 2005, and before that Mr. Smith served as Chief Financial Officer for Southmark Commercial Management Inc., a national commercial real estate company. Mr. Smith is a licensed certified public accountant. Mr. Smith received a B.B.A. in Finance from Penn State University and a M.B.A. from the University of Michigan. We believe that Mr. Smith's extensive experience in accounting and finance, and history in the energy services industry, makes him well suited to serve as our Chief Financial Officer.

Mark Howell

Mark Howell will join ProPetro as General Counsel and Corporate Secretary in March 2017. Prior to joining ProPetro, Mr. Howell served Anthem, Inc. as Associate General Counsel — Corporate Securities and Finance from September 2015, and Vantage Drilling Company, an international oil and gas services company, in various legal roles from 2010 to 2015, including as General Counsel from 2014 and Legal Director from 2011. Prior to joining Vantage, Mr. Howell worked as an attorney focused on corporate and securities law and oil and gas transactions at Burleson Cooke LLP and Andrews Kurth LLP. Mr. Howell holds a Doctorate of Jurisprudence from South Texas College of Law and a B.A. from the University of Texas. We believe that Mr. Howell's experience with corporate and securities law and the oil and gas industry makes him well suited to serve as General Counsel and Corporate Secretary.

Spencer D. Armour, III

Spencer D. Armour, III has served as chairman of our board of directors since February 2013. Mr. Armour has over 30 years of executive and entrepreneurial experience in the energy services industry. Mr. Armour currently serves as President of PT Petroleum LLC in Midland, Texas. He was the Vice President of Corporate Development for Basic Energy Services, Inc. from 2007 to 2008, which acquired Sledge Drilling Corp., a company Mr. Armour co-founded and served as Chief Executive Officer for from 2005 to 2006. From 1998 through 2005, he served as Executive Vice President of Patterson-UTI Energy, Inc., which acquired Lone Star Mud, Inc., a company Mr. Armour founded and served as President for from 1986 to 1997. He also served on the Patterson — UTI Board of Directors from 1999 through 2001. Mr. Armour received a B.S. in Economics from the University of Houston in 1977 and was appointed to the University of Houston System Board of Regents in 2011 by former Texas Governor, Rick Perry. We believe that Mr. Armour's extensive experience in the energy services industry and his deep knowledge of the industry dynamics within the Permian Basin make him well suited to serve as a director.

Schuyler E. Coppedge

Schuyler E. Coppedge has served as a member of our board of directors since March 2013. Mr. Coppedge is a Partner at Energy Capital Partners where he has worked since 2005. Mr. Coppedge has over 20 years of experience in energy industry finance and investment activities, with a particular emphasis on oil field services, midstream oil and gas and renewable power generation. Prior to joining Energy Capital in 2005, Mr. Coppedge spent over six years at JP Morgan. In addition to ProPetro, Mr. Coppedge currently serves on the boards of STEAG-SCR Tech, Terra-Gen, LLC and USD Partners LP and as an observer to NCSG Crane & Heavy Haul Corporation. Mr. Coppedge also served on the board of FirstLight Power Enterprises, Inc. Mr. Coppedge received a B.A. from Middlebury College and an M.B.A. from the Wharton School at the University of Pennsylvania. Mr. Coppedge was selected to serve as a director on the board due to his affiliation with Energy Capital Partners and his extensive experience across the finance and energy sectors.

Stephen Herman

Stephen Herman has served as a member of our board of directors since March 2013. Mr. Herman has served as a Managing Director at Energy Capital Partners since 2005. Mr. Herman has over 43 years of energy industry experience, with a particular emphasis on renewable and fossil generation and environmental and oil field services. Prior to joining Energy Capital Partners in 2005, Mr. Herman was Senior Energy Counsel for Goldman Sachs. Mr. Herman was also the Senior Vice President and General Counsel of PG&E National Energy Group and its predecessor, U.S. Generating Company. Mr. Herman was also previously a Partner at Latham & Watkins and Kirkland & Ellis. Mr. Herman currently serves on the boards of ADA Carbon Solutions LLC, STEAG-SCR Tech, EnergySolutions, Inc. and Granite Holdings, Inc. (the parent company of Wheelabrator Technologies, Inc.). Mr. Herman has also served on the boards of FirstLight Resources Inc., NextLight Renewable Power, LLC, PLH Group, Inc., Power Holdings of Illinois, LLC and Ice Energy, Inc. Mr. Herman received a B.S. in Economics from the Wharton School of Finance and Commerce at the University of Pennsylvania and an LL.B. from the University of Virginia Law School. Mr. Herman was selected to serve as a director on the board due to his affiliation with Energy Capital Partners, his extensive experience in the law and finance, and his history in the energy industry.

Matthew H. Himler

Matthew H. Himler has served as a member of our board of directors since October 2016 and was appointed to the board in connection with his affiliation with Energy Capital Partners. Mr. Himler is a Vice President at Energy Capital Partners, where he has worked since 2012. Mr. Himler has over seven years of experience in energy industry investment and finance activities. In addition to ProPetro, Mr. Himler serves on the board of NESCO Holdings LP and is an observer to NCSG Crane and Heavy Haul Corporation. Prior to joining Energy Capital Partners in 2012, Mr. Himler was an analyst at Lazard Frères & Co. Mr. Himler received a B.A. in Economics and Political Science from Amherst College. Mr. Himler was selected to serve as a director on the board due to his affiliation with Energy Capital Partners and his experience in investment activities within the oilfield and energy services sectors.

Peter L. Labbat

Peter L. Labbat has served as a member of our board of directors since March 2013 and was appointed to the board in connection with his affiliation with Energy Capital Partners. Mr. Labbat has served as a Partner of Energy Capital Partners since 2006. Mr. Labbat has over 27 years of financial and investment experience and specializes in the energy and power sectors. Prior to joining Energy Capital Partners in 2006, Mr. Labbat was a Managing Director at Goldman, Sachs & Co. He currently serves on the boards of ADA Carbon Solutions, LLC, Chieftain Sand and Proppant, LLC, Next Wave Energy Partners, LP, Sendero Midstream Partners, LP and Summit Midstream Partners, LP. Mr. Labbat has also served on the boards of NextLight Renewable Power, LLC, Odessa Power Holdings, LLC, Ice Energy, Inc. and Red Oak Power Holdings, LLC. Mr. Labbat received a B.A. in Economics from Georgetown University and an M.B.A. from the Wharton School at the University of Pennsylvania. Mr. Labbat was selected to serve as a director on the board due to his affiliation with Energy Capital Partners and his extensive experience across the finance and energy sectors.

Francesco Ciabatti

We expect that Francesco Ciabatti will become a member of our board of directors on the date that our common stock is listed on the NYSE. Mr. Ciabatti is a Vice President at Energy Capital Partners where he has worked since 2013. Mr. Ciabatti has over six years of experience in energy industry investment and finance activities. Prior to joining Energy Capital Partners in 2013, Mr. Ciabatti was an analyst at Barclays Capital Inc. Mr. Ciabatti received a B.A. in Economics and Political Science from Yale University. Mr. Ciabatti was selected to serve as a director on the board due to his affiliation with Energy Capital Partners and his experience in investment activities within the oilfield, energy and midstream services sectors.

Alan E. Douglas

We expect that Alan E. Douglas will become a member of our board of directors on the date that our common stock is listed on the NYSE. Mr. Douglas is a shareholder of Johnson, Miller & Co. where he has worked for 25 years. Mr. Douglas is a Certified Public Accountant with over 37 years of experience in accounting and audit activities. Prior to joining Johnson, Miller & Co., Mr. Douglas was a Certified Public Accountant at KPMG for twelve years. Mr. Douglas received a B.B.A. in accounting from Texas Tech University. Mr. Douglas was selected to serve as a director on the board due to his extensive experience with accounting and auditing activities.

Christopher M. Leininger

We expect that Christopher M. Leininger will become a member of our board of directors on the date that our common stock is listed on the NYSE. Mr. Leininger is Managing Director and Deputy General Counsel at Energy Capital Partners where he has worked since 2006. Mr. Leininger has over 17 years of experience in legal and finance activities in the energy industry. Mr. Leininger currently serves on the boards of Wheelabrator Technologies, Inc., NESCO Holdings, LP, EnergySolutions, Inc. and PLH Group, Inc. Prior to joining Energy Capital Partners, Mr. Leininger was an associate at Latham & Watkins LLP for 7 years. Mr. Leininger received a B.A. in History and Political Science from the University of San Diego and a J.D. from the University of Virginia School of Law. Mr. Leininger was selected to serve as a director on the board due to his affiliation with Energy Capital Partners and his experience in financing, acquisition and development transactions.

Jack B. Moore

We expect that Jack B. Moore will become a member of our board of directors on the date that our common stock is listed on the NYSE. Mr. Moore served as Chairman of the Board of Cameron International Corporation from 2011 until it was acquired in April 2016. Mr. Moore worked at Cameron International Corporation from 1999 until 2014, serving as Chief Executive Officer from 2008 to 2015 and as President from 2008 to 2014. Prior to that, he held various management positions at Baker Hughes Incorporated, where he was employed for 23 years. Mr. Moore currently serves on the board of directors of Occidental Petroleum Corporation, Rowan Companies plc and KBR Inc. Mr. Moore also previously served on the board of directors of the American Petroleum Institute, the National Ocean Industries Association, and the Petroleum Equipment Suppliers Association. Mr. Moore received a B.B.A. from the University of Houston and is a graduate of the Advanced Management Program at Harvard Business School. Mr. Moore was selected to serve as a director on the board due to his wealth of experience in the oilfield service sector, including service as a director and executive officer to public corporations in the sector.

Status as a Controlled Company

Energy Capital Partners may beneficially own a majority of our outstanding common stock following the completion of this offering, and if so, we would be a controlled company under NYSE corporate governance standards. A controlled company need not comply with the applicable corporate governance rules that require its board of directors to have a majority of independent directors and independent compensation and nominating and governance committees. Notwithstanding our status as a controlled company, we would remain subject to the applicable corporate governance standard that requires us to have an audit committee composed entirely of independent directors. As a result, we must have at least one independent director on our audit committee by the date our common stock is listed on the NYSE, a majority of independent directors on our audit committee within 90 days of the listing date and all independent directors on our audit committee within one year of the listing date.

If at any time we cease to be a controlled company, we will take all action necessary to comply with NYSE listing rules, including appointing a majority of independent directors to our board of directors and ensuring we have a compensation committee and a nominating and corporate governance committee composed entirely of independent directors, subject to a permitted "phase-in" period. We would cease to qualify as a controlled company once Energy Capital Partners ceases to control a majority of our voting stock.

Board of Directors and Committees

In connection with this offering, we will enter into a stockholders agreement with Energy Capital Partners. Pursuant to the stockholders agreement, our board of directors will initially consist of ten directors, six of which are to be designated by Energy Capital Partners. See "Certain Relationships and Related Party Transactions — Stockholders Agreement." We intend to appoint Alan E. Douglas and Jack B. Moore as independent directors effective as of the date our common stock is listed on the NYSE. In making such appointments, our board of directors will review the independence of our directors using the independence requirements of the Exchange Act and NYSE listing standards. Our bylaws provide that the terms of office of the directors are one year from the time of their election until the next annual meeting of shareholders or until their successors are duly elected and qualified.

Our certificate of incorporation provides that the authorized number of directors will, subject to the provisions of the stockholders agreement, be fixed from time to time by the board of directors pursuant to a resolution adopted by a majority of the whole board. In addition, our certificate of incorporation and our bylaws provide that, in general, vacancies on the board may be filled by a majority of directors in office, although less than a quorum.

Audit Committee

Our board of directors will establish an audit committee in connection with this offering whose functions include the following:

- assist the board of directors in its oversight responsibilities regarding the integrity of our financial statements, our compliance with legal and regulatory requirements, the independent accountant's qualifications and independence and our accounting and financial reporting processes of and the audits of our financial statements;

- prepare the report required by the SEC for inclusion in our annual proxy or information statement;

- approve audit and non-audit services to be performed by the independent accountants;

- perform such other functions as the board of directors may from time to time assign to the audit committee.

The specific functions and responsibilities of the audit committee will be set forth in the audit committee charter. We anticipate that our audit committee will initially be comprised of Alan E. Douglas and Jack B. Moore, each of whom will be independent and will satisfy the financial literacy standards for audit committee members under the Exchange Act and NYSE listing standards. We also anticipate that Jack B. Moore will qualify as an "audit committee financial expert" under applicable SEC rules. Within one year after completion of the offering, we expect that our audit committee will be composed of three members that will satisfy the independence requirements of the Exchange Act and NYSE listing standards.

Pursuant to our bylaws, our board of directors may, from time to time, establish other committees to facilitate the management of our business and operations. Because we may be considered to be controlled by Energy Capital Partners under NYSE rules, we may be eligible for exemptions from provisions of these rules requiring a majority of independent directors, nominating and corporate governance and compensation committees composed entirely of independent directors and written charters addressing specified matters. We may elect to take advantage of these exemptions. In the event that we are not, or subsequently cease to be, a controlled company within the meaning of these rules, we will be required to comply with these provisions after the specified transition periods.

Compensation Committee

Although we may be eligible for an exemption from the compensation committee requirements under NYSE rules, we intend to establish a compensation committee composed of at least two independent directors in connection with this offering. Our compensation committee will initially be comprised of Spencer D. Armour, III, Jack B. Moore and Alan E. Douglas. This committee will establish salaries, incentives and other forms of compensation for officers and directors. The compensation committee will also administer our long-term incentive plan.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will initially be comprised of Schuyler E. Coppedge, Alan E. Douglas and Jack B. Moore, of whom Messrs. Moore and Douglas are expected to satisfy the independence requirements of the Exchange Act and NYSE listing standards. The nominating and corporate governance committee is responsible for making recommendations to the board of directors regarding candidates for directorships and the size and composition of the board. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations to the board concerning corporate governance matters.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serve on the board of directors or compensation committee of a company that has an executive officer that serves on our board or compensation committee. No member of our board is an executive officer of a company in which one of our executive officers serves as a member of the board of directors or compensation committee of that company.

Board Role in Risk Oversight

Our corporate governance guidelines will provide that the board of directors is responsible for reviewing the process for assessing the major risks facing us and the options for their mitigation. This responsibility will be largely satisfied by our audit committee, which is responsible for reviewing and discussing with management and our independent registered public accounting firm our major risk exposures and the policies management has implemented to monitor such exposures, including our financial risk exposures and risk management policies.

Table of Contents

EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the "2016 Summary Compensation Table" below. In 2016, our "named executive officers" and their positions were as follows:

- Dale Redman, Chief Executive Officer;
- Jeffrey Smith, Chief Financial Officer; and
- David Sledge, Chief Operating Officer.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion. All numbers with respect to share figures and exercise prices in this section are represented giving effect to our 170.4667-for-1 reverse stock split on December 22, 2016, as described in "Business — Recent Developments — Reverse Stock Split," and giving effect to our intended stock split as described in "Stock Split."

2016 Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the fiscal years ended December 31, 2015 and 2016.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option awards ($)	All Other Compensation ($)(2)	Total
Dale Redman	2016	250,000	750,000	885,478(1)	10,800	1,896,278
Chief Executive Officer	2015	250,000	—	—	10,800	260,800
Jeffrey Smith	2016	250,000	500,000	549,028(1)	10,800	1,309,828
Chief Financial Officer	2015	250,000	—	—	10,800	260,800
David Sledge	2016	250,000	500,000	407,869(1)	10,800	1,168,669
Chief Operating Officer	2015	250,000	—	—	10,800	260,800

(1) All option awards granted to any named executive officer have been valued based on the fair value of the option awards at the grant dates computed in accordance with FASB ASC 718, and do not represent amounts realized by the named executive officers. We provide information regarding the assumptions used to calculate the value of all option awards granted in 2016 in Note 14 to our audited consolidated financial statements included elsewhere in this prospectus.

(2) This column shows the amounts that Messrs. Redman, Smith and Sledge each received in 2015 and 2016 pursuant to our Vehicle Allowance Program.

NARRATIVE TO SUMMARY COMPENSATION TABLE

2016 Salaries

The named executive officers receive a base salary to compensate them for services rendered to our company. The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. Each named executive officer's initial base salary was provided in his employment agreement. There were no changes in the base salaries of any of the named executive officers in 2016.

2016 Bonuses

Each of the named executive officers received a discretionary bonus payment in 2016, determined by our board of directors. In determining bonus amounts, our board of directors considered our performance during the fiscal year, including the private placement round that was closed prior to the end of 2016, as well as the fact that no bonuses were paid with respect to fiscal year 2015.

Equity Compensation

We maintain an equity incentive plan, the 2013 Stock Option Plan, which has provided 28 of our employees, including the named executive officers, the opportunity to participate in the equity appreciation of our business through the receipt of options to purchase shares of our common stock. We believe that such stock options function as a compelling retention tool.

On June 14, 2013, we granted stock options to purchase 699,852 shares of our common stock to each of our named executive officers. Each such stock option has a $3.96 per share exercise price. Such stock options are scheduled to vest in equal annual installments over four years from the date of the grant. The vesting of the stock options is subject to acceleration upon a change of control of the Company if the participant remains employed by the Company. A change of control does not include an initial public offering, and therefore a change of control will not occur in connection with this offering. Additionally, in connection with this offering, on the effective date of the registration statement of which this prospectus is a part, we intend to allow Messrs. Redman, Smith and Sledge to cashlessly exercise the vested portions of their outstanding 2013 options.

In addition, we granted Mr. Redman 372,335 restricted stock units on September 30, 2013 pursuant to a stand-alone restricted stock unit agreement, which restricted stock units are not subject to the 2013 Stock Option Plan or any equity plan. Each restricted stock unit represents the right to receive one share of common stock of the Company. Pursuant to their original terms, the restricted stock units would only be settled upon a change of control of the Company, whether or not Mr. Redman is an employee, consultant or director on such date. As defined in the agreement, a change of control does not include an initial public offering, and therefore a change of control will not occur in connection with this offering. In connection with this offering, we intend to terminate and liquidate, in accordance with Section 409A of the Code, (i) Mr. Redman's restricted stock units and (ii) stock options granted to various employees other than the named executive officers on December 1, 2013 (but not the stock options granted to our named executive officers in June 2013 as described above). Subject to approval by our board of directors, we will provide Mr. Redman with the 372,335 shares of our common stock subject to his restricted stock units on the first anniversary of this offering. Additionally, we will pay each employee who received an option on December 1, 2013, in exchange for his or her terminated stock option, a cash amount equal to (a) the excess, if any, of the (1) initial public offering price per share of our common stock over (2) $3.96 (the per share exercise price of such option) multiplied by (b) the number of shares of common stock subject to such option, with 50% of such payment payable on the first anniversary of this offering and the remaining 50% of such payment payable on the second anniversary of this offering, subject to such employee's continued employment with us through each applicable payment date. Any such employee whose employment is terminated by us without cause (as determined by our board of directors) prior to the second anniversary of this offering will remain entitled to his or her option cancellation payments on the applicable anniversaries.

We did not grant any additional stock options in 2014 or 2015, but on July 19, 2016, we granted additional stock options to our named executive officers pursuant to the 2013 Stock Option Plan. These 2016 options were primarily granted in order to prevent the equity ownership of the named executive officers from being diluted as a result of Energy Capital Partners' equity contribution to the Company on June 8, 2016. The options were also granted to reward the named executive officers' past contributions to the Company and expected future contributions. This 2016 grant included options to purchase 501,540 shares of our common stock granted to Mr. Redman, options to purchase 310,971 shares of our common stock granted to Mr. Smith and options to purchase 231,019 shares of our common stock granted to Mr. Sledge. All of these 2016 options have a $2.25 per share exercise price. Such stock options are scheduled to vest in five equal semi-annual installments starting on December 31, 2016. The vesting of the stock options is subject to acceleration upon a change of control of the Company if the participant remains employed by the Company, but a change of control does not include a public offering and so, for purposes of the stock options, will not occur in connection with this offering. In connection with this offering, however, we intend to fully accelerate the vesting of the unvested portion of Messrs. Redman, Smith and Sledge's 2016 options.

Prior to the effective date of this offering, we intend to adopt a 2017 Incentive Award Plan in order to facilitate the grant of cash and equity incentives to directors, employees (including our named executive officers) and consultants of our company and certain of its affiliates and to enable our company and certain of its affiliates to obtain and retain services of these individuals, which is essential to our long-term success. We expect that the 2017 Incentive Award Plan will be effective on the date prior to the effective date of the registration statement of which this prospectus is a part, subject to approval of such plan by our board of directors and our current shareholders. For additional information about the 2017 Incentive Award Plan, please see the section titled "Equity Incentive Plans" below.

Offering Grants to Employees under the 2017 Incentive Award Plan

In connection with this offering, on the effective date of the registration statement of which this prospectus is a part, we intend to grant to certain of our employees awards of stock options under the Plan at an exercise price equal to the initial public offering price of our common stock with respect to an aggregate of up to 812,008 shares of common stock. The following table shows the numbers of stock options intended to be granted to the named executive officers. The stock options will vest in equal installments upon the first four anniversaries of the date of grant, subject to the named executive officer's continued employment, and will expire upon the tenth anniversary of the date of grant.

Name	Number of Stock Options
Dale Redman	119,988
Jeffrey Smith	119,988
David Sledge	119,988

Other Elements of Compensation

Retirement Plans

We currently maintain a 401(k) retirement savings plan for our employees who satisfy certain eligibility requirements. Our named executive officers are eligible to participate in the 401(k) plan on the same terms as other full-time employees, but currently do not participate in the 401(k) plan. The Internal Revenue Code, or the Code, allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) plan. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage of the employee contributions and we may make certain discretionary profit sharing contributions. Both the matching contributions and the profit sharing contributions vest in equal installments over five years of service, with full vesting on retirement, death or disability. We believe that offering a vehicle for tax-deferred retirement savings though our 401(k) plan, and making matching contributions and profit sharing contributions that vest over time, add to the overall desirability of our executive compensation package and further incentivize our employees in accordance with our compensation policies. We do not maintain any defined benefit pension plans or deferred compensation plans.

Employee Benefits and Perquisites

Health/Welfare Plans. All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans, including:

- medical, dental and vision benefits;
- medical and dependent care flexible spending accounts;
- short-term and long-term disability insurance; and
- life insurance.

Vehicle Allowance Program. In addition, our named executive officers each participate in a vehicle allowance program.

We believe the benefits and perquisites described above are necessary and appropriate to provide a competitive compensation package to our named executive officers.

No Tax Gross-Ups

We do not make gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation or perquisites paid or provided by our company.

Employment Agreements

The Company entered into employment agreements with Messrs. Redman, Smith and Sledge, each dated April 17, 2013, providing for their respective positions as Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, and initial annual base salaries of $250,000 for each such executive officer. The employment agreements provide for an initial two-year term and automatically renew for successive one-year terms unless either party gives notice of non-extension to the other no later than 90 days prior to the expiration of the then-applicable term.

The employment agreements provide that each executive will be eligible to receive an annual cash bonus in an amount up to 50% of the executive's annual base salary, based upon individual and Company annual performance targets established by the Board in its sole discretion. The employment agreements also provided for the executives' initial stock option grants.

Pursuant to the employment agreements, upon termination of employment by the Company without Cause or by the executive for Good Reason, each executive will receive the sum of his then current annual base salary and his annual bonus for the immediately preceding calendar year, payable over the year following termination, as well as subsidized COBRA premiums for such period. Each executive will be required to execute a release of claims in favor of the Company in order to receive his severance benefits.

"Cause" is defined in the employment agreements as (i) the executive's willful failure to substantially perform his duties, (ii) the executive's willful failure to carry out, or comply with, in any material respect any lawful directive of our board of directors, (iii) the executive's commission at any time of any act or omission that results in, or may reasonably be expected to result in, a conviction, a plea of no contest, plea of nolo contendere or imposition of unadjudicated probation for any felony or crime involving moral turpitude; (iv) the executive's unlawful use (including being under

Table of Contents

the influence) or possession of illegal drugs on the Company's premises or while performing the executive's duties and responsibilities; (v) the executive's commission at any time of any act of fraud, embezzlement, misappropriation, misconduct, conversion of assets of the Company or breach of fiduciary duty against the Company or (vi) the executive's material breach of the employment agreement or any other agreement with the Company, subject to certain procedural requirements.

"Good Reason" is defined in the employment agreements as (i) a material diminution in the executive's authority, duties or responsibilities, (ii) a material diminution in base compensation or (iii) any other action or inaction that constitutes a material breach of the employment agreement by the Company, in each case subject to certain procedural requirements.

The agreements contain noncompetition covenants that apply through one year following termination of employment and nonsolicitation covenants that apply through three years following termination of employment.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of shares of common stock underlying outstanding equity incentive plan awards for each named executive officer as of December 31, 2016.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested ($)(4)
Dale Redman	524,889(1)	174,963	$ 3.96	6/14/2023	—	—
	—	—	—	—	372,335(3)	3,723,354
	100,308(2)	401,232	$ 2.25	7/19/2026	—	—
Jeffrey Smith	524,889(1)	174,963	$ 3.96	6/14/2023	—	—
	62,194(2)	248,777	$ 2.25	7/19/2026	—	—
David Sledge	524,889(1)	174,963	$ 3.96	6/14/2023	—	—
	46,204(2)	184,815	$ 2.25	7/19/2026	—	—

(1) On June 14, 2013, Messrs. Redman, Smith and Sledge were each granted 699,852 options to purchase our common stock that vest in equal annual installments on June 14, 2014, June 14, 2015, June 14, 2016 and June 14, 2017.

(2) On July 19, 2016, Mr. Redman was granted 501,540 options to purchase our common stock, Mr. Smith was granted 310,971 options to purchase our common stock, and Mr. Sledge was granted 231,019 options to purchase our common stock. These grants are currently scheduled to vest in equal installments on December 31, 2016, June 30, 2017, December 31, 2017, June 30, 2018, and December 30, 2018. However, as described under "Narrative to Summary Compensation Table—Equity Compensation," we intend to fully accelerate the vesting of the unvested portion of these grants in connection with this offering.

(3) On September 30, 2013, Mr. Redman was granted 372,335 restricted stock units that were originally intended to be settled only upon a change of control of the Company. However, as described under "Narrative to Summary Compensation Table—Equity Compensation," in connection with this offering, we intend to terminate and liquidate Mr. Redman's restricted stock units and provide Mr. Redman with the underlying shares on the first anniversary of this offering.

(4) The amount reported above under the heading "Market Value of Shares or Units of Stock That Have Not Vested" reflects the fair market value of shares of our common stock as of December 31, 2016.

Director Compensation

Only one of our directors, Spencer D. Armour, III, received compensation for his director service for the fiscal year ended December 31, 2016.

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	Total ($)
Spencer D. Armour, III	220,000	407,869(2)	627,869

(1) All option awards granted to our non-employee director have been valued based on the fair value of the option awards at the grant dates computed in accordance with FASB ASC 718, and do not represent amounts realized by the non-employee director. We provide information regarding the assumptions used to calculate the value of all option awards granted in 2016 in Note 14 to our audited consolidated financial statements included elsewhere in this prospectus.

(2) On July 19, 2016, Mr. Armour was granted 231,019 options to purchase our common stock. This grant was originally scheduled to vest in equal installments on December 31, 2016, June 30, 2017, December 31, 2017, June 30, 2018, and December 30, 2018. These options have a $2.25 exercise price. However, we intend to fully accelerate the vesting of the unvested portion of this grant in connection with this offering. The table below shows the aggregate numbers of option awards (exercisable and unexercisable) held as of December 31, 2016 by Mr. Armour. Mr. Armour did not hold any stock awards as of such date and no other directors held any equity awards as of such date.

Name	**Grant Date**	**Number of Securities Underlying Options**	**Number of Securities Underlying Unexercised Options Exercisable**	**Number of Securities Underlying Unexercised Options Unexercisable**
Spencer D. Armour, III	6/14/2013	699,852	524,889	174,963
	7/19/2016	231,019	46,204	184,815
Total		930,871	571,093	359,778

Narrative to Director Compensation Table

2016 Fees Earned

Mr. Armour was paid $120,000 in director fees in 2016 to compensate him for his attendance at and contributions to our quarterly board meetings, as well as for counseling us and Energy Capital Partners on various strategic matters with respect to the Company during the year, including capital raising and capital expenditure decisions. Additionally, Mr. Armour earned a $100,000 bonus for the year 2016. Similar to the bonuses of the named executive officers, Mr. Armour's bonus was discretionary and determined by our board of directors. In determining bonus amounts, our board of directors considered our performance during the fiscal year, including the private placement round that was closed prior to the end of 2016, as well as the fact that no bonuses were paid with respect to fiscal year 2015. Considering both his director fees and his 2016 bonus, Mr. Armour earned a total of $220,000 for his services as a non-employee director for the Company.

Equity Compensation

Pursuant to the 2013 Stock Option Plan, on June 14, 2013, we granted stock options to purchase 699,852 shares of our common stock to Mr. Armour in his role as a director of the Company. These 2013 options have a $3.96 per share exercise price. Such stock options are scheduled to vest in equal annual installments over four years from the date of the grant. The vesting of the stock options is subject to acceleration upon a change of control of the Company if Mr. Armour remains in the service of the Company. A change of control does not include a public offering, and therefore a change of control will not occur in connection with this offering. Additionally, in connection with this offering, on the effective date of the registration statement of which this prospectus is a part, we intend to allow Mr. Armour to cashlessly exercise the vested portion of his outstanding 2013 options.

On July 19, 2016, we granted additional stock options to Mr. Armour in his role as a director of the Company pursuant to the 2013 Stock Option Plan. Like the options granted on such date to our named executive officers, these 2016 options were primarily granted in order to prevent Mr. Armour's equity ownership from being diluted as a result of Energy Capital Partners' equity contribution to the Company on June 8, 2016. Pursuant to this 2016 grant, Mr. Armour received options to purchase 231,019 shares of our common stock. These 2016 options have a $2.25 per share exercise price. Pursuant to their original terms, such stock options were scheduled to vest in equal five equal semi-annual installments starting on December 31, 2016. The vesting of the stock options was subject to acceleration upon a change of control of the Company if Mr. Armour remained in the service of the Company. A change of control does not include a public offering, and therefore a change of control, for the purposes of the stock options, will not occur in connection with this offering. In connection with this offering, however, we intend to fully accelerate the vesting of the unvested portion of Mr. Armour's 2016 options.

Non-Employee Director Compensation Policy

In connection with this offering, we intend to adopt a non-employee director compensation policy that, effective upon the closing of this offering, will be applicable to each of our non-employee directors who is not an affiliate of Energy Capital Partners. Pursuant to this policy, each eligible non-employee director who is not an affiliate of Energy Capital Partners will receive an annual cash retainer of $55,000. The chairperson of the Board will receive an additional annual cash retainer of $15,000. Further, the chairperson of the audit committee will receive an additional annual cash retainer of $15,000, the chairperson of the compensation committee will receive an additional annual cash retainer of $10,000 and the chairperson of the nominating and governance committee will receive an additional $10,000. Each annual retainer will be paid quarterly in arrears.

Also, pursuant to the non-employee director compensation policy, on the date of any annual meeting of our shareholders, we intend to grant each eligible non-employee director who is not an affiliate of Energy Capital Partners an award of restricted stock units that have a grant date fair value of $100,000. The terms of each such award will be set forth in a written award agreement between each director and us, which will generally provide for vesting after one year of continued service as a director. Any eligible non-employee director who is not an affiliate of Energy Capital Partners and who is elected or appointed mid-year will receive a pro-rated portion of the annual award adjusted to reflect his or her period of service.

All cash and equity awards granted under the non-employee director compensation policy will be granted under, and subject to the limits of, the Plan.

Non-Employee Director Stock Ownership Policy

In connection with this offering, we intend to adopt a non-employee director stock ownership policy that, effective upon the closing of this offering, will be applicable to all of our eligible non-employee directors who are not affiliates of Energy Capital Partners. Pursuant to this policy, each eligible non-employee director who is not an affiliate of Energy Capital Partners is encouraged to hold, on and following the later of the fifth anniversary of (i) the closing and (ii) the non-employee director's election or appointment to the Board, shares of our common stock (valued based on the closing price of our common stock) with a value equal to or in excess of 300% of the non-employee director's annual cash retainer, as such threshold may be amended by our nominating and corporate governance committee from time to time.

Equity Incentive Plans

2013 Stock Option Plan

We maintain the 2013 Stock Option Plan, as described above. On and after the closing of this offering and following the effectiveness of the 2017 Incentive Award Plan (as described below), no further grants will be made under the 2013 Stock Option Plan.

2017 Incentive Award Plan

Prior to the effective date of this offering, we intend to adopt the 2017 Incentive Award Plan, or the Plan, subject to approval by our current shareholders, under which we may grant cash and equity incentive awards to eligible employees, consultants and directors in order to attract, motivate and retain the talent for which we compete. The material terms of the Plan, as it is currently contemplated, are summarized below. Our board of directors is still in the process of developing, approving and implementing the Plan and, accordingly, this summary is subject to change.

Eligibility and Administration. Our employees, consultants and directors, and employees, consultants and directors of our subsidiaries will be eligible to receive awards under the Plan. The Plan will be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 162(m) of the Code, Section 16 of the Exchange Act and/or stock exchange rules, as applicable. The plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the Plan, including any vesting and vesting acceleration conditions.

Limitation on Awards and Shares Available. An aggregate of 5,800,000 shares of our common stock will be available for issuance under awards granted pursuant to the Plan, which shares may be authorized but unissued shares, or shares purchased in the open market. If an award under the Plan is forfeited, expires, is converted to shares of another entity in connection with a spin-off or other similar event or is settled for cash, any shares subject to such award may, to the extent of such forfeiture, expiration, conversion or cash settlement, be used again for new grants under the Plan. However, the following shares may not be used again for grant under the Plan: (1) shares tendered or withheld to satisfy grant or exercise price or tax withholding obligations associated with an award; (2) shares subject to a stock appreciation right, or SAR, that are not issued in connection with the stock settlement of the SAR on its exercise; and (3) shares purchased on the open market with the cash proceeds from the exercise of options.

Awards granted under the Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the Plan. The maximum number of shares of our common stock that may be subject to one or more awards granted to any participant pursuant to the Plan during any calendar year will be 725,000 and the maximum amount that may be paid under a cash award pursuant to the Plan to any one participant during any calendar year period will be $5,000,000; provided that these limitations will not apply until Section 162(m) applies to certain awards under the Plan (as described below). Further, the sum of the grant date fair value of equity-based awards and the amount of any cash compensation granted to a non-employee director during any calendar year will be $400,000.

Awards. The Plan will provide for the grant of stock options, including incentive stock options, or ISOs, and nonqualified stock options, or NSOs, stock appreciation rights, or SARS, restricted stock, restricted stock units, or RSUs, other stock or cash based awards and dividend equivalents. No determination has been made as to the types or amounts of awards that will be granted to specific individuals pursuant to the Plan. Certain awards under the Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards generally will be settled in shares of our common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- *Stock Options.* Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant shareholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant shareholders). Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions.

- *SARs.* SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions.

- *Restricted Stock and RSUs.* Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Conditions applicable to restricted stock and RSUs may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine.

- *Other Stock or Cash Based Awards.* Other stock or cash awards are cash payments, cash bonus awards, stock payments, stock bonus awards or incentive awards paid in cash, shares of our common stock or a combination of both, and may include deferred stock, deferred stock units, retainers, committee fees and meeting based fees.

- *Dividend Equivalents.* Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator. Dividend equivalents may not be paid on awards granted under the Plan unless and until such awards have vested.

The plan administrator will determine whether any awards are intended to constitute "qualified performance-based compensation," or QPBC, within the meaning of Section 162(m) of the Code, in which case (unless the award is a stock option or SAR) the applicable performance criteria will be selected from the list below in accordance with the requirements of Section 162(m) of the Code.

Section 162(m) of the Code imposes a $1 million cap on the compensation deduction that a public company may take in respect of compensation paid to its "covered employees" (which, for emerging growth companies and smaller reporting companies, consists of the Chief Executive Officer and the next two most highly compensated employees, and for all other public companies, includes the Chief Executive Officer and the next three most highly compensated employees other than the Chief Financial Officer), but excludes from the calculation of amounts subject to this limitation any amounts that constitute QPBC. Under current tax law, we do not expect Section 162(m) of the Code to apply to certain awards under the Plan until the earliest to occur of (1) our annual shareholders' meeting at which members of our Board are to be elected in 2021; (2) a material modification of the Plan; (3) an exhaustion of the share supply under the Plan; or (4) the expiration of the Plan. However, QPBC performance criteria may be used with respect to awards that are not intended to constitute QPBC. In addition, the Company may issue awards that are not intended to constitute QPBC even if such awards might be non-deductible as a result of Section 162(m) of the Code.

In order to constitute QPBC under Section 162(m) of the Code, in addition to certain other requirements, the relevant amounts must be payable only upon the attainment of pre-established, objective performance goals set by our compensation committee and linked to shareholder-approved performance criteria. For purposes of the Plan, one or more of the following performance criteria will be used in setting performance goals applicable to QPBC, and may be used in setting performance goals applicable to other awards: (i) adjusted net earnings or losses (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense); (ii) gross or net sales or revenue or sales or revenue growth; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit (either before or after taxes); (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital (or invested capital) and cost of capital; (ix) return on shareholders' equity; (x) total shareholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs, reductions in costs and cost control measures; (xiv) expenses; (xv) working capital; (xvi) earnings or loss per share; (xvii) adjusted earnings or loss per share; (xviii) price per share or dividends per share (or appreciation in and/or maintenance of such price or dividends); (xix) regulatory achievements or compliance (including, without limitation, regulatory body approval for commercialization of a product); (xx) implementation or completion of critical projects; (xxi) market share; (xxii) economic value; (xxiii) productivity; (xxiv) operating efficiency; (xxv) economic value-added; (xxvi) cash flow return on capital; (xxvii) return on net assets; (xxviii) funds from operations; (xxix) funds available for distributions; (xxx) market penetration and geographic business expansion; (xxxi) customer satisfaction/growth; (xxxii) recruitment and retention of personnel; (xxxiii) human resources management; (xxxiv) supervision of litigation and other legal matters; (xxxv) strategic partnerships and transactions; (xxxvi) financial ratios (including those measuring liquidity, activity, profitability or leverage); (xxxvii) financing and other capital raising transactions; (xxxviii) year-end cash; (xxxix) acquisition activity and marketing initiatives; and (xl) safety metrics, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

The Plan also permits the plan administrator, in its sole discretion, to provide for objectively determinable adjustments to the applicable performance criteria in setting performance goals for QPBC awards. Such adjustments may include, but are not limited to, one or more of the following: (i) items related to a change in Applicable Accounting Standards; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the sale or disposition of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or infrequent corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or losses for litigation, arbitration and contractual settlements; (xix) items attributable to expenses incurred in connection with a reduction in force or early retirement initiative; (xx) items relating to foreign exchange or currency transactions and/or fluctuations; or (xxi) items relating to any other unusual or nonrecurring events or changes in Applicable Law, Applicable Accounting Standards or business conditions. For all Awards intended to qualify as Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

Certain Transactions. The plan administrator has broad discretion to take action under the Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our shareholders known as "equity restructurings," the plan administrator will make equitable adjustments to the Plan and outstanding awards. In the event of a change in control of our company (as defined in the Plan), to the extent that the surviving entity declines to continue, convert, assume or replace outstanding awards, all such awards will become fully vested and exercisable in connection with the transaction. Upon or in anticipation of a change of control, the plan administrator may cause any outstanding awards to terminate at a specified time in the future and give the participant the right to exercise such awards during a period of time determined by the plan administrator in its sole discretion. Individual award agreements may provide for additional accelerated vesting and payment provisions.

Foreign Participants, Claw-Back Provisions, Transferability, and Participant Payments. The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw-back policy implemented by our company to the extent set forth in such claw-back policy and/or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the Plan are generally non-transferable prior to vesting, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the Plan, the plan administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, a "market sell order" or such other consideration as it deems suitable.

Plan Amendment and Termination. Our Board may amend or terminate the Plan at any time; however, except in connection with certain changes in our capital structure, shareholder approval will be required for any amendment that increases the number of shares available under the Plan, "reprices" any stock option or SAR, or cancels any stock option or SAR in exchange for cash or another award when the option or SAR price per share exceeds the fair market value of the underlying shares. No award may be granted pursuant to the Plan after the tenth anniversary of the date on which our Board adopts the Plan.

Executive Bonus Plan

Executive Bonus Plan. We intend to adopt a Senior Executive Incentive Bonus Plan, or the Executive Bonus Plan. The Executive Bonus Plan will be designed to provide an incentive for superior work and to motivate covered key executives toward even greater achievement and business results, to tie their goals and interests to those of us and our shareholders and to enable us to attract and retain highly qualified executives. The principal anticipated features of the Executive Bonus Plan are summarized below.

The Executive Bonus Plan is an incentive bonus plan under which certain key executives, including our named executive officers, will be eligible to receive bonus payments with respect to a specified period (for example, our fiscal year). Bonuses will generally be payable under the Executive Bonus Plan upon the attainment of pre-established performance goals. Notwithstanding the foregoing, we may pay bonuses (including, without limitation, discretionary bonuses) to participants under the Executive Bonus Plan based upon such other terms and conditions as the compensation committee may in its discretion determine.

The performance goals under the Executive Bonus Plan will relate to one or more financial, operational or other metrics with respect to individual or company performance with respect to us or any of our subsidiaries, including, but not limited to, the following possible performance goals: (i) adjusted net earnings or losses (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense); (ii) gross or net sales or revenue or sales or revenue growth; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit (either before or after taxes); (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital (or invested capital) and cost of capital; (ix) return on shareholders' equity; (x) total shareholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs, reductions in costs and cost control measures; (xiv) expenses; (xv) working capital; (xvi) earnings or loss per share; (xvii) adjusted earnings or loss per share; (xviii) price per share or dividends per share (or appreciation in and/or maintenance of such price or dividends); (xix) regulatory achievements or compliance (including, without limitation, regulatory body approval for commercialization of a product); (xx) implementation or completion of critical projects; (xxi) market share; (xxii) economic value; (xxiii) productivity; (xxiv) operating efficiency; (xxv) economic value-added; (xxvi) cash flow return on capital; (xxvii) return on net assets; (xxviii) funds from operations; (xxix) funds available for distributions; (xxx) market penetration and geographic business expansion; (xxxi) customer satisfaction/growth; (xxxii) recruitment and retention of personnel; (xxxiii) human resources management; (xxxiv) supervision of litigation and other legal matters; (xxxv) strategic partnerships and transactions; (xxxvi) financial ratios (including those measuring liquidity, activity, profitability or leverage); (xxxvii) financing and other capital raising transactions; (xxxviii) year-end cash; (xxxix) acquisition activity and marketing initiatives; and (xl) safety metrics, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

The Executive Bonus Plan also permits the plan administrator, in its sole discretion, to provide for objectively determinable adjustments to the applicable performance criteria in setting performance goals. Such adjustments may include, but are not limited to, one or more of the following: (i) items related to a change in Applicable Accounting Standards; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the sale or disposition of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or infrequent corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or losses for litigation, arbitration and contractual settlements; (xix) items attributable to expenses incurred in connection with a reduction in force or early retirement initiative; (xx) items relating to foreign exchange or currency transactions and/or fluctuations; or (xxi) items relating to any other unusual or nonrecurring events or changes in Applicable Law, Applicable Accounting Standards or business conditions. For all Awards intended to qualify as Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

The Executive Bonus Plan will be administered by the compensation committee. The compensation committee will select the participants in the Executive Bonus Plan and any performance goals to be utilized with respect to the participants, establish the bonus formulas for each participant's annual bonus, and certify whether any applicable performance goals have been met with respect to a given performance period. The Executive Bonus Plan provides that we may amend or terminate the Executive Bonus Plan at any time in our sole discretion. Any amendments to the Executive Bonus Plan will require shareholder approval only to the extent required by applicable law, rule or regulation. The Executive Bonus Plan will expire on the earlier of:

- the material modification of the Executive Bonus Plan; and
- the first shareholders meeting at which members of our board of directors are elected during 2021.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth the beneficial ownership of our common stock that, upon the consummation of this offering, will be owned by:

- each person known to us to beneficially own more than 5% of any class of our outstanding common stock;
- each of our director and director nominees;
- our executive officers;
- all of our directors, director nominees and executive officers as a group; and
- the selling shareholders.

The underwriters have an option to purchase a maximum of 3,000,000 additional shares.

The amounts and percentage of shares of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of the date of this prospectus, if any, are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable.

The following table does not include any shares of common stock that directors, director nominees and executive officers may purchase in this offering through the directed share program described under "Underwriting."

Name of Beneficial Owner(2)	Shares Beneficially Owned Before this Offering		Number of Shares of Common Stock Offered if the Underwriters' Option to Purchase Additional Shares is not Exercised	Number of Shares of Common Stock Offered if the Underwriters' Option to Purchase Additional Shares is Exercised in Full(7)	Shares Beneficially Owned After this Offering(1) (Assuming No Exercise of the Underwriters' Option to Purchase Additional Shares)		Shares Beneficially Owned After this Offering(1) (Assuming the Underwriters' Option to Purchase Additional Shares is Exercised in Full)	
	Number	Percentage			Number	Percentage	Number	Percentage
Energy Capital Partners(3)	48,330,667	91.8%	8,795,561	11,002,660	39,535,106	49.2%	37,328,007	46.4%
Regiment Capital Special Situations Fund III, LP(4)	3,149,339	6.0%	573,139	716,959	2,576,200	3.2%	2,432,380	3.0%
Double Black Diamond Offshore Ltd.(5)	—	—%	—	—	4,999,998	6.2%	4,999,998	6.2%
Directors/Director Nominees/Named Executive Officers								
Dale Redman(6)	1,564,669	2.9%	—	296,296	1,564,669	1.9%	1,268,373	1.6%
David Sledge(6)	755,908	1.4%	—	87,504	730,315	0.9%	642,811	0.8%
Jeffrey Smith(6)	1,104,980	2.1%	—	177,777	1,104,980	1.4%	927,203	1.1%
Spencer D. Armour, III(6)	755,908	1.4%	—	87,504	730,315	0.9%	642,811	0.8%
Schuyler E. Coppedge	—	—%	—	—	—	—%	—	—%
Stephen Herman	—	—%	—	—	—	—%	—	—%
Matthew H. Himler	—	—%	—	—	—	—%	—	—%
Peter Labbat	—	—%	—	—	—	—%	—	—%
Francesco Ciabatti	—	—%	—	—	—	—%	—	—%
Alan E. Douglas	—	—%	—	—	—	—%	—	—%
Christopher Leininger	—	—%	—	—	—	—%	—	—%
Jack B. Moore	—	—%	—	—	—	—%	—	—%
All Directors, Director Nominees and Executive Officers as a group (13 persons)(6)	4,181,465	7.5%	—	649,081	4,130,279	4.9%	3,481,198	4.2%

* Less than 1%.

(1) Share count gives effect to the conversion of the Series A Preferred Shares into common shares in connection with this offering.

(2) Unless otherwise indicated, the address for each beneficial owners in this table is c/o ProPetro Holding Corp., 1706 S. Midkiff, Bldg. B, Midland, Texas 79701.

(3) Includes (i) 723,802 shares held by Energy Capital Partners II, LP ("ECP II"), (ii) 23,576,901 shares held by Energy Capital Partners II-A, LP ("II-A"), (iii) 4,936,862 shares held by Energy Capital Partners II-B, LP ("II-B"), (iv) 8,672,062 shares held by Energy Capital Partners II-C (Direct IP), LP ("II-C"), (v) 5,810,748 shares held by Energy Capital Partners II-D, LP ("II-D"), and (vi) 4,610,292 shares held by Energy Capital Partners II (Midland Co-Invest), LP ("ECP Co-Invest"). Each of ECP II, II-A, II-B, II-C and II-D is managed by its general partner, Energy Capital Partners GP II, LP. Energy Capital Partners GP II, LP is managed by its general partner, Energy Capital Partners II, LLC ("Energy Capital Partners"). As a result, each of Energy Capital Partners GP II, LP and Energy Capital Partners may be deemed to share beneficial ownership of the shares held by ECP II, ECP II-A, ECP II-B, ECP II-D. ECP Co-Invest is managed by its general partner, Energy Capital Partners GP II Co-Investment (Midland), LLC, which is managed by its sole member, Energy Capital Partners. Douglas W. Kimmelman, Peter Labbat, Thomas K. Lane, Tyler Reeder and Andrew D. Singer are the managing members of, and Rahman D'Argenio is a partner of, Energy Capital Partners and share the power to direct the voting and disposition of the shares beneficially owned by Energy Capital Partners. Each such individual disclaims beneficial ownership of such shares. The address for Energy Capital Partners and each of the other persons and entities in this footnote is 51 John F. Kennedy Parkway, Suite 200, Short Hills, New Jersey 07078.

(4) Special Situations Fund III, L.P. ("SSF III") is managed by its general partner, TCW SSF GP, LLC ("SSF GP"). The investment manager for SSF III is TCW Special Situations LLC ("TCW Special Situations"). Voting and investment decisions with respect to the securities held of record by SSF III has been delegated to a management committee designated by TCW Special Situations. The members of the management committee are Richard Miller, James Bold, Suzanne Grosso and Kyle O'Neil. As such, SSF GP, TCW Special Situations and each management committee member may be deemed to share beneficial ownership of the shares beneficially owned by SSF III. Each such entity and individual disclaims beneficial ownership of such shares.

TCW Special Situations is an indirect, wholly owned subsidiary of The TCW Group, Inc., which is majority owned by investment funds affiliated with The Carlyle Group, L.P. ("The Carlyle Group"). The principal business of The Carlyle Group is acting as a private investment firm with affiliated entities that include certain distinct specialized business units that are independently operated including The TCW Group, Inc.

Entities affiliated with The Carlyle Group may be deemed to share beneficial ownership of the securities reported herein. Information barriers are in place between The TCW Group, Inc. and its subsidiaries, on the one hand (the "TCW Business Unit"), and The Carlyle Group, on the other hand. Therefore, in accordance with Rule 13d-4 under the Exchange Act, The Carlyle Group disclaims beneficial ownership of the shares beneficially owned by the TCW Business Unit reported herein. The TCW Business Unit disclaims beneficial ownership of any shares which may be owned or reported by The Carlyle Group and its affiliates. Neither the TCW Business Unit nor The Carlyle Group and its affiliates are members of a group with each other for purposes of Rule 13d-1 under the Exchange Act with respect to the Shares.

(5) The investment advisor of Double Black Diamond Offshore Ltd. is Carlson Capital, L.P., and the general partner of Carlson Capital, L.P. is Asgard Investment Corp. II. The sole stockholder of Asgard Investment Corp. II. is Asgard Investment Corp., and Clint D. Carlson is its controlling person. The business address of each person and entity named in this footnote 5 is 2100 McKinney Ave, Suite 1800, Dallas, TX 75201.

(6) Includes, for each executive officer, director and director nominee, shares of common stock that are issuable pursuant to options that are currently exercisable or exercisable within 60 days, including pursuant to options for which the vesting is expected to accelerate in full in connection with this offering.

(7) To the extent that the underwriters' option to purchase additional shares is not exercised in full, each of Dale Redman, David Sledge, Jeffrey Smith and Spencer D. Armour, III will sell their shares, on a pro rata basis, prior to the sale of shares by any other selling shareholder.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Procedures for Review, Approval and Ratification of Related Person Transactions

Our board of directors will adopt a code of business conduct and ethics in connection with the completion of this offering that will provide that the board of directors or its authorized committee will review on at least a quarterly basis all transactions with related persons that are required to be disclosed under SEC rules and, when appropriate, initially authorize or ratify all such transactions. In connection with this offering, we will establish an audit committee consisting solely of independent directors whose functions will be set forth in the audit committee charter. We anticipate that one of the audit committee's functions will be to review and approve all relationships and transactions in which we and our directors, director nominees and executive officers and their immediate family members, as well as holders of more than 5% of any class of our voting securities and their immediate family members, have a direct or indirect material interest. We anticipate that such policy will be a written policy included as part the audit committee charter that will be implemented by the audit committee and in the Code of Business Conduct and Ethics that our board of directors will adopt prior to the completion of this offering.

The code of business conduct and ethics will provide that, in determining whether or not to recommend the initial approval or ratification of a transaction with a related person, the board of directors or its authorized committee should consider all of the relevant facts and circumstances available, including (if applicable) but not limited to: (i) whether there is an appropriate business justification for the transaction; (ii) the benefits that accrue to us as a result of the transaction; (iii) the terms available to unrelated third parties entering into similar transactions; (iv) the impact of the transaction on a director's independence (in the event the related person is a director, an immediate family member of a director or an entity in which a director or an immediate family member of a director is a partner, shareholder, member or executive officer); (v) the availability of other sources for comparable services; (vi) whether it is a single transaction or a series of ongoing, related transactions; and (vii) whether entering into the transaction would be consistent with the code of business conduct and ethics.

The code of business conduct and ethics described above will be adopted in connection with the completion of this offering and, therefore, the transactions described below were not reviewed under such policy.

Registration Rights Agreements

We have entered into a registration rights agreement with certain shareholders, including the selling shareholders. Pursuant to the registration rights agreement, we are required to cause a shelf registration statement to be filed as soon as permitted by the applicable securities laws. Also pursuant to the registration rights agreement, certain shareholders have the right to demand we undertake an underwritten offering of such shareholders' shares of our common stock at any time after the first anniversary of the consummation of this offering, in addition to certain "piggyback" rights when we undertake an underwritten offering of shares of our common stock. We have also entered into a registration rights agreement with the holders of our Series A Preferred Shares. Please read "Shares Eligible for Future Sale."

Existing Shareholders Agreement

We have entered into a shareholders agreement with certain of our shareholders pursuant to which certain shareholders are entitled to nominate directors to our board of directors, in addition to other transfer restrictions and pre-emptive rights with respect to our shares. This shareholders agreement will terminate upon the consummation of this offering.

Stockholders Agreement

In connection with this offering, we intend to enter into a new stockholders agreement with Energy Capital Partners that will provide Energy Capital Partners and its affiliates who hold our shares certain rights to designate nominees for election to our board of directors. The stockholders agreement will provide that, subject to compliance with applicable law and stock exchange rules, for so long as Energy Capital Partners and its affiliates beneficially own at least 50% of our common stock then outstanding, it shall be entitled to designate a majority of the directors on our board of directors; for so long as Energy Capital Partners and its affiliates beneficially own at least 30% of our common stock then outstanding, it shall be entitled to designate a number of directors equal to one fewer than a majority of the directors; for so long as Energy Capital Partners and its affiliates beneficially own at least 20% of our common stock then outstanding, it shall be entitled to designate the greater of three directors and 25% of the total number of directors (rounded up to the next whole number); and for so long as Energy Capital Partners and its affiliates beneficially own at least 10% of our common stock then outstanding, it shall be entitled to designate the greater of two directors and 15% of the total number of directors (rounded up to the next whole number); and for so long as Energy Capital Partners and its affiliates beneficially own at least 5% of our common stock then outstanding, it shall be entitled to designate one director.

Pursuant to the stockholders agreement, our board of directors will initially consist of ten directors, six of which are to be designated by Energy Capital Partners. If, following the consummation of this offering, Energy Capital Partners no longer owns a majority of our outstanding common stock, upon the appointment to our board of a third director that satisfies the independence requirements of the SEC and the NYSE, one of the directors designated by Energy Capital Partners will be removed from the board.

Energy Capital Partners shall be entitled to designate the replacement for any of its board designees whose board service terminates prior to the end of the director's term regardless of their beneficial ownership at such time. Energy Capital Partners shall also have the right, but not the obligation, to designate at least one of its nominees as a member to each of the committees of our board of directors for so long as it has the right to designate at least one director, subject to compliance with applicable law and stock exchange rules.

For so long as Energy Capital Partners and its affiliates hold at least 30% of our outstanding common stock, we and our subsidiaries shall not, without the approval of Energy Capital Partners and its affiliates:

- effect any transaction or series of related transactions that would result in a change of control of our company or a sale of all or substantially all of our assets (or enter into any agreement to take such action);
- issue any additional equity securities other than under equity compensation plans approved by our shareholders or intra-company issuances among the company and our subsidiaries; or
- change the size of our board of directors.

Additionally, for as long as Energy Capital Partners and its affiliates hold at least 10% of our outstanding common stock, any directors designated by Energy Capital Partners will have certain information and access rights to our management, including the right to receive our annual budget, business plan and financial forecasts.

The stockholders agreement will terminate upon the earliest to occur of (a) the dissolution of the Company, (b) the date on which Energy Capital Partners and its affiliates cease to own any outstanding shares of our common stock and (c) the written agreement of the company and Energy Capital Partners.

Indemnification Agreements

Our bylaws will provide that we will indemnify our directors and officers to the fullest extent permitted by law. In addition, we intend to enter into separate indemnification agreements with our directors and certain officers. Each indemnification agreement will provide, among other things, for indemnification to the fullest extent permitted by law and our bylaws against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements will provide for the advancement or payment of all expenses to the indemnitee and for the reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our bylaws.

Payments to Executive Officers

For the years ended December 31, 2015 and 2016, we paid Dale Redman, our Chief Executive Officer, $164,000 and $186,000, respectively, for reimbursement of costs incurred through use of his aircraft.

We rent certain flowback equipment from PD Properties, an entity jointly owned by Dale Redman. For the years ended December 31, 2015 and 2016, we paid $192,000 and $192,000, respectively.

We lease our corporate headquarters from South Midkiff Partners LLC, a entity owned jointly by Dale Redman, David Sledge, Spencer D. Armour, III and Jeff Smith pursuant to a five-year lease agreement with a five-year extension option requiring a base rent of $72,000 per year. In addition, we lease five properties adjacent to our corporate office from South Midkiff Partners LLC with annual base rents of $30,000, $30,000, $90,000, $90,000, and $180,000.

Jordan Frosch is a corporate sales manager for our company and the son-in-law of Dale Redman. Mr. Frosch received total compensation of approximately $137,500 in 2016 for his services. His current annual salary is approximately $179,000.

DESCRIPTION OF CAPITAL STOCK

We are currently organized as a Texas corporation. Prior to the completion of this offering, we intend to change the jurisdiction of our incorporation to the State of Delaware.

The following description of the anticipated certification of incorporation and bylaws of ProPetro Holding Corp. does not purport to be complete and is qualified in its entirety by reference to the provisions of applicable law and to our anticipated certificate of incorporation, bylaws and stockholders agreement, which are filed as exhibits to the registration statement of which this prospectus is a part.

Common Stock

Except as provided by law or in a preferred stock designation, holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the shareholder, will have the exclusive right to vote for the election of directors and do not have cumulative voting rights. Except as otherwise required by law, holders of common stock, are not entitled to vote on any amendment to the certificate of incorporation (including any certificate of designations relating to any series of preferred stock) that relates solely to the terms of any outstanding series of preferred stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the certificate of incorporation (including any certificate of designations relating to any series of preferred stock) or pursuant to the DGCL. Subject to prior rights and preferences that may be applicable to any outstanding shares or series of preferred stock, holders of common stock are entitled to receive ratably in proportion to the shares of common stock held by them such dividends (payable in cash, stock or otherwise), if any, as may be declared from time to time by our board of directors out of funds legally available for dividend payments. All outstanding shares of common stock are fully paid and non-assessable. The holders of common stock have no preferences or rights of conversion, exchange, pre-emption or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, holders of common stock will be entitled to share ratably in our assets in proportion to the shares of common stock held by them that are remaining after payment or provision for payment of all of our debts and obligations and after distribution in full of preferential amounts to be distributed to holders of outstanding shares of preferred stock, if any.

Preferred Stock

Our certificate of incorporation authorizes our board of directors, subject to any limitations prescribed by law and in our stockholders agreement, without further stockholder approval, to establish and to issue from time to time one or more classes or series of preferred stock, par value $0.001 per share, covering up to an aggregate of 30,000,000 shares of preferred stock. Each class or series of preferred stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by the board of directors, which may include, among others, dividend rights, liquidation preferences, voting rights, conversion rights, preemptive rights and redemption rights. Except as provided by law or in a preferred stock designation, the holders of preferred stock will not be entitled to vote at or receive notice of any meeting of stockholders.

Series A Preferred Stock

In connection with the consummation of this offering, all 11,724,134 shares of outstanding Series A Preferred Stock will be automatically converted into shares of common stock at the applicable conversion price described in "Recent Events — Convertible Preferred Private Placement."

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

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

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

Delaware Law

Section 203 of the DGCL prohibits a Delaware corporation, including those whose securities are listed for trading on the NYSE, from engaging in any business combination (as defined in Section 203) with any interested stockholder (as defined in Section 203) for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the business combination or the transaction which resulted in the shareholder becoming an interested shareholder is approved by the board of directors before the date the interested shareholder attained that status;

- upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

- on or after such time the business combination is approved by the board of directors and authorized at a meeting of shareholders by at least two-thirds of the outstanding voting stock that is not owned by the interested shareholder.

A corporation may elect not to be subject to Section 203 of the DGCL. We have elected to not be subject to the provisions of Section 203 of the DGCL.

Transfer Agent and Registrar

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

Listing

We have been approved to list of our common stock on the NYSE, subject to official notice of issuance, under the symbol "PUMP."

SHARES ELIGIBLE FOR FUTURE SALE

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

Sales of Restricted Shares

Upon completion of this offering, we will have outstanding an aggregate of 80,433,950 shares of common stock, after giving effect to the 1.45 for 1 stock split of our common stock and including shares of common stock issued upon the automatic conversion of the Series A Preferred Shares upon the consummation of this offering. Of these shares, all of the 20,000,000 shares of common stock to be sold in this offering (or 23,000,000 shares assuming the underwriters exercise the option to purchase additional shares in full) will be freely tradable without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 under the Securities Act. All remaining shares of common stock will be deemed "restricted securities" as such term is defined under Rule 144. The restricted securities were, or will be, issued and sold by us in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below.

As a result of the lock-up agreements described below and the provisions of Rule 144 and Rule 701 under the Securities Act, all of the shares of our common stock (excluding the shares to be sold in this offering) will be available for sale in the public market upon the expiration of the lock-up agreements, beginning 180 days after the date of this prospectus (subject to extension) and when permitted under Rule 144 or Rule 701.

Lock-up Agreements

We, all of our directors and executive officers and holders of substantially all of our outstanding common stock will agree not to sell any common stock or securities convertible into or exchangeable for shares of common stock for a period of 180 days from the date of this prospectus, subject to certain exceptions. Participants in our directed share program who purchase $100,000 or more of shares of common stock under the program will be subject to similar restrictions for a period of 180 days from the date of this prospectus. For a description of these lock-up provisions, please see the sections entitled "Underwriting" and "Underwriting — Directed Share Program."

Rule 144

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

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

Rule 701

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

Stock Issued Under Employee Plans

We intend to file a registration statement on Form S-8 under the Securities Act to register stock issuable under our 2013 Stock Option Plan and our 2017 Incentive Award Plan. This registration statement on Form S-8 is expected to be filed following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions with us, Rule 144 restrictions applicable to our affiliates or the lock-up restrictions described above.

Registration Rights Agreement

We have entered into a registration rights agreement with certain shareholders, including the selling shareholders. Pursuant to the registration rights agreement, we are required to cause a shelf registration statement to be filed as soon as permitted by the applicable securities laws. Also pursuant to the registration rights agreement, certain shareholders have the right to demand we undertake an underwritten offering of such shareholders' shares of our common stock at any time after the first anniversary of the consummation of this offering. Pursuant to this provision, Energy Capital Partners will have the right to demand up to five underwritten offerings, and Regiment will have the right to demand up to two underwritten offerings, so long as the minimum expected offering price is $15 million. In addition, shareholders have certain "piggyback" rights when we undertake an underwritten offering of shares of our common stock, subject to customary cutbacks.

Preferred Shareholder Registration Rights Agreement

In connection with the recent sale of Series A Preferred Stock, we have entered into a registration rights agreement with the holders of Series A Preferred Stock. The Series A Preferred Stock will automatically convert in common stock upon the consummation of this offering. Pursuant to this registration rights agreement, we are required to use commercially reasonable efforts to cause a shelf registration statement for the converted common stock to become effective no later than 180 days following the consummation of this offering. Also pursuant to this registration rights agreement, each holder of converted Series A Preferred Stock has the right to demand we undertake an underwritten offering of such shareholders' shares of our common stock at any time after the six-month anniversary of the consummation of this offering up to a maximum of five underwritten offerings in the aggregate, each of which must have a minimum expected offering price of $15 million. In addition, holders have certain "piggyback" rights when we undertake an underwritten offering of shares of our common stock, subject to customary cutbacks.

Existing Shareholders Agreement

We have entered into a shareholders agreement with certain of our shareholders pursuant to which certain shareholders are entitled to nominate directors to our board of directors, in addition to other transfer restrictions and pre-emptive rights with respect to our shares. This shareholders agreement will terminate upon the consummation of this offering.

Stockholders Agreement

In connection with the consummation of this offering, we will enter into a new stockholders agreement with Energy Capital Partners. Please see "Certain Relationships and Related Party Transactions — Stockholders Agreement."

Indemnification Agreements

Our amended and restated bylaws will provide that we will indemnify our directors and officers to the fullest extent permitted by law. In addition, we intend to enter into separate indemnification agreements with our directors and certain officers. Each indemnification agreement will provide, among other things, for indemnification to the fullest extent permitted by law and our amended and restated bylaws against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements will provide for the advancement or payment of all expenses to the indemnitee and for the reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our amended and restated bylaws.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder ("Treasury Regulations"), judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "IRS"), in each case as in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to those discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- "qualified foreign pension funds" (within the meaning of Section 897(1)(2) of the Code and entities, all of the interests of which are held by qualified foreign pension funds); and
- tax-qualified retirement plans.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our common stock that is neither a "U.S. person" nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section entitled "Dividend Policy" we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "—Sale or Other Taxable Disposition."

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes to us or our paying agent prior to the payment of dividends a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits (as adjusted for certain items), which will include such effectively connected dividends. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a United States real property interest ("USRPI") by reason of our status as a United States real property holding corporation ("USRPHC") for U.S. federal income tax purposes.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits (as adjusted for certain items), which will include such effectively connected gain.

A Non-U.S. Holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on any gain derived from the disposition, which may generally be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period. If we were to become a USRPHC and our common stock were not considered to be "regularly traded" on an established securities market during the calendar year in which the relevant disposition by a Non-U.S. holder occurs, such Non-U.S. holder (regardless of the percentage of stock owned) would be subject to U.S. federal income tax on a sale or other taxable disposition of our common stock and a 15% withholding tax would apply to the gross proceeds from such disposition.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the Non-U.S. Holder is a United States person and the Non-U.S. Holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such Non-U.S. Holder is a United States person, or the Non-U.S. Holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA") on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code) (including, in some cases, when such foreign financial institution or non-financial foreign entity is acting as an intermediary), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each direct and indirect substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock, and will apply to payments of gross proceeds from the sale or other disposition of such stock on or after January 1, 2019.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING

The Company, the selling stockholders and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. and Barclays Capital Inc. are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman, Sachs & Co.	
Barclays Capital Inc.	
Credit Suisse Securities (USA) LLC	
J.P. Morgan Securities LLC	
Evercore Group L.L.C.	
RBC Capital Markets, LLC	
Piper Jaffray & Co.	
Raymond James & Associates, Inc.	
Tudor, Pickering, Holt & Co. Securities, Inc.	
Deutsche Bank Securities Inc.	
Johnson Rice & Company L.L.C.	
Total	20,000,000

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 3,000,000 shares from the selling stockholders to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us and the selling stockholders. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 3,000,000 additional shares.

	Per Share		Total	
	Without Option Exercise	With Option Exercise	Without Option Exercise	With Option Exercise
Underwriting Discounts and Commissions paid by us	$	$	$	$
Underwriting Discounts and Commissions paid by the selling stockholders	$	$	$	$

The expenses of this offering that have been paid or are payable by us are estimated to be approximately $1.8 million (excluding underwriting discounts and commissions). We have agreed to pay expenses incurred by the selling stockholders in connection with this offering, other than the underwriting discounts and commissions.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price.

After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The Company and its officers, directors, and holders of substantially all of the Company's common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock, and the Company has agreed not to file a registration statement in respect of any common stock or securities convertible or exchangeable into common stock, during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman, Sachs & Co. and Barclays Capital Inc. This agreement does not apply to any existing employee benefit plans or to the registration of the sale of shares issuable upon conversion of our Series A Preferred Stock, as required by the registration rights agreement with the holders of Series A Preferred Stock. See "Shares Available for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among the Company and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be the Company's historical performance, estimates of the business potential and earnings prospects of the Company, an assessment of the Company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

An application has been made to list our common stock on the NYSE under the symbol "PUMP." In order to meet one of the requirements for listing the common stock on the NYSE, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 400 beneficial holders.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the Company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relative Member State") an offer to the public of our common shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of our common shares may be made at any time under the following exemptions under the Prospectus Directive:

- To any legal entity which is a qualified investor as defined in the Prospectus Directive;
- To fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or
- In any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer or shares of our common stock shall result in a requirement for the publication by us or any Brazilian placement agent of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to public" in relation to our common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and our common shares to be offered so as to enable an investor to decide to purchase our common shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended), including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

In the United Kingdom, this prospectus is only addressed to and directed as qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged with relevant persons. Any person who is not a relevant person should not act or relay on this prospectus or any of its contents.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the

SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32")

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Directed Share Program

At our request, the underwriters have reserved for sale at the initial public offering price up to 531,565 of the shares offered by the Company hereby (approximately 5%) for officers, directors, employees and certain other persons associated with us. The number of shares available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby. Any participants in this program shall be prohibited from selling, pledging or assigning any shares sold to them pursuant to this program for a period of 180 days after the date of this prospectus. Participants in the directed share program who purchase $100,000 or more of shares of common stock under the program will be subject to a 180-day lock-up period with respect to any shares of common stock sold to them under the program. This lock-up will have similar restrictions to the lock-up agreements described above.

The Company and the selling shareholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Latham & Watkins LLP, Houston, Texas. Certain legal matters in connection with this offering will be passed upon for the underwriters by Vinson & Elkins L.L.P., Houston, Texas.

EXPERTS

The consolidated financial statements included in this Prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such consolidated financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 relating to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement. For further information regarding us and the shares of common stock offered by this prospectus, we refer you to the full registration statement, including its exhibits and schedules, filed under the Securities Act. The registration statement, of which this prospectus constitutes a part, including its exhibits and schedules, may be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Copies of the materials may also be obtained from the SEC at prescribed rates by writing to the Public Reference Room. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The SEC maintains a website at *http://www.sec.gov* that contains reports, information statements and other information regarding issuers that file electronically with the SEC. Our registration statement, of which this prospectus constitutes a part, can be downloaded from the SEC's website. After the completion of this offering, we will file with or furnish to the SEC periodic reports and other information. These reports and other information may be inspected and copied at the Public Reference Room maintained by the SEC or obtained from the SEC's website as provided above. Following the completion of this offering, our website will be located at *http://www.propetroservices.com.* We intend to make our periodic reports and other information filed with or furnished to the SEC available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

We intend to furnish or make available to our shareholders annual reports containing our audited financial statements prepared in accordance with GAAP. We also intend to furnish or make available to our shareholders quarterly reports containing our unaudited interim financial information, including the information required by Form 10-Q, for the first three fiscal quarters of each fiscal year.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words "may," "could," "plan," "project," "budget," "predict," "pursue," "target," "seek," "objective," "believe," "expect," "anticipate," "intend," "estimate," and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include statements about our business strategy, our industry, our future profitability, our expected capital expenditures and the impact of such expenditures on our performance, the costs of being a publicly traded corporation and our capital programs.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- the level of production of crude oil, natural gas and other hydrocarbons and the resultant market prices of crude oil, natural gas, natural gas liquids and other hydrocarbons;
- changes in general economic and geopolitical conditions;
- competitive conditions in our industry;
- changes in the long-term supply of and demand for oil and natural gas;
- actions taken by our customers, competitors and third-party operators;
- changes in the availability and cost of capital;
- our ability to successfully implement our business plan;
- large or multiple customer defaults, including defaults resulting from actual or potential insolvencies;
- the price and availability of debt and equity financing (including changes in interest rates);
- our ability to complete growth projects on time and on budget;
- changes in our tax status;
- technological changes;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- the effects of existing and future laws and governmental regulations (or the interpretation thereof);
- the effects of future litigation; and
- other factors discussed in this prospectus.

You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs at the time they are made, forward-looking statements involve known and unknown risks, uncertainties and other factors, including the factors described under "Risk Factors," which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, unless required by law. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

GLOSSARY OF OIL AND NATURAL GAS TERMS

Acidizing. The pumping of acid into the wellbore to remove near-well formation damage and other damaging substances. This procedure commonly enhances production by increasing the effective well radius. When performed at pressures above the pressure required to fracture the formation, the procedure is often referred to as acid fracturing.

Air drilling. A drilling technique whereby gases (typically compressed air or nitrogen) are used to cool the drill bit and lift cuttings out of the wellbore, instead of the more conventional use of liquids. The advantages of air drilling are that it is usually much faster than drilling with liquids and it may eliminate lost circulation problems. The disadvantages are the inability to control the influx of formation fluid into the wellbore and the destabilization of the borehole wall in the absence of the wellbore pressure typically provided by liquids

Blowout. An uncontrolled flow of reservoir fluids into the wellbore, and sometimes catastrophically to the surface. A blowout may consist of salt water, oil, natural gas or a mixture of these. Blowouts can occur in all types of exploration and production operations, not just during drilling operations. If reservoir fluids flow into another formation and do not flow to the surface, the result is called an underground blowout. If the well experiencing a blowout has significant open-hole intervals, it is possible that the well will bridge over (or seal itself with rock fragments from collapsing formations) down-hole and intervention efforts will be averted.

Cementing. To use pressure pumping equipment to deliver a slurry of liquid cement that is pumped down a well between the casing and the borehole. Cementing provides isolation between fluid zones behind the casing to minimize potential damage to hydrocarbon bearing formations or the freshwater aquifers, and provides structural integrity for the casing by securing it to the earth.

Coiled tubing. A long, continuous length of pipe wound on a spool. The pipe is straightened prior to pushing into a wellbore and rewound to coil the pipe back onto the transport and storage spool. Depending on the pipe diameter (1 in. to $4^1/_2$ in.) and the spool size, coiled tubing can range from 2,000 ft. to 15,000 ft. (610 m to 4,570 m) or greater length.

Completion. A generic term used to describe the assembly of down-hole tubulars and equipment required to enable safe and efficient production from an oil or gas well. The point at which the completion process begins may depend on the type and design of the well.

Downhole. Pertaining to or in the wellbore (as opposed to being on the surface).

Downhole motor. A drilling motor located in the drill string above the drilling bit powered by the flow of drilling mud. Down-hole motors are used to increase the speed and efficiency of the drill bit or can be used to steer the bit in directional drilling operations. Drilling motors have become very popular because of horizontal and directional drilling applications and the increase of day rates for drilling rigs.

Drilling rig. The machine used to drill a wellbore.

Flowback. The process of allowing fluids to flow from the well following a treatment, either in preparation for a subsequent phase of treatment or in preparation for cleanup and returning the well to production.

Frac sand. A proppant used in the completion and re-completion of unconventional oil and natural gas wells to stimulate and maintain oil and natural gas production through the process of hydraulic fracturing.

Frac stage. A specified portion of the section of the wellbore that is being stimulated through hydraulic fracturing techniques. The average number of frac stages per horizontal well has increased dramatically as hydraulic fracturing has become standard industry practice and as the lateral lengths of horizontal wells has increased.

Horizontal drilling. A subset of the more general term "directional drilling," used where the departure of the wellbore from vertical exceeds about 80 degrees. Note that some horizontal wells are designed such that after reaching true 90-degree horizontal, the wellbore may actually start drilling upward. In such cases, the angle past 90 degrees is continued, as in 95 degrees, rather than reporting it as deviation from vertical, which would then be 85 degrees. Because a horizontal well typically penetrates a greater length of the reservoir, it can offer significant production improvement over a vertical well.

Hydraulic fracturing. A stimulation treatment routinely performed on oil and gas wells in low permeability reservoirs. Specially engineered fluids are pumped at high pressure and rate into the reservoir interval to be treated, causing a vertical fracture to open. The wings of the fracture extend away from the wellbore in opposing directions according to the natural stresses within the formation. Proppant, such as grains of sand of a particular size, is mixed with the treatment fluid to keep the fracture open when the treatment is complete. Hydraulic fracturing creates high-conductivity communication with a large area of formation and bypasses any damage that may exist in the near-wellbore area.

Hydrocarbon. A naturally occurring organic compound comprising hydrogen and carbon. Hydrocarbons can be as simple as methane, but many are highly complex molecules, and can occur as gases, liquids or solids. Petroleum is a complex mixture of hydrocarbons. The most common hydrocarbons are natural gas, oil and coal.

Natural gas liquids. Components of natural gas that are liquid at surface in field facilities or in gas-processing plants. Natural gas liquids can be classified according to their vapor pressures as low (condensate), intermediate (natural gasoline) and high (liquefied petroleum gas) vapor pressure.

Plugging. The process of permanently closing oil and gas wells no longer capable of producing in economic quantities. Plugging work can be performed with a well servicing rig along with wireline and cementing equipment; however, this service is typically provided by companies that specialize in plugging work.

Pressure pumping. Services that include the pumping of liquids under pressure.

Producing formation. An underground rock formation from which oil, natural gas or water is produced. Any porous rock will contain fluids of some sort, and all rocks at considerable distance below the Earth's surface will initially be under pressure, often related to the hydrostatic column of ground waters above the reservoir. To produce, rocks must also have permeability, or the capacity to permit fluids to flow through them.

Proppant. Sized particles mixed with fracturing fluid to hold fractures open after a hydraulic fracturing treatment. In addition to naturally occurring sand grains, man-made or specially engineered proppants, such as resin-coated sand or high-strength ceramic materials like sintered bauxite, may also be used. Proppant materials are carefully sorted for size and sphericity to provide an efficient conduit for production of fluid from the reservoir to the wellbore.

Shale. A fine-grained, fissile, sedimentary rock formed by consolidation of clay- and silt-sized particles into thin, relatively impermeable layers.

Stimulation. A treatment performed to restore or enhance the productivity of a well. Stimulation treatments fall into two main groups, hydraulic fracturing treatments and matrix treatments. Fracturing treatments are performed above the fracture pressure of the reservoir formation and create a highly conductive flow path between the reservoir and the wellbore. Matrix treatments are performed below the reservoir fracture pressure and generally are designed to restore the natural permeability of the reservoir following damage to the near-wellbore area. Stimulation in shale gas reservoirs typically takes the form of hydraulic fracturing treatments.

Unconventional resource. An umbrella term for oil and natural gas that is produced by means that do not meet the criteria for conventional production. What has qualified as "unconventional" at any particular time is a complex function of resource characteristics, the available exploration and production technologies, the economic environment, and the scale, frequency and duration of production from the resource. Perceptions of these factors inevitably change over time and often differ among users of the term. At present, the term is used in reference to oil and gas resources whose porosity, permeability, fluid trapping mechanism, or other characteristics differ from conventional sandstone and carbonate reservoirs. Coalbed methane, gas hydrates, shale gas, fractured reservoirs and tight gas sands are considered unconventional resources.

Utilization. The percentage of our fleet in use by our customers at the applicable time or for the applicable period of determination.

Wellbore. The physical conduit from surface into the hydrocarbon reservoir.

Workover. The process of performing major maintenance or remedial treatments on an oil or gas well. In many cases, workover implies the removal and replacement of the production tubing string after the well has been killed and a workover rig has been placed on location. Through-tubing workover operations, using coiled tubing, snubbing or slickline equipment, are routinely conducted to complete treatments or well service activities that avoid a full workover where the tubing is removed. This operation saves considerable time and expense.

Zipper frac. A hydraulic fracturing process where hydraulic fracturing operations are carried out concurrently at two or more parallel horizontal wellbores. In this process, one well holds frac pressure, while the adjacent well is stimulated through hydraulic fracturing. Hydraulic fracturing is alternated between each well, so the fracturing stages are placed opposite each other, resembling the teeth of a zipper.

INDEX TO FINANCIAL STATEMENTS

ProPetro Holding Corp.

Historical Consolidated Financial Statements

Audited Consolidated Financial Statements for the Years Ended December 31, 2016 and 2015:

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Changes in Shareholders' Equity	F-5
Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
ProPetro Holding Corp. and Subsidiary
Midland, Texas

We have audited the accompanying consolidated balance sheets of ProPetro Holding Corp. and Subsidiary (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the two years in the period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 22, 2017

PROPETRO HOLDING CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 133,595,602	$ 34,310,323
Accounts receivable — net of allowance for doubtful accounts of $551,909 and $845,681, respectively	115,178,992	90,290,905
Inventories	4,712,850	8,572,015
Prepaid expenses	4,608,862	4,488,180
Other current assets	6,683,739	803,828
Total current assets	264,780,045	138,465,251
PROPERTY AND EQUIPMENT — Net of accumulated depreciation	263,861,645	291,838,498
OTHER NONCURRENT ASSETS:		
Goodwill	9,424,999	10,602,147
Intangible assets — net of amortization	589,039	877,027
Deferred revenue rebate — net of amortization	2,461,669	4,307,921
Other noncurrent assets	304,901	363,490
Total other noncurrent assets	12,780,608	16,150,585
TOTAL ASSETS	$ 541,422,298	$ 446,454,334
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 129,092,821	$ 87,365,143
Accrued liabilities	13,619,471	7,051,915
Current portion of long-term debt	16,920,074	16,295,302
Accrued interest payable	108,337	76,794
Total current liabilities	159,740,703	110,789,154
DEFERRED INCOME TAXES	1,148,470	29,120,052
LONG-TERM DEBT — Net of deferred loan costs	159,407,085	236,875,829
OTHER LONG-TERM LIABILITIES	116,553	98,068
Total liabilities	320,412,811	376,883,103
COMMITMENTS AND CONTINGENCIES (Note 17)		
SHAREHOLDERS' EQUITY:		
Preferred stock, $0.001 par value — 30,000,000 shares authorized and 11,724,134 and 0 shares issued and outstanding at 2016 and 2015, respectively	11,724	—
Preferred stock, additional paid-in capital	162,499,450	—
Common stock, $0.001 par value — 200,000,000 shares authorized and 36,294,936 and 24,132,871 shares issued and outstanding at 2016 and 2015, respectively	36,295	24,133
Common stock, additional paid-in capital	265,371,527	223,309,211
Accumulated deficit	(206,909,509)	(153,762,113)
Total shareholders' equity	221,009,487	69,571,231
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 541,422,298	$ 446,454,334

See notes to consolidated financial statements.

PROPETRO HOLDING CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
REVENUE — Total service revenue	$ 436,920,270	$ 569,617,758
COSTS AND EXPENSES:		
Cost of services (exclusive of depreciation and amortization)	404,140,241	483,337,584
General and administrative (inclusive of stock-based compensation)	26,613,123	27,369,740
Depreciation and amortization	43,541,679	50,133,993
Property and equipment impairment expense	6,305,426	36,609,332
Goodwill impairment expense	1,177,148	—
Loss on disposal of assets	22,528,670	21,267,985
Total costs and expenses	504,306,287	618,718,634
OPERATING LOSS	(67,386,017)	(49,100,876)
OTHER INCOME (EXPENSE):		
Interest expense	(20,386,695)	(21,641,454)
Gain on extinguishment of debt	6,974,805	—
Other expense	(321,071)	(497,924)
Total other expense	(13,732,961)	(22,139,378)
LOSS BEFORE INCOME TAXES	(81,118,978)	(71,240,254)
INCOME TAX BENEFIT	(27,971,582)	(25,387,570)
NET LOSS	$ (53,147,396)	$ (45,852,684)
NET LOSS PER COMMON SHARE:		
Basic	$ (1.72)	$ (1.90)
Diluted	$ (1.72)	$ (1.90)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	30,887,370	24,132,871
Diluted	30,887,370	24,132,871

See notes to consolidated financial statements.

PROPETRO HOLDING CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Preferred Stock	Preferred Additional Paid-In Capital	Common Stock	Common Additional Paid-In Capital	Accumulated Deficit	Total
BALANCE — January 1, 2015	$ —	$ —	$ 24,133	$222,070,387	$(107,909,429)	$114,185,091
Stock-based compensation cost	—	—	—	1,238,824	—	1,238,824
Net loss	—	—	—	—	(45,852,684)	(45,852,684)
BALANCE — December 31, 2015	$ —	$ —	$ 24,133	$223,309,211	$(153,762,113)	$ 69,571,231
BALANCE — January 1, 2016	$ —	$ —	$ 24,133	$223,309,211	$(153,762,113)	$ 69,571,231
Stock-based compensation cost	—	—	—	1,649,282	—	1,649,282
Additional common equity capitalization	—	—	12,162	40,413,034	—	40,425,196
Preferred equity capitalization, net of costs	11,724	162,499,450			—	162,511,174
Net loss	—	—	—	—	(53,147,396)	(53,147,396)
BALANCE — December 31, 2016	$ 11,724	$162,499,450	$ 36,295	$265,371,527	$(206,909,509)	$221,009,487

See notes to consolidated financial statements.

PROPETRO HOLDING CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (53,147,396)	$ (45,852,684)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	43,541,679	50,133,993
Gain on extinguishment of debt	(6,974,805)	—
Property and equipment impairment expense	6,305,426	36,609,332
Goodwill impairment expense	1,177,148	—
Deferred income tax benefit	(27,971,582)	(23,944,640)
Amortization of deferred revenue rebate	1,846,251	1,846,251
Amortization of deferred debt issuance costs	2,090,874	1,351,202
Stock-based compensation	1,649,282	1,238,824
Loss on disposal of assets	22,528,670	21,267,985
(Gain) loss on interest rate swap	(205,422)	260,168
Changes in operating assets and liabilities:		
Accounts receivable	(24,888,087)	67,348,446
Other current assets	(562,897)	8,666
Inventories	3,859,165	(622,494)
Prepaid expenses	(62,093)	2,081,537
Accounts payable	37,047,563	(23,889,408)
Accrued liabilities	4,392,287	(6,294,956)
Accrued interest	31,544	(311,500)
Net cash provided by operating activities	10,657,607	81,230,722
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(42,831,884)	(62,855,418)
Proceeds from sale of assets	1,144,200	79,045
Net cash used in investing activities	(41,687,684)	(62,776,373)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	—	60,718,300
Repayments of borrowings	(41,295,302)	(73,781,755)
Proceeds from insurance financing	4,126,462	4,105,133
Repayments of insurance financing	(4,527,287)	(6,257,342)
Extinguishment of debt	(30,000,000)	—
Payment of debt extinguishment costs	(525,196)	—
Payment of debt issuance costs	(139,543)	—
Proceeds from additional common equity capitalization	40,425,196	—
Proceeds from preferred equity capitalization	169,999,943	—
Payment of preferred equity capitalization costs	(7,488,768)	—
Payment of deferred IPO costs	(260,149)	—
Net cash provided by (used in) financing activities	130,315,356	(15,215,664)
NET INCREASE IN CASH AND CASH EQUIVALENTS	99,285,279	3,238,685
CASH AND CASH EQUIVALENTS — Beginning of year	34,310,323	31,071,638
CASH AND CASH EQUIVALENTS — End of year	$ 133,595,602	$ 34,310,323

See notes to consolidated financial statements.

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

1. ORGANIZATION AND HISTORY

ProPetro Holding Corp. ("Holding"), a Texas corporation was formed on April 14, 2007, to serve as a holding company for its wholly owned subsidiary ProPetro Services, Inc. ("Services"), a Texas corporation. Services provide hydraulic fracturing, cementing, acidizing, coil tubing, permian drilling, surface drilling and flowback services to oil and gas producers, located primarily in Texas, Oklahoma, New Mexico, Utah, Colorado, and Wyoming.

On March 4, 2013, a majority interest in the Company was purchased by Energy Capital Partners ("ECP"), an energy-focused private equity firm (see Note 18).

On December 22, 2016, the Company restated and amended the Company's Shareholders Agreement and certificate of formation in the state of Texas, approving a reverse stock split, such that each holder of common stock of the Company shall receive one share of common stock for every 170.4667 shares of previous common stock held. In conjunction, the Company amended the amount of authorized shares to 230,000,000, of which 200,000,000 are common and 30,000,000 are preferred.

Accordingly, any information related to or dependent upon the share or option counts in the comparative 2015 consolidated financial statements and Note 13 *Net Loss per Share*, Note 14 *Stock-Based Compensation*, and Note 18 *Equity Capitalization* have been updated to reflect the effect of the reverse stock split.

Holding and Services are collectively referred to as the "Company" in the accompanying consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements are as follows:

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of Holding and its wholly owned subsidiary, Services. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation — The accompanying consolidated financial statements and related notes have been prepared pursuant to the rules and regulations of the Securities Exchange Commission (SEC) and in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates — Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting period. Such estimates include, but are not limited to, allowance for doubtful accounts, depreciation of property and equipment, estimates of fair value of property and equipment, estimates related to fair value of reporting units for purposes of assessing goodwill, estimates related to deferred tax assets and liabilities, including any related valuation allowances, and estimates of fair value of stock-based compensation. Actual results could differ from those estimates.

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition — The Company's services are sold based upon contracts or other agreements with the customer that include fixed or determinable prices and do not include other post-delivery obligations. Revenue for services is recognized as the services are rendered and when collectability is reasonably assured. Rates for services are typically determined per the contract or agreement with customers.

Pressure Pumping — Pressure pumping consists of downhole pumping services including hydraulic fracturing, acidizing and cementing. The Company recognizes revenues when services are performed, collection of the receivables is probable, and a price is fixed or determinable. The Company prices services for its pressure pumping by the job, project or day depending on the type of service performed and request from the customer.

Drilling Services — Drilling services consists of surface air drilling and permian drilling, whereby we drill a well for a customer to a certain depth using a drilling rig and related equipment. The Company recognizes revenues either on a "turnkey" contract basis, in which a fixed and set price for the job is determinable, on a "daywork" contract basis, in which a stated rate per day is fixed and determinable, or on a "footage" contract basis, in which a rate per feet drilled is fixed and determinable.

Other Completion & Production Services — Other completion & production services consists of coil tubing and flowback services whereby the Company recognizes revenues when services are performed either on a per job or per day or hourly rate, collections of receivables are probable, and a price is fixed or determinable.

Cash and Cash Equivalents — The Company considers highly liquid investments with initial maturities of three months or less to be cash equivalents.

Accounts Receivable — Accounts receivables are stated at the amount billed and billable to customers. The Company's allowance for doubtful accounts is based on management's evaluations of the collectability of each accounts receivable based on the customer's payment history and general economic conditions. At December 31, 2016 and 2015, the allowance for doubtful accounts was $0.6 million and $0.8 million, respectively.

Inventories — Inventories, which consists only of raw materials, are stated at lower of average cost or market.

Property and Equipment — The Company's property and equipment are recorded at cost, less accumulated depreciation.

Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are removed from the balance sheet and the net amount, less proceeds from disposal, is recognized as a gain or loss in the statement of operations.

The Company recorded a loss on disposal of assets of $22.5 million and $21.3 million for the years ended December 31 2016 and 2015, respectively. The recorded loss on disposal is primarily attributed to the increased service intensity of pressure pumping activity which has resulted in a shorter useful life and faster replacement of certain components of the pressure pumping equipment.

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation — Depreciation of property and equipment is provided on the straight-line method over the following estimated useful lives:

Vehicles	1 - 5 years
Equipment	2 - 20 years
Leasehold improvements	5 - 20 years

Impairment of Long-Lived Assets — In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews its long-lived assets to be held and used whenever events or circumstances indicate that the carrying value of those assets may not be recoverable.

An impairment loss is indicated if the sum of the expected future undiscounted cash flows attributable to the asset group is less than the carrying amount of such asset group. In this circumstance, the Company recognizes an impairment loss for the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. The impairment recorded in 2015 was $36.6 million for property and equipment relating to the permian drilling and acidizing asset groups. The impairment recorded in 2016 was $6.3 million for property and equipment relating to the permian drilling asset group.

The Company accounts for long-lived assets to be disposed of at the lower of their carrying amount or fair value, less cost to sell once management has committed to a plan to dispose of the assets.

Goodwill — Goodwill is the excess of the consideration transferred over the fair value of the tangible and identifiable intangible assets and liabilities recognized. Goodwill is not amortized. We perform an annual impairment test of goodwill as of December 31, or more frequently if circumstances indicate that impairment may exist. The determination of impairment is made by comparing the carrying amount of a reporting unit with its fair value, which is generally calculated using a combination of market and income approaches. If the fair value of the reporting unit exceeds the carrying value, no further testing is performed. If the fair value of the reporting unit is less than the carrying value, the implied fair value of reporting unit goodwill is calculated. The Company then compares the carrying value of goodwill to its implied fair value. In estimating the implied fair value of goodwill at the reporting unit, the Company assigns the fair value of the reporting unit to all of the assets and liabilities associated with the reporting unit as if the reporting unit had been acquired in a business combination. The excess of the fair value of the reporting unit over the amount assigned to the assets and liabilities of the reporting unit is the implied fair value of goodwill. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized for that difference.

In 2014, we acquired Blackrock Drilling, Inc. ("Blackrock") for $1.8 million. The assets acquired from Blackrock were recorded as $0.6 million of equipment with the excess of the purchase price over the fair value of the assets recorded as goodwill of $1.2 million. The acquisition complemented our existing drilling operations. The transaction has been accounted for using the acquisition method of accounting and, accordingly, assets and liabilities assumed were recorded at their fair values as of the acquisition date. Based on our goodwill impairment test as of December 31, 2016, the Company concluded that there was an impairment of goodwill of

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

$1.2 million related to the Blackrock acquisition. No impairment was recorded during the year ended December 31, 2015. Prior to the impairment write-down in the current year, the goodwill related to the Blackrock acquisition of $1.2 million was recorded in the all other reportable segment.

In 2011, we acquired Technology Stimulation Services, LLC ("TSS") for $24.4 million. The assets acquired from TSS were recorded as $15 million of equipment with the excess of the purchase price over fair value of the assets recorded as goodwill of $9.4 million. The acquisition complemented our existing pressure pumping business. The transaction has been accounted for using the acquisition method of accounting and, accordingly, assets and liabilities assumed were recorded at their fair values as of the acquisition date. Based on our goodwill impairment tests as of December 31, 2016 and 2015, we concluded that the goodwill related to TSS acquisition was determined not to be impaired. The goodwill related to the TSS acquisition of $9.4 million is recorded in the pressure pumping reportable segment.

Intangible Assets — Intangible assets with finite useful lives are amortized on a basis that reflects the pattern in which the economic benefits of the intangible assets are realized, which is generally on a straight-line basis over the asset's estimated useful life.

Income Taxes — Income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of differences between the consolidated financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, and the results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

Advertising Expense — All advertising costs are expensed as incurred. For the years ended December 31, 2016 and 2015, advertising expense was $0.4 million and $0.9 million, respectively.

Deferred Loan Costs — The Company capitalized certain costs in connection with obtaining its borrowings, including lender, legal, and accounting fees. These costs are being amortized over the term of the related loan using the straight-line method (which approximates the interest method). Deferred loan costs amortization is included in interest expense. Unamortized deferred loan costs associated with loans paid off or refinanced with different lenders are charged off in the period in which such an event occurs. Deferred loan costs are classified as a reduction of long-term debt in the consolidated balance sheet. Amortization of deferred loan costs is recorded as interest expense in the statement of operations, and at December 31, 2016 and 2015, the amount of expense recorded was $2.1 million and $1.4 million, respectively.

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock Based Compensation — The Company recognizes the cost of stock-based awards on a straight-line basis over the requisite service period of the award, which is usually the vesting period under the fair value method. Total compensation cost is measured on the grant date using fair value estimates.

Insurance Financing — The Company annually renews their commercial insurance policies and records a prepaid insurance asset and amortizes it monthly over the coverage period. The Company may choose to finance a portion of the premiums and will make repayments monthly over ten months in equal installments.

Going Concern — The Company annually evaluates its ability to continue as a going concern as required by Accounting Standards Update (ASU) No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* and if necessary, provides disclosures if there is any substantial doubt about its ability to continue as a going concern.

Concentration of Credit Risk — The Company's assets that are potentially subject to concentrations of credit risk are cash and cash equivalents and trade accounts receivable. Cash balances are maintained in financial institutions, which at times exceed federally insured limits. The Company monitors the financial condition of the financial institutions in which accounts are maintained and has not experienced any losses in such accounts. The receivables of the Company are spread over a number of customers, a majority of which are operators and suppliers to the oil and natural gas industries. The Company performs ongoing credit evaluations as to the financial condition of its customers with respect to trade receivables.

Recently Issued Accounting Standards — In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* ASU No. 2014-09 requires entities to recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 requires entities to disclose both qualitative and quantitative information that enables users of consolidated financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including disclosure of significant judgments affecting the recognition of revenue. ASU No. 2014-09 was originally effective for annual periods beginning after December 15, 2016, using either the retrospective or cumulative effect transition method. On August 12, 2015, the FASB issued ASU No. 2015-14, which defers the effective date of the revenue standard, ASU No. 2014-09, by one year for all entities and permits early adoption on a limited basis. The Company believes that the adoption of this guidance will not materially affect the Company's revenue recognition. However, the Company will continue to evaluate and quantify the effect of the adoption of this guidance on its consolidated financial statements.

On July 22, 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory,* which requires entities to measure most inventory "at the lower of cost and net realizable value," thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. ASU No. 2015-11 does not apply to inventories that are measured by using either the last-in, first-out method or the retail inventory method. The amendments in ASU No. 2015-11 are effective for fiscal years beginning after December 15, 2016. The Company is currently evaluating the effect of the adoption of this guidance on the consolidated financial statements.

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, a new standard on accounting for leases. The ASU introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in the current accounting guidance as well as the FASB's new revenue recognition standard. However, the ASU eliminates the use of bright-line tests in determining lease classification as required in the current guidance. The ASU also requires additional qualitative disclosures along with specific quantitative disclosures to better enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The pronouncement is effective for annual reporting periods beginning after December 15, 2018, including periods within that reporting period, using a modified retrospective approach. Early adoption is permitted. The Company has not completed an evaluation of the impact the pronouncement will have on our consolidated financial statements and related disclosures.

3. SUPPLEMENTAL CASH FLOWS INFORMATION

	December 31, 2016	December 31, 2015
Supplemental cash flows disclosures		
Interest paid	$ 18,248,687	$ 20,531,410
Income taxes paid	$ 2,897	$ 1,295,173
Supplemental disclosure of non-cash activities		
Capital expenditures included in accounts payable	$ 3,176,356	$ 8,821,227

4. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used, when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions other market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our financial instruments include cash and cash equivalents, accounts receivables, accounts payable, and a derivative financial instrument. The estimated fair value of our financial instruments — cash and cash equivalent, accounts receivable and accounts payable at December 31, 2016, and 2015 approximates their carrying value as reflected in our consolidated balance sheets because of their short-term nature. We use a derivative financial instrument, an interest rate swap, to manage interest rate risk. Our policies do not permit the use of derivative financial instruments for speculative purposes. We did not designate the interest rate swap as a hedge for accounting purposes. We record all derivatives as of the end of our reporting period in our consolidated balance sheet at fair value, which is based on quoted market prices, which represents a level 1 in the fair value measurement hierarchy. We may be exposed to credit losses in the event of nonperformance by counterparties to the interest rate swap. The counterparty of the interest rate swap is a lender under our term loan and a credible, large institution, and the Company does not believe there is significant or material credit risk upon settling the contract. The fair value of the interest rate swap liability at December 31, 2016 and 2015 was $0.3 million and $0.5 million, respectively. Based on quoted market prices as of December 31, 2016 and 2015, for contracts with similar terms and maturity date, as provided by the counterparty, we recorded a gain of $0.2 million and a loss of $0.3 million, respectively.

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

Assets Measured at Fair Value on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis at December 31, 2016 and 2015, respectively, are set forth below:

		Estimated fair value measurements			
	Carrying Value	Quoted prices in active market (Level 1)	Signifcant other observable inputs (Level 2)	Signifcant other unobservable inputs (Level 3)	Total gains (losses)
2016:					
Property and equipment, net	$ 8,700,000	—	$ 8,700,000	—	(6,305,426)
Goodwill	$ 9,424,999	—	—	9,424,999	(1,177,148)
2015:					
Property and equipment, net	$291,838,498	—	$ 291,838,498	—	$(36,609,332)

In 2016, the depressed cash flows and continued decline in utilization of our permian drilling assets were indicative of potential impairment, resulting in the Company comparing the carrying value of the permian drilling assets with its estimated fair value. We determined that the carrying value of the permian drilling assets was greater than its estimated fair value and as such an impairment expense was recorded. In 2016, the non-cash asset impairment charges for permian drilling was $6.3 million, which had a net carrying value of $15.0 million prior to the impairment write-down. In 2015, the non-cash asset impairment charges for permian drilling and acidizing was $28.6 million and $8 million, respectively, aggregating to a total of $36.6 million. In 2015, the permian drilling and acidizing assets groups had a net carrying value of $48.1 million and $15.6 million prior to the impairment write-down. See Note 7, "Impairment of Long-lived Assets."

The Company generally applies fair value techniques to our reporting units on a nonrecurring basis associated with valuing potential impairment loss related to goodwill. The Company's estimate of the reporting unit fair value was based on a combination of income and market approaches, level 1 and 3, respectively in the fair value hierarchy. The income approach involves the use of a discounted cash flow method, with the cash flow projections discounted at an appropriate discount rate. The market approach involves the use of comparable public companies market multiples in estimating the fair value. Significant assumptions include projected revenue growth, capital expenditures, utilization, gross margins, discount rates, and terminal growth rates, and weight allocation between income and market approaches. If the reporting unit's carrying amount exceeds its fair value, we consider goodwill impaired and perform a second step to measure the amount of the impairment loss. We estimated the fair value as of December 31, 2016 of the surface drilling reporting unit to be $3.8 million and its carrying value was $4.2 million. As a result of the potential impairment with the carrying value exceeding the estimated fair value, we then further determined the implied fair value of the $1.2 million goodwill for the surface drilling reporting unit to be $0. Accordingly, we recorded an impairment loss of $1.2 million. The impairment loss was attributable to the challenging oil and gas market and slow recovery of crude oil prices, all of which adversely

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

impacted on our expected future cash flows for the surface drilling reporting unit. There was no impairment of goodwill recorded in 2015.

5. INTANGIBLE ASSETS

Intangible assets are composed of internally developed software at December 31, 2016 and 2015. Intangible assets are amortized on a straight-line basis with a useful life of five years. Amortization expense included in net loss for the years ended December 31, 2016 and 2015 was $0.3 million. The Company's intangible assets subject to amortization are as follows:

	2016	2015
Internally developed software	$ 1,439,941	$ 1,439,941
Less accumulated amortization	850,902	562,914
Intangible assets — net	$ 589,039	$ 877,027

Estimated remaining amortization expense for each of the subsequent fiscal years is expected to be as follows:

Year	Estimated Future Amortization Expense
2017	287,988
2018	287,988
2019	13,063
Total	$ 589,039

The average amortization period remaining is approximately 2.1 years.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2016 and 2015, respectively:

	2016	2015
Equipment and vehicles	$ 402,640,458	$ 399,084,240
Leasehold improvements	4,500,406	5,003,838
Subtotal	407,140,864	404,088,078
Less accumulated depreciation	143,279,219	112,249,580
Property and equipment — net	$ 263,861,645	$ 291,838,498

7. IMPAIRMENT OF LONG-LIVED ASSETS

Whenever events or circumstances indicate that the carrying value of long-lived assets may not be recoverable, the Company reviews the carrying value of long-lived assets, such as property and equipment and other assets to determine if they are recoverable. If any long-lived assets are determined to be unrecoverable, an impairment expense is recorded in the period. Asset recoverability is estimated using undiscounted future net cash flows at the lowest identifiable level, excluding interest expense and one-time other income and expense adjustments. The Company determined the lowest level of identifiable cash flows to be at the asset group level, which consists of hydraulic fracturing, cementing, acidizing, coil tubing, flowback, permian drilling, and surface drilling.

In 2016, the gradual shift from vertical to horizontal drilling rigs in the Permian Basin has led to the deterioration in utilization of our permian drilling rigs, and we expect undiscounted future cash flows to be lower than the carrying value of the permian drilling assets. Given that the carrying value of the permian drilling assets may not be recoverable, the Company estimated the fair value of the asset group and compared it to its carrying value. Potential impairment exists if the estimated undiscounted future net cash flows for a given asset group is less than the carrying amount of the asset group. The impairment expense is determined by comparing the estimated fair value with the carrying value of the related asset, and any excess amount by which the carrying value exceeds the fair value is recorded as an impairment expense in the period. The estimated fair value of the permian drilling asset group of $8.7 million was determined using the market approach, which represents a level 2 in the fair value measurement hierarchy. Our fair value estimates required us to use significant other observable inputs including assumptions related to replacement cost, among others. An impairment expense of $6.3 million was recorded in 2016 as the carrying value of the permian drilling asset group of $15.0 million was greater than its estimated fair value. All other assets groups were determined to be recoverable.

In 2015, the asset groups identified to have impairment were permian drilling and acidizing, with estimated fair values of approximately $18.8 million and $6.3 million, respectively. The estimated fair value of the permian drilling and acidizing asset groups was determined using the cost approach, which represents a level 2 in the fair value measurement hierarchy. During the year ended December 31, 2015, the impairment expense for permian drilling and acidizing was $28.6 million and $8 million, respectively.

8. DEFERRED REVENUE REBATE

In November 2011, the Company acquired certain oilfield fracturing equipment from a customer and agreed to provide future fracturing services to the customer for a period of 78 months in exchange for a 12% $25 million note payable to the customer. The Company recorded the fracturing equipment at its estimated fair value of approximately $13 million and assigned the remaining value of approximately $12 million to a deferred revenue rebate account to be amortized over the customer's 78-month service period. In March 2013, the Company repaid the note payable to the customer. For the years ended December 31, 2016 and 2015, the Company recorded $1.8 million of amortization as a reduction of revenue.

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

9. LONG-TERM DEBT

On September 30, 2013, the Company entered into a term loan in the amount of $220 million with a $40 million revolving credit line. The facility is secured by a first priority lien and security interest in all assets and equity of the Company. The senior secured credit facility carries a 6.25% interest rate, plus Eurodollar Rate with a 1% floor. The term loan is due September 30, 2019, and requires quarterly principal and interest payments. The revolving credit facility matures on September 30, 2018. The loan proceeds were used to pay off 100% of prior debt outstanding, plus any accrued interest due through September 30, 2013. The excess cash proceeds from the term loan, plus the $40 million revolver, were used as needed to fund growth and working capital needs.

During 2014, the Company additionally entered into certain term notes with the equipment manufacturer of certain fracturing equipment. The interest rate is 9.5% and requires monthly principal and interest payments in 13 installments. The short-term financing allowed the Company to maintain maximum liquidity and make future monthly payments with the cash flow the fracturing equipment generated.

On November 24, 2015, the Company entered into 36-month financing arrangement for three hydraulic fracturing fleets in the amount of $25 million, and a portion of the proceeds were used to pay off the manufacturer notes, with the remainder being used for additional liquidity.

The estimated fair value of the term loan at December 31, 2016 was approximately 89% of the carrying value, or $130.6 million, compared to $146.8 million carrying value. The estimated fair value of the term loan at December 31, 2015 was approximately 60% of the carrying value, or $117.2 million, compared to $195.3 million carrying value. The fair value of the revolver and the equipment financing approximates their carrying values.

Total debt consisted of the following notes at December 31, 2016 and 2015, respectively:

	2016	2015
6.25% Term loan due September 2019	$ 146,750,000	$ 195,250,000
Revolving credit facility	13,500,000	38,500,000
Equipment refinancing	19,192,838	24,488,140
Total debt	179,442,838	258,238,140
Less deferred loan costs, net of amortization	3,115,679	5,067,009
Subtotal	176,327,159	253,171,131
Less current portion of long-term debt	16,920,074	16,295,302
Total long-term debt, net of deferred loan costs	$ 159,407,085	$ 236,875,829

Covenants — The Company is required to meet certain affirmative and negative covenants that are considered normal and customary for arrangements of this type, with customary exceptions and materiality qualifiers, including, but not limited to, reporting requirements, insurance, maintenance of collateral, and limitations on additional indebtedness, change of control, transactions with affiliates, and distributions.

The financial covenant applicable is a maximum leverage ratio of 3.5x EBITDA (earnings before interest, taxes, depreciation, and amortization) to total debt. Effective March 31, 2014, the

9. LONG-TERM DEBT (Continued)

Company was required to be in compliance with these financial covenants. The Company was in compliance with the financial covenant at December 31, 2015.

In 2015 given the then near-term economic uncertainty and volatility of commodity prices, the Company and its equity sponsor, Energy Capital Partners, engaged the lenders in negotiation to amend the existing credit agreement and negative covenants whereby the leverage ratio covenant was expected to be out of compliance as of March 31, 2016 test date. The amendment and waiver agreement was executed on June 8, 2016. The amended credit agreement key terms included Energy Capital Partners infusing $40 million of additional equity into the Company, $10 million of which was reserved for normal working capital and up to $30 million available to repurchase debt (see Note 18). A minority shareholder also infused $0.425 million alongside Energy Capital Partners to prevent dilution. The amendment and waiver also stated that there shall be no leverage ratio test until June 30, 2017, and any required financial statements past-due were provided within 30 days.

Gain on Extinguishment of Debt— following the credit amendment on June 8, 2016, the Company initiated an auction process with the lenders to repurchase a portion of debt for a price of 80 cents, or a 20% discount to par value. The auction settled on June 16, 2016 as the Company repurchased a total amount of $37.5 million of debt for $30 million plus $0.525 million in debt extinguishment auction costs, leading to a gain on extinguishment of debt of $6.975 million.

Annual Maturities — Scheduled annual maturities of total debt are as follows at December 31, 2016:

2017	16,920,074
2018	37,772,764
2019	124,750,000
Total	$ 179,442,838

On January 13, 2017, the Company paid down $75 million of the term loan using a portion of the proceeds from the private placement offering (see note 18). The one-time principal payment of $75 million will be applied to the term debt with the remaining principal due upon maturity in 2019.

10. ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31, 2016 and 2015, respectively:

	2016	2015
Accrued insurance	2,900,221	2,778,368
Accrued payroll and related expenses	4,728,614	1,256,269
Other	5,990,636	3,017,278
Total	$ 13,619,471	$ 7,051,915

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

11. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan whereby all employees with six months of service may contribute up to $15,000 to the plan. The employees vest in the Company contributions to the 401(k) plan 25% per year, beginning in the employee's second year of service, with full vesting occurring after five years of service. The employees are fully vested in their contributions when made. The Company matches employee contributions 20 cents on the dollar up to 10% of gross salary. The Company has reported expense under the plan of $0.2 million for each of the years ended December 31, 2016 and 2015.

12. REPORTABLE SEGMENT INFORMATION

The Company has seven operating segments for which discreet financial information is readily available: hydraulic fracturing, cementing, acidizing, coil tubing, flowback, surface drilling, and permian drilling. These segments represent how the chief operating decision maker (CODM) evaluates performance and allocate resources.

In accordance with Accounting Standards Codification (ASC) 280 — *Segment Reporting*, the Company has one reportable segment (pressure pumping) comprised of the hydraulic fracturing, cementing, and acidizing operating segments. All other operating segments and corporate administrative expenses are included in the "all other"category in the table below. Inter-segment revenues are not material and were not shown separately in the table below.

The Company manages and assesses the performance of the reportable segment by its adjusted EBITDA (earnings before other income (expense), interest, taxes, depreciation & amortization, stock-based compensation expense, impairment expense, loss on disposal of assets).

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

12. REPORTABLE SEGMENT INFORMATION (Continued)

A reconciliation from segment level financial information to the consolidated statement of operations is provided in the table below.

	Pressure Pumping	All Other	Total
Year ended December 31, 2016			
Service revenue	$ 409,014,337	$ 27,905,933	$ 436,920,270
Adjusted EBITDA	$ 15,655,202	$ (7,839,014)	$ 7,816,188
Depreciation and amortization	$ 37,281,862	$ 6,259,817	$ 43,541,679
Property and equipment impairment expense	—	6,305,426	6,305,426
Goodwill impairment expense	—	$ 1,177,148	$ 1,177,148
Capital expenditures	$ 45,472,835	$ 535,405	$ 46,008,240
Goodwill	$ 9,424,999	—	$ 9,424,999
Total assets	$ 501,905,907	$ 39,516,391	$ 541,422,298
Year ended December 31, 2015			
Service revenue	$ 510,198,128	$ 59,419,630	$ 569,617,758
Adjusted EBITDA	$ 62,540,290	$ (2,391,032)	$ 60,149,258
Depreciation and amortization	$ 38,368,650	$ 11,765,343	$ 50,133,993
Property and equipment impairment expense	$ 7,979,906	$ 28,629,426	$ 36,609,332
Capital expenditures	$ 69,029,321	$ 2,647,324	$ 71,676,645
Goodwill	$ 9,424,999	$ 1,177,148	$ 10,602,147
Total assets	$ 398,449,448	$ 48,004,886	$ 446,454,334

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

12. REPORTABLE SEGMENT INFORMATION (Continued)

Reconciliation of net loss to adjusted EBITDA:

	Total
Year ended December 31, 2016	
Net loss	$ (53,147,396)
Depreciation and amortization	43,541,679
Interest expense	20,386,695
Loss on disposal of assets	22,528,670
Property and equipment impairment expense	6,305,426
Goodwill impairment expense	1,177,148
Gain on extinguishment of debt	(6,974,805)
Stock-based compensation	1,649,282
Other expense	321,071
Income tax benefit	(27,971,582)
Adjusted EBITDA (see total above)	$ 7,816,188

	Total
Year ended December 31, 2015	
Net loss	$ (45,852,684)
Depreciation and amortization	50,133,993
Interest expense	21,641,454
Loss on disposal of assets	21,267,985
Property and equipment impairment expense	36,609,332
Stock-based compensation	1,238,824
Other expense	497,924
Income tax expense	(25,387,570)
Adjusted EBITDA (see total above)	$ 60,149,258

Major Customers

For the years ended December 31, 2016 and 2015, the Company had revenue from four significant customers that accounted for the following percentages of the Company's total revenue:

	2016	2015
Customer A	18.0%	12.5%
Customer B	12.5%	8.8%
Customer C	8.7%	14.2%
Customer D	7.0%	11.1%

For the year ended December 31, 2016, pressure pumping made up 96% of Customer A, 99% of Customer B, 100% of Customer C and 99% of Customer D. For the year ended December 31, 2015, pressure pumping made up 99% of Customer A, 100% of Customer B, 88% of Customer C and 99% of Customer D.

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

13. NET LOSS PER SHARE

The Company's net loss per share is determined by dividing the net loss relevant to the common stock by the weighted average number of shares outstanding during the year. Diluted net loss per common share uses the same net loss divided by the number of shares that would be outstanding assuming dilutive options and stock are converted (conversion method). The table below shows the calculations for years ended December 31, 2016 and 2015.

	2016	2015
Numerator (both basic and diluted)		
Net loss relevant to common stockholders	$ (53,147,396)	$ (45,852,684)
Denominator		
Denominator for basic earnings (loss) per share	30,887,370	24,132,871
Denominator for diluted earnings (loss) per share	30,887,370	24,132,871
Basic loss per common share	$ (1.72)	$ (1.90)
Diluted loss per common share	$ (1.72)	$ (1.90)

The Company also has non-vested restricted stock and stock options as shown in the table below, but have not been included in the above calculation of diluted earnings (loss) per share as it would be anti-dilutive to the calculation above. Additionally, we excluded the preferred stock in the net loss per share calculation because the holders do not have a participating right in the undistributed earnings (loss) of the Company.

	2016	2015
Stock options	3,204,066	2,404,004
Preferred stock	11,712,134	—
Non-vested restricted stock	256,783	256,783
	15,172,983	2,660,787

14. STOCK-BASED COMPENSATION

Stock Options — Effective March 4, 2013, the Company adopted the Stock Option Plan of Holding (the "Plan") pursuant to which the Company's Board of Directors may grant stock options or other stock-based awards to key employees, consultants, and directors. The Plan, as amended, is authorized to grant up to 3,204,066 shares of common stock to be issued upon exercise of the options. The Company's share price used to estimate the fair value of the option at the grant date was based on a combination of income and market approaches, which are highly complex and sensitive. The income approach involves the use of a discounted cash flow method, with the cash flow projections discounted at an appropriate discount rate. The market approach involves the use of comparable public companies market multiples in estimating the fair value of the Company's stock. The expected term used to calculate the fair value of all options considers the vesting date and the grant's expiration date. The expected volatility was estimated by considering comparable public companies, and the risk free rate is based on the U.S treasury yield curve as of the grant date. The dividend assumption is based on historical experience. The fair value and estimates will no longer be necessary if the Company goes public because it will rely on the market price to

14. STOCK-BASED COMPENSATION (Continued)

determine the market value of its common stock. Prior to 2015, the Company had granted a total of 2,413,271 options with an exercise price of $5.73 per option, and all options expire 10 years from the date of grant.

On June 14, 2013, the Company granted 1,930,628 stock option awards to certain key employees and directors that shall vest and become exercisable based upon the achievement of a service requirement. The options vest in 25% increments for each year of continuous service and an option becomes fully vested upon the optionee's completion of the fourth year of service. The contractual term for the options awarded is 10 years. For the years ended December 31, 2016 and 2015, the Company recognized $1.2 million in compensation expense related to these stock options.

The fair value of each option award granted is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

Expected volatility		45%
Expected dividends	$	—
Expected term (in years)		6.25
Risk free rate		1.35%

On December 1, 2013, the Company granted 482,643 stock option awards to certain key employees that shall vest and become exercisable based upon the achievement of both a service and a performance requirement. The options vest in 25% increments for each year of continuous service and an option becomes fully vested upon a change in control. As of December 31, 2016, the performance requirement was not considered to be probable of achievement for any of the outstanding option awards and 78,939 options were forfeited during the year ended December 31, 2016. Accordingly, the Company has not recognized any compensation expense related to these stock options. The contractual term for the options awarded is 10 years.

The fair value of each option award granted is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

Expected volatility		45%
Expected dividends	$	—
Expected term (in years)		6.25
Risk free rate		1.83%

On July 19, 2016, the Company's Board of Directors authorized and granted 879,001 stock option awards to certain key employees and directors that shall vest and become exercisable based upon the achievement of a service requirement. The options vest in 20% increments for each six months of continuous service with December 2016 being the first vesting period and the options become fully vested as of December 31, 2018. The contractual term for the options awarded is 10 years. For the year ended December 31, 2016, the Company recognized $0.4 million in compensation expense related to these stock options.

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

14. STOCK-BASED COMPENSATION (Continued)

The fair value of each option award granted is estimated on the date of grant using the Black-Scholes option-pricing model. The fair value of the options was estimated at the date of grant using the following assumptions:

Expected volatility	55%
Expected dividends	$ —
Expected term (in years)	5.80
Risk free rate	1.22%

The total stock compensation expense for the years ended December 31, 2016 and 2015 for all stock options was $1.6 million and $1.2 million, respectively. The tax benefit related to the stock compensation expense recorded for the years ended December 31, 2016 and 2015 was $0.6 million and $0.4 million, respectively. The total unrecognized compensation expense as of December 31, 2016 is $2.4 million, and is expected to be recognized over a weighted-average period of approximately 1.6 years.

The outstanding options at January 1, 2015 were 2,404,004 as 9,267 options were forfeited in 2014. As of December 31, 2016, none of the options are fully vested. A summary of the stock option activity for the years ended December 31, 2016 and 2015 is presented below.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Grant-Date Fair Value
Outstanding at January 1, 2015	2,404,004	5.73	2.56
Granted	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Expired	—	—	—
Outstanding at December 31, 2015	2,404,004	5.73	2.56
Exercisable at December 31, 2015	965,314	5.73	2.56
Outstanding at January 1, 2016	2,404,004	5.73	2.56
Granted	879,001	3.26	2.56
Exercised	—	—	—
Forfeited	(78,939)	5.73	2.56
Expired	—	—	—
Outstanding at December 31, 2016	3,204,066	5.05	2.56
Exercisable at December 31, 2016	1,623,771	5.46	2.56

Restricted Stock Units — On September 30, 2013, the Company's Board of Directors authorized and granted 256,783 Restricted Stock Units (RSUs) to a key executive. Each RSU represents the right to receive one share of common stock of the Company at par value $0.001 per share. The shares of common stock subject to the RSUs shall be paid to the grantee upon change

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

14. STOCK-BASED COMPENSATION (Continued)

in control, whether or not grantee is an employee, consultant, or director of the Company on such date. If the grantee ceases to be an employee, consultant, or director of the Company prior to the settlement date, he shall not forfeit any rights with respect to the RSUs and shall be entitled to receive payment on the settlement date. The fair value of the RSUs is measured as the price of the Company's shares on the grant date, which was estimated to be $5.63. The Company's share price used to estimate the fair value of the RSU at the grant date was based on a combination of income and market approaches, which are highly complex and sensitive. The income approach involves the use of a discounted cash flow method, with the cash flow projections discounted at an appropriate discount rate. The market approach involves the use of comparable public companies market multiples in estimating the fair value of the Company's stock. As of December 31, 2016, the RSUs were not vested as the performance requirement was not considered to be probable of achievement. Accordingly, the Company has not recognized any compensation expense related to these RSUs. There have been no additional RSUs granted, vested or forfeited since September 30, 2013.

15. INCOME TAXES

The components of the provision for income taxes for the year ended December 31, 2016 and 2015 are as follows:

	2016	2015
Federal:		
Current	$ —	$ (1,092,437)
Deferred	(29,082,057)	(22,176,578)
	(29,082,057)	(23,269,015)
State:		
Current	—	(350,494)
Deferred	1,110,475	(1,768,061)
	1,110,475	(2,118,555)
Total benefit	$ (27,971,582)	$ (25,387,570)

Reconciliation between the amounts determined by applying the federal statutory rate of 35% to income tax benefit is as follows:

	2016	2015
Tax at federal statutory rate	$ (28,391,642)	$ (24,934,089)
State taxes, net of federal benefit	(215,952)	(885,226)
Permanent differences	498,131	578,837
Valuation allowance	878,522	—
Other	(740,641)	(147,092)
Total provision	$ (27,971,582)	$ (25,387,570)

Deferred tax assets and liabilities are recognized for estimated future tax effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

15. INCOME TAXES (Continued)

financial statements. The significant items giving rise to deferred tax assets (liabilities) at December 31, 2016 and 2015, respectively are as follows:

	2016	2015
Deferred Income Tax Assets		
Accrued liabilities	334,072	471,223
Allowance for doubtful accounts	194,664	300,640
Goodwill and other intangible assets	10,953,458	$ 13,021,523
Stock-based compensation	1,692,288	1,119,355
Net operating losses	49,266,688	29,067,458
Other	388,813	388,813
Noncurrent deferred tax assets	$ 62,829,983	$ 44,369,012
Total deferred tax assets	$ 62,829,983	$ 44,369,012
Valuation allowance	(878,522)	—
Total deferred tax assets — net	$ 61,951,461	$ 44,369,012
Deferred Income Tax Liabilities		
Property and equipment	$ (60,958,408)	$ (70,621,451)
Prepaid expenses	(1,506,831)	(1,498,531)
Other	(634,692)	(1,369,082)
Noncurrent deferred tax liabilities	$ (63,099,931)	$ (73,489,064)
Net deferred tax liability	$ (1,148,470)	$ (29,120,052)

At December 31, 2016, the Company had approximately $175.6 million in net operating loss carryforwards for federal and state income tax purposes, which begin to expire in 2024. Utilization of net operating loss carryforwards may be limited due to past or future ownership changes. For the year ended December 31, 2016, we recorded a net valuation allowance of $0.9 million on the basis of management's reassessment of the amount of its deferred tax assets that are more likely than not to be realized.

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48,*Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* (subsequently codified as ASC 740-10, Income Taxes, Under FASB Statement No. 168, The FASB *Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FASB Statement No. 162*). ASC 740-10 prescribes a comprehensive model for recognizing, measuring, presenting, and disclosing in the consolidated financial statements tax positions taken or expected to be taken on a tax return, including a decision to file or not to file in a particular jurisdiction.

The Company evaluated all tax positions and determined that the aggregate exposure under ASC 740-10 did not have a material effect on the consolidated financial statements during the year ended December 31, 2016 or 2015. Therefore, no adjustments have been made to the consolidated financial statements related to the implementation of ASC 740-10. The Company will continue to

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

15. INCOME TAXES (Continued)

evaluate its tax positions in accordance with ASC 740-10 and will recognize any future effect as a charge to income in the applicable period. Currently, the tax filings for years 2013 to 2015 remain open for examination by taxing authorities.

Income tax penalties and interest assessments recognized under ASC 740-10 are accrued as a tax expense in the period that the Company's taxes are in an uncertain tax position. Any accrued tax penalties or interest assessments will remain until the uncertain tax position is resolved with the taxing authorities or until the applicable statute of limitations has expired.

16. RELATED-PARTY TRANSACTIONS

The Company leases its corporate offices from a related party pursuant to a five-year lease agreement with a five-year extension option requiring a base rent of $72,000 per year. The Company also leases five properties adjacent to the corporate office from related parties with annual base rents of $30,000, $30,000, $90,000, $90,000, and $180,000.

For the years ended December 31, 2016 and 2015, the Company paid approximately $186,000 and $164,000, respectively, for the use of transportation services from a related party.

The Company also rents equipment in Elk City, Oklahoma from a related party. For the years ended December 31, 2016 and 2015, the Company paid $192,000 and $192,000, respectively.

At December 31, 2016 and 2015, the Company had $0 and $0 in payables, respectively, and approximately $35,000 and $18,000 in receivables, respectively, for related parties for services provided.

All agreements pertaining to realty property and equipment were entered into during periods where the Company had limited liquidity and related parties secured them on behalf of the Company. All related party transactions are immaterial and have not been separately shown on the face of the financial statements.

For related party disclosure related to equity transactions with Energy Capital Partners, see Note 18.

17. COMMITMENTS AND CONTINGENCIES

Operating Lease — The Company has various operating leases for office space and certain property and equipment. For the years ended December 31, 2016 and 2015, the Company recorded operating lease expense of $1.4 million for each of the periods. Required remaining lease payments for each fiscal year are as follows:

2017	471,416
2018	426,416
2019	366,416
2020	343,916
2021 and thereafter	773,812
Total	$ 2,381,976

PROPETRO HOLDING CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Continued)

17. COMMITMENTS AND CONTINGENCIES (Continued)

Contingent Liabilities — The Company may be subject to various legal actions, claims, and liabilities arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a materially adverse effect on the Company's financial position, results of operations, or liquidity.

18. EQUITY CAPITALIZATION

Common Stock

At December 31, 2015, ECP and its related affiliates held 20,992,383 of the 24,132,871 outstanding common shares of the Company.

Per the amended credit agreement executed on June 8, 2016 (see Note 9), the majority shareholder, Energy Capital Partners, and its related affiliates along with other shareholders infused $40.425 million of equity into the Company and the Company issued 12,418,847 additional shares of stock. On June 8, 2016, 12,288,224 shares of stock were issued followed by 130,622 on July 13, 2016. As of December 31, 2016, the Company has 36,294,936 common shares outstanding and ECP and its related affiliates hold 33,331,494, increasing ECP ownership interest to 91.8%. The remaining outstanding common shares of the Company are held by management and two prior lenders to the Company.

Convertible Preferred Stock

On December 27, 2016, the Company completed a private placement offering of $170 million, issuing 11,724,134 shares of Series A nonparticipating convertible preferred stock, par value $.001 per share. Costs associated with the offering were approximately $7 million, resulting in net proceeds to the Company of $163 million.

As of December 31, 2016, 11,724,134 shares of Series A convertible preferred stock were issued and outstanding, convertible into common stock at the conversion price per the private placement agreement. Upon a qualifying initial public offering, the Series A Preferred Shares will automatically convert into common stock at a conversion price equal to the lesser of $14.50 per Series A Preferred Share or 90% of the initial public offering price of the common stock. The Company has retained investment bankers with the intention of an initial public offering.

Each share of series A convertible preferred stock is entitled to accrue dividends at the rate of 7% per annum, beginning July 1, 2017. Accrued dividends are payable, in cash or kind, in arrears at a date that is 30 days after the end of each month. Upon the occurrence of any liquidation, dissolution or winding up of the Company, series A preferred stockholders will be entitled to receive an amount equal to the liquidation preference thereon, in preference to the common stockholders, and before any payment or distribution is made on, any junior stock.

Each share of series A preferred stock is entitled to a number of votes per share on an as-converted basis equal to the number of shares of common stock into which such shares of series A preferred stock is convertible.

******

20,000,000 Shares

ProPetro Holding Corp.

Common Stock

ProPetro Holding Corp.

Goldman, Sachs & Co. **Barclays**

Credit Suisse **J.P. Morgan**

Evercore ISI **RBC Capital Markets** **Simmons & Company International**
Energy Specialists of Piper Jaffray

Raymond James **Tudor, Pickering, Holt & Co.**
Deutsche Bank Securities **Johnson Rice & Company L.L.C.**

Through and including , 2017 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Table of Contents

Part II

Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution

Set forth below are the expenses (other than underwriting discounts and the structuring fee) expected to be incurred in connection with the issuance and distribution of the securities registered hereby. With the exception of the SEC registration fee, the FINRA filing fee and listing fee, the amounts set forth below are estimates.

SEC registration fee	$	50,649
FINRA filing fee		66,050
NYSE listing fee		150,000
Printing and engraving expenses		500,000
Fees and expenses of legal counsel		1,500,000
Accounting and consulting fees and expenses		1,366,109
Transfer agent and registrar fees		8,000
Total	$	3,640,808

Item 14. Indemnification of Directors and Officers

We are currently organized as a Texas Corporation. In connection with the completion of this offering, we intend to change the jurisdiction of our incorporation to the State of Delaware, and we will file a certificate of incorporation with the State of Delaware.

Our certificate of incorporation will provide that a director will not be liable to the corporation or its stockholders for monetary damages to the fullest extent permitted by the DGCL. In addition, if the DGCL is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided for in our certificate of incorporation, will be limited to the fullest extent permitted by the amended DGCL. Our bylaws will provide that the corporation will indemnify, and advance expenses to, any officer or director to the fullest extent authorized by the DGCL.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement in connection with specified actions, suits and proceedings whether civil, criminal, administrative, or investigative, other than a derivative action by or in the right of the corporation, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification extends only to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such action and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's certificate of incorporation, bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our certificate of incorporation will also contain indemnification rights for our directors and our officers. Specifically, our certificate of incorporation will provide that we shall indemnify our officers and directors to the fullest extent authorized by the DGCL. Further, we may maintain insurance on behalf of our officers and directors against expense, liability or loss asserted incurred by them in their capacities as officers and directors.

We have obtained directors' and officers' insurance to cover our directors, officers and some of our employees for certain liabilities.

We will enter into written indemnification agreements with our directors and executive officers. Under these proposed agreements, if an officer or director makes a claim of indemnification to us, either a majority of the independent directors or independent legal counsel selected by the independent directors must review the relevant facts and make a determination whether the officer or director has met the standards of conduct under Delaware law that would permit (under Delaware law) and require (under the indemnification agreement) us to indemnify the officer or director.

The underwriting agreement provides for indemnification by the underwriters of us and our officers and directors, and by us of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Item 15. Recent Sales of Unregistered Securities

During the past three years, we have issued unregistered securities to a limited number of persons, as described below. None of these transactions involved any underwriters, underwriting discounts or commissions or any public offering. We believe that each of these transactions was exempt from the registration requirements pursuant to Section 4(a)(2) of the Securities Act, Regulation D or Regulation S promulgated thereunder or Rule 701 of the Securities Act. All share and price information included in this section does not reflect the impact of the expected split of our common stock to be effected after the effective date of this registration statement and prior to the completion of this offering.

In June and July 2016, we issued 12,418,847 additional shares (after giving effect to the December 22, 2016 reverse stock split) of common stock to certain investment funds managed by Energy Capital Partners and a minority shareholder for $40.425 million. We used the proceeds from the private offering for working capital purposes and to repay indebtedness under our term loan.

In July 2016, pursuant to our 2013 Stock Option Plan, we granted stock options to Spencer D. Armour, III and our named executive officers as set forth below. All of these 2016 options have a $3.26 per share exercise price. Such stock options are scheduled to vest in five equal semi-annual installments starting on December 31, 2016. In connection with this offering, we intend to fully accelerate the vesting of the unvested portion of these stock options.

Dale Redman - 345,890
Jeffrey Smith - 214,463
David Sledge - 159,324
Spencer D. Armour, III - 159,324

Effective as of December 27, 2016, we completed a private placement of 11,724,134 shares of our Series A Convertible Preferred stock, par value $0.001 (the "Series A Preferred Shares") to certain "accredited investors" (as defined in Regulation D promulgated under the Securities Act of 1933, as amended). We believe that the private offering of Series A Preferred Shares was exempt from the registration requirements pursuant to Rule 506 under Regulation D. We received net proceeds of approximately $163 million.

Table of Contents

Item 16. Exhibits

The following documents are filed as exhibits to this registration statement:

Exhibit number	Description
1.1†	Form of Underwriting Agreement (including form of Lock-up Agreement)
3.1	Form of Certificate of Incorporation of ProPetro Holding Corp.
3.2	Form of Certificate of Amendment of the Certificate of Incorporation of ProPetro Holding Corp.
3.3	Form of Bylaws of ProPetro Holding Corp.
4.1†	Specimen Stock Certificate
4.2†	Registration Rights Agreement, dated March 4, 2013, by and among ProPetro Holding Corp. and the parties thereto
4.3†	Registration Rights Agreement, dated December 27, 2016, by and among ProPetro Holding Corp. and the investors listed on Schedule A thereto
4.4†	Form of Stockholders Agreement
5.1†	Form of opinion of Latham & Watkins LLP as to the legality of the securities being registered
10.1†	Form of Indemnification Agreement
10.2†	Form of Credit Agreement
10.3†#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and Dale Redman
10.4†#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and David Sledge
10.5†#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and Jeffrey Smith
10.6†#	Stock Option Plan of ProPetro Holding Corp., dated March 4, 2013
10.7†#	First Amendment to the Stock Option Plan of ProPetro Holding Corp., dated June 14, 2013
10.8†#	Second Amendment to the Stock Option Plan of ProPetro Holding Corp., dated December 2, 2016
10.9†#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Dale Redman
10.10†#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and David Sledge
10.11†#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Jeffrey Smith
10.12†#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Spencer D. Armour, III

Exhibit number	Description
10.13†#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Dale Redman
10.14†#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and David Sledge
10.15†#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Jeffrey Smith
10.16†#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Spencer D. Armour, III
10.17†#	Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement, dated September 30, 2013, by and between ProPetro Holding Corp. and Dale Redman
10.18#	Form of ProPetro Holding Corp. 2017 Incentive Award Plan
10.19†#	Form of ProPetro Holding Corp. Senior Executive Incentive Bonus Plan
10.20†#	Form of ProPetro Holding Corp. Non-Employee Director Compensation Policy
10.21†#	Form of ProPetro Holding Corp. Director Stock Ownership Policy
10.22†#	Form of ProPetro Holding Corp. 2017 Incentive Award Plan Stock Option Grant Notice and Stock Option Agreement
10.23†#	Form of ProPetro Holding Corp. Amendment to Non-Qualified Stock Option Agreement
10.24†#	Amendment to Employment Agreement, by and between ProPetro Holding Corp. and Dale Redman
10.25†#	Employment Agreement, dated February 17, 2017, by and between ProPetro Holding Corp. and Mark Howell
21.1†	List of Subsidiaries of ProPetro Holding Corp.
23.1	Consent of Deloitte & Touche LLP
23.2†	Consent of Latham & Watkins LLP (contained in Exhibit 5.1)
23.3†	Consent of Prospective Director (Ciabatti)
23.4†	Consent of Prospective Director (Douglas)
23.5†	Consent of Prospective Director (Moore)
23.6†	Consent of Prospective Director (Leininger)
24.1†	Powers of Attorney (contained on the signature page to this Registration Statement)

* To be filed by amendment.

† Previously filed.

\# Compensatory plan, contract or arrangement.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that,

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(a) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(b) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(c) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(d) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, Texas, on March 7, 2017.

ProPetro Holding Corp.

By: /s/ DALE REDMAN

Name: Dale Redman
Title: *Chief Executive Officer*

Pursuant to the requirements of the Securities Act of 1933, as amended this Registration Statement has been signed by the following persons in the capacities indicated on March 7, 2017.

Signature	Title
/s/ DALE REDMAN Dale Redman	Chief Executive Officer and Director (Principal Executive Officer)
/s/ JEFFREY SMITH Jeffrey Smith	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
* Spencer D. Armour, III	Director
* Schuyler E. Coppedge	Director
* Stephen Herman	Director
* Matthew H. Himler	Director
* Peter Labbat	Director

* Jeffrey Smith hereby signs this Amendment No. 2 to the Registration Statement on behalf of the indicated persons for whom he is attorney-in-fact on March 7, 2017, pursuant to powers of attorney previously filed as Exhibit 24.1 to the Registration Statement on Form S-1 of ProPetro Holding Corp. filed with the Securities and Exchange Commission on February 8, 2017.

*By: /s/ JEFFREY SMITH

Jeffrey Smith
Attorney-in-fact

EXHIBIT INDEX

Exhibit number	Description
1.1†	Form of Underwriting Agreement (including form of Lock-up Agreement)
3.1	Form of Certificate of Incorporation of ProPetro Holding Corp.
3.2	Form of Certificate of Amendment of the Certificate of Incorporation of ProPetro Holding Corp.
3.3	Form of Bylaws of ProPetro Holding Corp.
4.1†	Specimen Stock Certificate
4.2†	Registration Rights Agreement, dated March 4, 2013, by and among ProPetro Holding Corp. and the parties thereto
4.3†	Registration Rights Agreement, dated December 27, 2016, by and among ProPetro Holding Corp. and the investors listed on Schedule A thereto
4.4†	Form of Stockholders Agreement
5.1†	Form of opinion of Latham & Watkins LLP as to the legality of the securities being registered
10.1†	Form of Indemnification Agreement
10.2†	Form of Credit Agreement
10.3†#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and Dale Redman
10.4†#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and David Sledge
10.5†#	Employment Agreement, dated April 17, 2013, by and between ProPetro Holding Corp. and Jeffrey Smith
10.6†#	Stock Option Plan of ProPetro Holding Corp., dated March 4, 2013
10.7†#	First Amendment to the Stock Option Plan of ProPetro Holding Corp., dated June 14, 2013
10.8†#	Second Amendment to the Stock Option Plan of ProPetro Holding Corp., dated December 2, 2016
10.9†#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Dale Redman
10.10†#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and David Sledge
10.11†#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Jeffrey Smith
10.12†#	Non-Qualified Stock Option Agreement, dated June 14, 2013, by and between ProPetro Holding Corp. and Spencer D. Armour, III
10.13†#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Dale Redman
10.14†#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and David Sledge

Exhibit number	Description
10.15†#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Jeffrey Smith
10.16†#	Non-Qualified Stock Option Agreement, dated July 19, 2016, by and between ProPetro Holding Corp. and Spencer D. Armour, III
10.17#†	Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement, dated September 30, 2013, by and between ProPetro Holding Corp. and Dale Redman
10.18#	Form of ProPetro Holding Corp. 2017 Incentive Award Plan
10.19#†	Form of ProPetro Holding Corp. Senior Executive Incentive Bonus Plan
10.20#†	Form of ProPetro Holding Corp. Non-Employee Director Compensation Policy
10.21#†	Form of ProPetro Holding Corp. Director Stock Ownership Policy
10.22#†	Form of ProPetro Holding Corp. 2017 Incentive Award Plan Stock Option Grant Notice and Stock Option Agreement
10.23#†	Form of ProPetro Holding Corp. Amendment to Non-Qualified Stock Option Agreement
10.24#†	Amendment to Employment Agreement, by and between ProPetro Holding Corp. and Dale Redman
10.25#†	Employment Agreement, dated February 17, 2017, by and between ProPetro Holding Corp. and Mark Howell
21.1†	List of Subsidiaries of ProPetro Holding Corp.
23.1	Consent of Deloitte & Touche LLP
23.2†	Consent of Latham & Watkins LLP (contained in Exhibit 5.1)
23.3†	Consent of Prospective Director (Ciabatti)
23.4†	Consent of Prospective Director (Douglas)
23.5†	Consent of Prospective Director (Moore)
23.6†	Consent of Prospective Director (Leininger)
24.1†	Powers of Attorney (contained on the signature page to this Registration Statement)

* To be filed by amendment.

† Previously filed.

\# Compensatory plan, contract or arrangement.

Exhibit 3.1

FORM OF CERTIFICATE OF INCORPORATION
OF
PROPETRO HOLDING CORP.

I, the undersigned, for purposes of incorporating and organizing a corporation under the General Corporation Law of the State of Delaware do hereby execute this Certificate of Incorporation and do hereby certify as follows:

FIRST: The name of the Corporation is ProPetro Holding Corp. (the " Corporation").

SECOND: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, Wilmington, County of New Castle, Delaware, 19801, and the name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as it now exists or may hereafter be amended and supplemented (the "DGCL"). The Corporation is being incorporated in connection with the conversion of ProPetro Holding Corp, a Texas corporation (the "Texas Corporation"), to the Corporation (the "Conversion") and this Certificate of Incorporation is being filed simultaneously with the Certificate of Conversion of the Texas Corporation to the Corporation.

FOURTH: The Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares of capital stock which the Corporation shall have authority to issue is 230,000,000. The total number of shares of Common Stock that the Corporation is authorized to issue is 200,000,000, having a par value of $0.001 per share, and the total number of shares of Preferred Stock that the corporation is authorized to issue is 30,000,000, having a par value of $0.001 per share, of which 20,000,000 shares have been designated as Series A Convertible Preferred Stock (the "Series A Preferred Stock"). The designations and the powers, privileges and rights, and the qualifications, limitations or restrictions of the Series A Preferred Stock are set forth on Exhibit A hereto. Subject to the terms of that certain Shareholders Agreement, dated March 4, 2013, as amended, and any other stockholders agreement binding on the Corporation, whether or not in effect on the date hereof and as amended from time to time in accordance therewith (each, a "Stockholders Agreement"), the board of directors of the Corporation (the " Board of Directors") may, in its discretion, issue from time to time authorized but unissued shares or treasury shares of the Corporation to such person or persons, and for such consideration, as the Board of Directors may determine. Upon the filing of the Certificate of Conversion of the Texas Corporation to the Corporation and this Certificate of Incorporation (the "Effective Time"), (i) each share of common stock of the Texas Corporation outstanding immediately prior to the Effective Time will be deemed to be one issued and outstanding, fully paid and nonassessable share of Common Stock, without any action required on the part of the corporation or the former holders of such common stock of the Texas Corporation and (ii) each share of Series A Convertible Preferred Stock of the Texas Corporation outstanding immediately prior to the Effective Time will be deemed to be one issued and outstanding, fully paid and nonassessable share of Series A Convertible Preferred Stock of the Corporation, without any action required on the part of the Corporation or the former holders of such preferred stock of the Texas Corporation.

FIFTH: The designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation are as follows:

A. COMMON STOCK.

1. General. The rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be set forth in this Certificate of Incorporation or as may be designated by the Board of Directors upon any issuance of the Preferred Stock of any series.

2. Voting. Each holder of Common Stock shall be entitled to one (1) vote for each share of Common Stock held by such holder. Each holder of Common Stock shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation (as in effect at the time in question) (the "Bylaws") and applicable law on all matters put to a vote of the stockholders of the Corporation. No holder of Common Stock shall

be entitled to exercise any right of cumulative voting.

Notwithstanding the foregoing, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL (or any successor provision thereto).

The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of stock of the Corporation entitled to vote thereon (the "Voting Stock"), irrespective of the provisions of Section 242(b)(2) of the DGCL.

3. Dividends. Subject to the rights of any holders of any shares of Preferred Stock which may from time to time come into existence and be outstanding, the holders of Common Stock shall be entitled to the payment of dividends if, when and as declared by the Board of Directors in accordance with applicable law. Any dividends declared by the Board of Directors to the holders of the then outstanding Common Stock shall be paid to the holders thereof pro rata in accordance with the number of shares of Common Stock held by each such holder as of the record date of such dividend.

4. Liquidation. Subject to the rights of any holders of any shares of Preferred Stock which may from time to time come into existence and be outstanding, in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the

funds and assets of the Corporation that may be legally distributed to the Corporation's stockholders shall be distributed among the holders of the then outstanding Common Stock pro rata in accordance with the number of shares of Common Stock held by each such holder.

5. No Preemptive or Subscription Rights. No holder of Common Stock shall be entitled to preemptive or subscription rights.

B. PREFERRED STOCK

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors as hereinafter provided.

Authority is hereby expressly granted to and vested in the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the DGCL to determine and fix the number of shares of such series and such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the fullest extent now or hereafter permitted by the DGCL and any applicable Stockholders Agreement. Without limiting the generality of the foregoing, the resolution or resolutions providing for the issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Voting Stock, irrespective of the provisions of Section 242(b)(2) of the DGCL.

SIXTH: Subject to any applicable Stockholders Agreement, The total number of directors of the Corporation shall be determined from time to time exclusively by resolution of the Board of Directors. Except as otherwise required by law and subject to any applicable Stockholders Agreement and the rights of any holders of any shares of Preferred Stock, which may from time to time come into existence and be outstanding, any vacancies and newly created directorships shall be filled exclusively by the affirmative vote of a majority of the Board of Directors then in office, even if less than a quorum. No decrease in the number of directors shall shorten the term of any incumbent director. Unless and except to the extent that the Bylaws so provide, the election of directors need not be by written ballot. Subject to any applicable Stockholders Agreement and the rights of any holders of any shares of Preferred Stock which may from time to time come into existence and be outstanding, any director may only be removed upon the affirmative vote of the holders of at least 66-2/3% of the Voting Stock entitled to vote thereon.

SEVENTH: Special meetings of stockholders of the Corporation may be called

only by the Board of Directors pursuant to a resolution approved by the Board of Directors; provided, however, that for so long as the ECP Stockholders (as defined in the Stockholders Agreement) collectively continue to beneficially own at least 20% of the Voting Stock, the Secretary of the Corporation shall call a special meeting of stockholders upon the written request of the ECP Stockholders. Special meetings may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

EIGHTH: In furtherance and not in limitation of the rights, powers, privileges and discretionary authority granted or conferred by the DGCL or other statutes or laws of the State of Delaware, the Board of Directors is expressly authorized to make, alter, amend or repeal the Bylaws whether adopted by them or otherwise, without any action on the part of the stockholders. The stockholders may also make new bylaws or alter, amend or repeal the Bylaws (i) in addition to any other vote otherwise required by law, prior to the date the ECP Stockholders cease to beneficially own in aggregate at least 50% of the Voting Stock entitled to vote thereon (the "Trigger Date"), by a majority of the Voting Stock entitled to vote thereon, and (ii) in addition to any other vote otherwise require by law, from and after the Trigger Date, by the affirmative vote of the holders of at least 66-2/3% of the Voting Stock entitled to vote thereon.

NINTH: The Corporation is authorized to indemnify, and to advance expenses to, each current, former or prospective director, officer, employee or agent of the Corporation to the fullest extent permitted by Section 145 of the DGCL as it now exists or may hereafter be amended (but, in the case of any such amendment, only to the extent such amendment permits the Corporation to provide broader rights than permitted prior thereto). To the fullest extent permitted by the laws of the State of Delaware as it now exists or may hereafter be amended, no director shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to, or modification or repeal of, this Article Ninth shall adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to such amendment, modification or repeal.

The Corporation may maintain insurance, at its expense, to protect itself and any current, former or prospective director, officer, employee or agent of the Corporation or another corporation, partnership, limited liability company, joint venture, trust, enterprise or nonprofit entity against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL. To the extent that the Corporation maintains any policy or policies providing such insurance, each such current, former or prospective director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in the Bylaws or elsewhere, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such current, former or prospective director, officer, employee or agent.

TENTH: The Corporation shall, to the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended and supplemented (but, in the case of any such amendment, only to the extent such amendment permits the Corporation to provide broader rights than permitted prior thereto), indemnify, advance expenses and hold harmless any person

who was or is 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 or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such person. Notwithstanding the preceding sentence, except with respect to a proceeding to enforce such person's rights to indemnification or advancement of expenses pursuant to this Article TENTH, the Corporation shall be required to indemnify such persons in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by such person was authorized in the specific case by the Board of Directors. The Corporation may, by action of the Board of Directors, provide rights to indemnification and to advancement of expenses to such other employees or agents of the Corporation or its subsidiaries to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by the DGCL. Any amendment, repeal or modification of this Article Tenth shall not adversely affect any rights or protection existing hereunder immediately prior to such repeal or modification.

ELEVENTH: In recognition and anticipation that (i) the principals, officers, members, managers and/or employees of the ECP Stockholders or their respective Affiliated Companies (as defined below) may serve as directors or officers of the Corporation, (ii) the ECP Stockholders and their respective Affiliated Companies engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, and (iii) that the Corporation and its Affiliated Companies may engage in material business transactions with the ECP Stockholders and their respective Affiliated Companies, and that the Corporation is expected to benefit therefrom, the provisions of this Article Eleventh are set forth to regulate and define the conduct of certain affairs of the Corporation as they may involve the ECP Stockholders and/or their respective Affiliated Companies and/or their respective principals, officers, members, managers and/or employees, including any of the foregoing who serve as officers or directors of the Corporation (collectively, the "Covered Persons"), and the powers, rights, duties and liabilities of the Corporation and its officers, directors and stockholders in connection therewith. As used in this Certificate of Incorporation, "Affiliated Companies" shall mean (a) in respect of any of the ECP Stockholders, any entity that controls, is controlled by or under common control with such ECP Stockholder (other than the Corporation and any entity that is controlled by the Corporation) and any investment funds managed by Energy Capital Partners and (b) in respect of the Corporation, any company controlled by the Corporation.

To the fullest extent permitted by law, none of the ECP Stockholders, any of their respective Affiliated Companies or any of their respective Covered Persons shall have any fiduciary duty to refrain from (A) carrying on and conducting, whether directly, or as a partner in any partnership, or as a joint venturer in any joint venture, or as an officer, director or stockholder of any corporation, or as a participant in any syndicate, pool, trust or association, any business of any kind, nature or description, whether or not such business is competitive with or in the same or similar lines of business as the Corporation or its Affiliated Companies, (B) doing business with any client, customer, vendor or lessor of any of the Corporation or its Affiliated Companies, or (C) making investments in any kind of property in which the Corporation may

make investments. In the event that any of the ECP Stockholders, any of their respective Affiliated Companies or any of their respective Covered Persons acquires knowledge of a potential transaction or matter which may constitute a corporate opportunity for both (1) (a) the Covered Person, in his or her capacity with any of the ECP Stockholders or any of their respective Affiliated Companies, or (b) any of the ECP Stockholders or any of their respective Affiliated Companies and (2) the Corporation or its Affiliated Companies, none of the ECP Stockholders, any of their respective Affiliated Companies or any of their respective Covered Persons shall, to the fullest extent permitted by law, have any duty to offer or communicate information regarding such corporate opportunity to the Corporation or its Affiliated Companies. To the fullest extent permitted by law, the Corporation and its Affiliated Companies hereby renounce, pursuant to Section 122(17) of the DGCL, any interest or expectancy of the Corporation and its Affiliated Companies in such corporate opportunity and waive any claim against each of the ECP Stockholders, each of their respective Affiliated Companies and each of their respective Covered Persons and shall indemnify each of the ECP Stockholders, each of their respective Affiliated Companies and each of their respective Covered Persons against any claim that any ECP Stockholder, any of its respective Affiliated Companies or any of its respective Covered Persons against any claim that any ECP Stockholder, any of its respective Affiliated Companies or any of its respective Covered Persons is liable to the Corporation, its Affiliated Companies or its stockholders for breach of any fiduciary duty, as a director, officer or stockholder of the Corporation or its Affiliated Companies, solely by reason of the fact that any ECP Stockholder, any of its respective Affiliated Companies or any of its respective Covered Persons (x) pursues or acquires any corporate opportunity for its own account or the account of any affiliate, (y) directs, recommends, sells, assigns, or otherwise transfers such corporate opportunity to another person or (z) does not communicate information regarding such corporate opportunity to the Corporation or its Affiliated Companies. The Corporation shall pay in advance any expenses incurred in defense of such claim as provided in this Article Eleventh.

To the fullest extent permitted by law, no potential transaction or business opportunity may be deemed to be a potential corporate opportunity of the Corporation or its Affiliated Companies unless (i) the Corporation and its Affiliated Companies would be permitted to undertake such transaction or opportunity in accordance with this Certificate of Incorporation, (ii) the Corporation and its Affiliated Companies at such time have sufficient financial resources to undertake such transaction or opportunity and (iii) such transaction or opportunity would be in the same or similar line of business in which the Corporation and its Affiliated Companies are then engaged or a line of business that is reasonably related to, or a reasonable extension of, such line of business.

To the fullest extent permitted by law, no Covered Person will be liable to the Corporation or its Affiliated Companies or stockholders for breach of any duty (at law or in equity, contractual or otherwise) by reason of any activities or omissions of the types referred to in this Article Eleventh.

Any person or entity purchasing or otherwise acquiring or holding any interest in any shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article Eleventh.

For purposes of this Article Eleventh, the Corporation and its Affiliated Companies shall not be deemed Affiliated Companies of any of the ECP Stockholders.

In addition to any vote required by applicable law, this Article Eleventh may not be amended, modified or repealed without the prior written consent of each of the ECP Stockholders.

TWELFTH: Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders and, subject to the next sentence, may not be effected by any consent or consents in writing by stockholders. Notwithstanding the foregoing, until the Trigger Date, any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if (A) a consent or consents in writing, setting forth the action so taken, are signed by the holders of outstanding shares of the relevant class(es) or series of stock of the Corporation representing not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of stock of the Corporation then issued and outstanding (other than treasury stock) entitled to vote thereon were present and voted and (B) the action to be taken and the taking of the action by written consent are approved by the Board of Directors, including the directors designated by the ECP Stockholders.

THIRTEENTH: Unless the Corporation consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the DGCL or this Certificate of Incorporation or the Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim against 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. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article Thirteenth.

FOURTEENTH: From time to time, any of the provisions of this Certificate of Incorporation may be amended, altered, changed or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders or directors of the Corporation by this Certificate of Incorporation are granted subject to the provisions of this Article Fourteenth. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation. Notwithstanding any other provision of this Certificate of Incorporation, and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law or otherwise, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock required by law or otherwise, no provision of this

---

Certificate of Incorporation may be altered, amended or repealed in any respect, nor may any provision of this Certificate of Incorporation or the Bylaws inconsistent therewith be adopted, unless, in addition to any other vote required by this Certificate of Incorporation or otherwise required by law, such alteration, amendment, repeal or adoption is approved, (i) prior to the Trigger Date, by the affirmative vote of the holders of a majority of the outstanding Voting Stock entitled to vote thereon, and (ii) from and after the Trigger Date, by the holders of at least 66-2/3% of the outstanding Voting Stock entitled to vote thereon.

FIFTEENTH: The Corporation elects not to be governed by Section 203 of the DGCL.

SIXTEENTH: The name of the incorporator is Dale Redman (the " Incorporator"). The address of the Incorporator is 1706 S Midkiff Building B, Midland, Texas 79701.

SEVENTEENTH: This Certificate of Incorporation of the Corporation shall become effective at 8:00 a.m. (Eastern Time) on [·], 2017.

IN WITNESS WHEREOF, the Incorporator has executed this Certificate of Incorporation on this [·]th day of [·], 2017.

By: ______________________________
Dale Redman
Incorporator

[*Signature Page to Certificate of Incorporation*]

EXHIBIT A

SERIES A CONVERTIBLE PREFERRED STOCK

The designations and the powers, privileges and rights, and the qualifications, limitations or restrictions of the Series A Preferred Stock (as defined below) of ProPetro Holding Corp., a Delaware corporation (the "Corporation"), are set forth below:

1. Designation and Amount; Ranking.

(a) Shares of the Series A Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into shares of Common Stock, shall be cancelled by the Corporation and shall not be reissued.

(b) The Series A Preferred Stock, with respect to dividend rights and rights upon the liquidation, winding up or dissolution of the Corporation, shall rank: (i) senior in all respects to all Junior Stock; (ii) on a parity, in all respects, with all Parity Stock; and (iii) junior in all respects to all Senior Stock, in each case as provided more fully herein.

2. Definitions.

As used herein, the following terms shall have the following meanings:

"Accrued Dividends" shall mean, with respect to any share of Series A Preferred Stock, as of any date, the accrued and unpaid dividends on such share, whether or not declared, from, and including, the last day of the most recently preceding month (or the Issue Date, if there has been no prior full month) to, but not including, such date, and including, for the sake of clarity, any then accrued and unpaid dividends on such share from any prior month or months.

"Affiliate" shall mean, with respect to any Person, any other Person controlling, controlled by or under common control with such Person. For purposes of this definition, the term "control" (and correlative terms) shall mean the power, whether by contract, equity ownership or otherwise, to directly or indirectly, direct the policies or management of a Person. For the avoidance of doubt, any Persons (other than portfolio companies) that are directly or indirectly managed or controlled by the same fund manager (or fund managers that are Affiliates) shall be deemed to be Affiliates.

"Automatic Conversion Date" shall have the meaning set forth in Section 6(b).

"Board of Directors" shall mean the Board of Directors of the Corporation or, with respect to any action to be taken by the Board of Directors, any committee of the Board of Directors duly authorized to take such action.

"Bring-Along Notice" shall have the meaning set forth in Section 8(b).

"Bring-Along Rights" shall have the meaning set forth in Section 8(a).

"Business Day" shall mean any day that is not Saturday, Sunday or other day when banks are required or permitted to be closed in the State of Delaware.

"Certificate of Incorporation" shall mean the Certificate of Incorporation of the Corporation, as further amended or restated in accordance with applicable Law.

"Certificated Preferred Stock" shall have the meaning set forth in Section 11(b)(i).

"Close of Business" shall mean 5:00 p.m. (New York City time).

"Common Holder" shall mean a record holder of shares of Common Stock.

"Common Stock" shall mean the common stock, par value $0.001 per share, of the Corporation or any other capital stock of the Corporation into which such Common Stock shall be reclassified or changed (or, in the case of an Initial Public Offering of a successor entity or parent or Subsidiary of the Corporation, the equivalent common equity of such successor entity or parent or Subsidiary).

"Company Sale" shall mean any one of the following: (i) a change in the ownership or control of the Corporation effected through a transaction or series of transactions (including by way of merger, consolidation, business combination, recapitalization, reorganization or similar transaction involving the Corporation or any of its Subsidiaries) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Corporation or any of its Subsidiaries) (A) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act), of fifty percent (50%) or more of the shares of Common Stock then outstanding or of securities of the Corporation (or options, rights or warrants to purchase or securities convertible into or exchangeable for such securities) possessing fifty percent (50%) or more of the total combined voting power of the shares of all Common Stock then outstanding or (B) obtains control of half or more of the members of the Board of Directors, in either case immediately after such transaction or series of transactions (for the avoidance of doubt, in connection with a merger or similar transaction of the Corporation with any Person, the equity interest holders of such other Person shall be deemed to be a single "group" of "persons" under this clause (i)); or (ii) the sale, lease, transfer, conveyance or other disposition (other than by way of a transaction that would not be deemed a Company Sale pursuant to clause (i) above), in one or a series of related transactions, of all or substantially all of the assets of the Corporation, or the Corporation and its Subsidiaries taken as a whole, to any "person" (as defined above).

"Conversion Date" shall mean the Holder Conversion Date or the Automatic Conversion Date, as applicable.

"Conversion Price" shall mean an amount equal to the Issue Price; *provided, however,* that with respect to any shares of Series A Preferred Stock that are converted to Common Stock upon the consummation of an Initial Public Offering or Company Sale (including a Company Sale pursuant to Section 8), the Conversion Price shall equal the lesser of (a) the Issue Price (which in the case of conversion to common equity of a successor entity or parent or Subsidiary, shall be equitably adjusted to maintain the Holders' economic entitlement) and (b) 90% of the IPO Price or the price per share of Common Stock received by the stockholders of the

Corporation (or, in the case of a Company Sale structured as a sale of assets of the Corporation, the equity value of the Corporation (expressed as a value per share of Common Stock) after accounting for the aggregate consideration received by the Corporation) in such Company Sale, as applicable.

"Corporation" shall mean ProPetro Holding Corp., a Delaware corporation.

"Dividend Payment Date" shall mean the date that is thirty (30) days after the end of each month, unless the Board of Directors designates an earlier date that is no earlier than the day after the end of such month, commencing with the month in which the Issue Date occurs, and no later than the earliest date of payment in respect of any Parity Stock or Junior Stock with respect to such month.

"Dividend Rate" shall mean, as of July 1, 2017, an annual rate equal to 7.0%.

"Dividend Record Date" shall mean, with respect to any month and applicable Dividend Payment Date, the record date (which shall be a Business Day) set by the Board of Directors for holders eligible to receive any dividend declared for such month, which date shall be no earlier than the day after the end of such month and no later than such Dividend Payment Date.

"ECP Issuance" shall have the meaning set forth in Section 13(c).

"ECP Stockholders" shall have the meaning set forth in the Shareholders Agreement.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Issuance" shall have the meaning set forth in Section 13(a).

"Holder" shall each mean a holder of record of a share of Series A Preferred Stock.

"Holder Conversion Date" shall have the meaning set forth in Section 6(a).

"Holder Conversion Notice" shall have the meaning set forth in Section 6(a).

"Holder Conversion Notice Date" shall have the meaning set forth in Section 6(a).

"HSR Act" shall have the meaning set forth in Section 4(g).

"Initial Public Offering" shall mean an initial public offering of Common Stock or equivalent common equity of the Corporation (or any successor entity or any parent or Subsidiary of the Corporation following any reorganization transactions undertaken in connection with such initial public offering) pursuant to a Registration Statement on Form S-1 under the Securities Act.

"IPO Price" shall mean the initial price at which Common Stock or equivalent common equity of the Corporation (or any successor entity or any parent or Subsidiary of the Corporation) is offered to the public in an Initial Public Offering.

"Issue Date" shall mean December 27, 2016.

“Issue Price” shall mean, with respect to each share of Series A Preferred Stock, an amount equal to $14.50 per share, subject to adjustment as provided in Section 6(e).

“Junior Stock” shall mean all classes of the Common Stock and each other class of capital stock or series of preferred stock of the Corporation, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Series A Preferred Stock as to dividend rights or rights upon the liquidation, winding up or dissolution of the Corporation.

“Law” shall mean any statute, law (including common law and, for the avoidance of doubt, the HSR Act), rule, or regulation or any judgment, order, writ, injunction, or decree of any federal, state, local or foreign court or tribunal or any federal, state, local or foreign public, governmental, or regulatory body, agency, department, commission, board, bureau, or other authority or instrumentality.

“Liquidation Preference” shall mean, with respect to each share of Series A Preferred Stock, an amount equal to the Issue Price, as adjusted in accordance with Section 3(c) and 3(d), plus any Accrued Dividends on such share of Series A Preferred Stock, in each case to the date of payment of the Liquidation Preference, the Conversion Date or the Redemption Date, as applicable.

“New Securities” shall have the meaning set forth in Section 13(a).

“Optional Redemption Notice” shall have the meaning set forth in Section 7(b).

“Optional Redemption Price” shall have the meaning set forth in Section 7(a).

“Ownership Notice” shall mean a notice of ownership of capital stock of the Corporation in such form as is approved from time to time by the Board of Directors.

“Parity Stock” shall mean any class of capital stock or series of preferred stock of the Corporation, the terms of which expressly provide that such class or series will rank on a parity with the Series A Preferred Stock as to dividend rights or rights upon the liquidation, winding up or dissolution of the Corporation.

“Person” shall mean any individual, corporation, general partnership, limited partnership, limited liability partnership, joint venture, association, joint-stock company, trust, limited liability company, unincorporated organization or government or any agency or political subdivision thereof.

“PIK Dividend Election” shall have the meaning set forth in Section 3(b).

“PIK Shares” shall have the meaning set forth in Section 3(b).

“Pro Rata Allocation” shall have the meaning set forth in Section 13(a).

“Purchase Agreement” shall mean that certain Series A Convertible Preferred Stock Purchase Agreement, dated effective as of the Issue Date, by and among the Corporation and the investors party thereto.

“Qualified Public Offering” shall mean an underwritten Initial Public Offering that results in aggregate offering proceeds to the Corporation (or the applicable successor entity, parent or Subsidiary of the Corporation) of at least $100 million.

“Qualifying Holder” shall have the meaning set forth in Section 15(a).

“Redemption Date” shall have the meaning set forth in Section 7(a).

“Sale Notice” shall have the meaning set forth in Section 9(b).

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Senior Stock” shall mean each class of capital stock or series of preferred stock of the Corporation, the terms of which expressly provide that such class or series will rank senior to the Series A Preferred Stock as to dividend rights or rights upon the liquidation, winding up or dissolution of the Corporation.

"Series A Preferred Stock" shall mean a series of preferred stock, designated as "Series A Convertible Preferred Stock," par value $0.001 per share.

"Shareholders Agreement" shall mean that certain Shareholders Agreement of ProPetro Holding Corp., dated as of March 4, 2013, by and among the Corporation and the stockholders party thereto, as amended as of the date hereof and as may be further amended, supplemented or modified from time to time.

"Subsidiary" shall mean, as to any Person, any corporation or other entity of which (a) such Person or a Subsidiary of such Person is a general partner or, in the case of a limited liability company, the managing member or manager thereof; (b) at least a majority of the outstanding equity interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or similar governing body of such corporation or other entity (irrespective of whether or not at the time any equity interest of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more of its Subsidiaries; or (c) any corporation or other entity which such Person consolidates for accounting purposes.

"Tag-Along Notice" shall have the meaning set forth in Section 9(b).

"Tag-Along Right" shall have the meaning set forth in Section 9(a).

"Tag-Along Transferor" shall have the meaning set forth in Section 9(a).

"Taxes" shall mean (i) any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, occupation, premium, environmental (including taxes under Code

Section 59A), production, severance, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, and (ii) any liability in respect of any items described in clause (i) payable by reason of contract, assumption, transferee liability, operation of law or Treasury Regulations Section 1.1502-6(a) (or any predecessor or successor thereof of any analogous or similar provision under Law).

"Third Party Purchaser" shall have the meaning set forth in Section 8(a).

"Third Party Terms" shall have the meaning set forth in Section 8(b).

"Transfer" shall mean any direct or indirect sale, merger, consolidation, amalgamation, reorganization or other similar plan or scheme, or operation of law, assignment, conveyance, transfer, sale or other disposition, in each case, whether directly, or directly or indirectly of a parent, holding company, equity holder or subsidiary or otherwise.

3. Dividends.

(a) Except as set forth in Section 3(b), beginning with the month of July 2017, each Holder shall be entitled to receive, with respect to each share of Series A Preferred Stock held by such Holder, out of funds of the Corporation legally available for payment, cash dividends on the Liquidation Preference in effect as of the end of the last day of the immediately prior month (or if there has been no prior full month, the Issue Date), computed on the basis of a 360-day year consisting of twelve 30-day months, at the applicable Dividend Rate, payable on each Dividend Payment Date. Such cash dividends shall be payable in arrears on each Dividend Payment Date for the month ending immediately prior to such Dividend Payment Date (or with respect to the first Dividend Payment Date, for the period commencing on July 1, 2017 and ending on July 31, 2017), to the Holders as they appear on the Corporation's stock register at the Close of Business on the relevant Dividend Record Date. Dividends on the Series A Preferred Stock shall accumulate and become Accrued Dividends on a day-to-day basis from the last day of the most recent month, or if there has been no prior full month, from the Issue Date, until dividends are paid pursuant to this Section 3(a) in respect of such Accrued Dividends or pursuant to Sections 3(b), 3(c) and 3(d). If a Dividend Payment Date is not a Business Day, then any dividend in respect of such Dividend Payment Date shall be due and payable on the first Business Day following such Dividend Payment Date.

(b) Notwithstanding anything to the contrary in Section 3(a), the Corporation may elect (a " PIK Dividend Election") to issue to each Holder additional shares of Series A Preferred Stock (" PIK Shares") in lieu of paying cash dividends in whole or in part with respect to any Dividend Payment Date pursuant to Section 3(a). Any PIK Shares shall be issued to the applicable Holders on the applicable Dividend Payment Date. The number of PIK Shares to be issued to each Holder shall be equal to (i) the aggregate amount of cash dividends to which such Holder is entitled pursuant to Section 3(a) and with respect to which the Corporation makes a PIK Dividend Election divided by (ii) the Issue Price. If the Corporation fails to make a PIK Dividend Election on or prior to the respective Dividend Payment Date in respect of any month that ends after the Issue Date, the Corporation shall be deemed to have made a PIK Dividend

Election for all purposes of the Certificate of Incorporation solely with respect to and to the extent of the portion of such cash dividend for such month that is not paid. Immediately prior to the Close of Business on the applicable Dividend Payment Date, a Holder shall be deemed to be the holder of record of any PIK Shares payable with respect to such Holder's shares of Series A Preferred Stock notwithstanding that the share register of the Corporation shall then be closed or that certificates or book-entry notations representing such PIK Shares shall not then be actually delivered to such Holder.

(c) Notwithstanding anything to the contrary herein, (i) if any shares of Series A Preferred Stock are converted into Common Stock on a Conversion Date in accordance with the Certificate of Incorporation during the period between the last day of a month and the Close of Business on the corresponding Dividend Payment Date and the Corporation has not made a PIK Dividend Election in respect of such month, then the amount of the Accrued Dividends in respect of such month shall be added to the Liquidation Preference for purposes of such conversion; and (ii) if any shares of Series A Preferred Stock are converted into Common Stock in accordance with the Certificate of Incorporation on a Conversion Date during the period between the Close of Business on any Dividend Record Date and the Close of Business on the corresponding Dividend Payment Date, the Accrued Dividends with respect to such shares of Series A Preferred Stock, at the Corporation's option, shall either (x) be paid in cash on or prior to the date of such conversion or (y) not be paid in cash and be added to the Liquidation Preference for purposes of such conversion. For the avoidance of doubt, such Accrued Dividends shall include dividends accruing from, and including, the last day of the most recently preceding month to, but not including, the applicable Conversion Date. The Holders at the Close of Business on a Dividend Record Date shall be entitled to receive any dividend paid as a cash dividend on those shares on the corresponding Dividend Payment Date.

(d) Notwithstanding anything to the contrary herein, if any shares of Series A Preferred Stock are redeemed by the Corporation in accordance with the Certificate of Incorporation on a Redemption Date during any month, the Accrued Dividends with respect to such shares of Series A Preferred Stock for the period from the first day of such month through the Redemption Date shall be added to the Liquidation Preference for purposes of such redemption. For the avoidance of doubt, such Accrued Dividends shall include dividends accruing from, and including, the last day of the most recently preceding month to, but not including, the applicable Redemption Date. The Holders at the Close of Business on a Dividend Record Date shall be entitled to receive any dividend paid as a cash dividend on those shares on the corresponding Dividend Payment Date.

(e) So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on, and no redemption or repurchase shall be agreed to or consummated of, Parity Stock, Common Stock or any other shares of Junior Stock, unless all accumulated and unpaid dividends for all preceding full months (including the month in which such accumulated and unpaid dividends first arose) of the Corporation have been declared and paid (including by way of an increase to the Liquidation Preference in accordance with Section 3(c)); *provided*, *however*, that the foregoing limitation shall not apply to (i) a dividend payable on Common Stock or other Junior Stock in-kind in shares of Common Stock or other Junior Stock (and, for the avoidance of doubt, (A) without the consent of the Holders of at least 60% of the shares of Series A Preferred Stock, no cash dividends shall be paid on shares of

Common Stock or Junior Stock while any share of Series A Preferred Stock is outstanding and (B) no cash dividends shall be paid on shares of Common Stock or other Junior Stock for any month for which a dividend is paid to the Holders in PIK Shares); (ii) the acquisition of shares of Common Stock or other Junior Stock in exchange for shares of Common Stock or other Junior Stock; (iii) purchases of fractional interests in shares of Common Stock or other Junior Stock pursuant to the conversion or exchange provisions of shares of other Junior Stock or any securities exchangeable for or convertible into such shares of Common Stock or other Junior Stock; (iv) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business, including, without limitation, the forfeiture of unvested shares of restricted stock or share withholdings upon exercise, delivery or vesting of equity awards granted to officers, directors and employees; (v) any dividends or distributions of rights in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan; and (vi) the exchange or conversion of Junior Stock for or into other Junior Stock. Notwithstanding the preceding, if dividends on the Series A Preferred Stock and any Parity Stock have not been paid in full, dividends may be declared and paid on the Series A Preferred Stock and such Parity Stock only so long as the dividends are declared and paid pro rata so that amounts of dividends declared and paid per share on the Series A Preferred Stock and such Parity Stock shall in all cases bear to each other the same ratio that the Accrued Dividends per share on the shares of Series A Preferred Stock and the accumulated and unpaid dividends on such other Parity Stock bear to each other.

4. Voting.

(a) In addition to any other rights provided in the Certificate of Incorporation, the bylaws of the Corporation or applicable Law, each share of Series A Preferred Stock shall be entitled to a number of votes per share on an as-converted basis equal to the number of shares of Common Stock into which such share of Series A Preferred Stock is convertible on the record date for the vote to be taken on all matters as to which holders of Common Stock shall be entitled to vote, in the same manner and with the same effect as such holders of Common Stock, voting together with the holders of Common Stock as one class,

(b) So long as any shares of Series A Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by applicable Law or the Certificate of Incorporation, the affirmative vote or consent of the Holders of at least 50% of the outstanding shares of Series A Preferred Stock, voting together as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating (directly or indirectly, including by way of merger, consolidation, business combination, recapitalization, reorganization or similar transaction):

(i) subject to Section 4(d), any amendment or modification of the Certificate of Incorporation, the bylaws of the Corporation or similar organizational documents of any of the Corporation's Subsidiaries if such amendment or modification would adversely affect the rights, preferences, privileges or powers of, or restrictions on, the Series A Preferred Stock; *provided, however,* that any amendment or modification of any of the foregoing that would adversely affect any Holder in a manner disproportionate to the other Holders will require the affirmative vote or consent of such Holder;

(ii) any increase or decrease in the number of authorized shares of Series A Preferred Stock or any issuance of Series A Preferred Stock (other than the issuance of PIK Shares in accordance with the Certificate of Incorporation);

(iii) the authorization, issuance or creation of (by reclassification or otherwise) any class or series of Senior Stock or Parity Stock, or any class or series of capital stock of the Corporation or any Subsidiary having voting rights more favorable than those granted to Holders under this Section 4(b), other than the issuance of PIK Shares in accordance with the Certificate of Incorporation;

(iv) the payment of any dividend or distribution on any class or series of capital stock of the Corporation (or any of its Subsidiaries, except to the extent such dividends or distributions are paid solely to a direct or indirect parent of such Subsidiary), or the repurchase of any shares of Series A Preferred Stock, Senior Stock, Parity Stock or Junior Stock, in each case, other than (A) as contemplated by the Certificate of Incorporation and Section 3 hereof or (B) the repurchase of shares of capital stock from officers or employees of the Corporation or any Subsidiary pursuant to any applicable employee benefit plan or arrangement (and, if applicable, the Shareholders Agreement with respect thereto) entered into in respect of such officer's or employee's employment with the Corporation or such Subsidiary; provided, however, that the payment of cash dividends on shares of Common Stock or Junior Stock while any share of Series A Preferred Stock is outstanding shall require the affirmative vote or consent of 60% of the shares of Series A Preferred Stock;

(v) any voluntary (A) liquidation, dissolution, winding up or termination of the Corporation or any of its Subsidiaries or (B) commencement of bankruptcy, insolvency, receivership or similar proceedings with respect to the Corporation or any of its Subsidiaries; or

(vi) any sale or disposal (whether by merger, consolidation, business combination, recapitalization, reorganization or similar transaction) of any Subsidiary or asset of the Corporation or any of its Subsidiaries, in each case, for aggregate consideration in excess of $50,000,000, other than in the ordinary course of business.

Notwithstanding the foregoing, (x) none of the above actions shall be restricted or limited by or require any approval of the Holders of Series A Preferred Stock if the proceeds received therefrom are contemporaneously used by the Corporation or such Subsidiary to redeem all of the outstanding shares of Series A Preferred Stock pursuant to Section 7 and (y) in no event shall a Company Sale require the approval of any of the Holders of Series A Preferred Stock.

(c) Without the consent of the Holders, but without limiting Section 4(b), the Corporation, acting in good faith, may, in accordance with applicable Law, amend, alter, supplement or repeal any terms of the Series A Preferred Stock by amending or supplementing the Certificate of Incorporation or any stock certificate representing shares of the Series A Preferred Stock to cure any ambiguity, omission or mistake in any such instrument that does not adversely affect the rights, preferences, privileges or voting powers of the Series A Preferred Stock or any Holder.

(d) [Intentionally omitted.]

(e) In exercising the voting or consent rights set forth in Section 4(b), each Holder shall be entitled to one vote per share of Series A Preferred Stock held by such Holder.

(f) The rules and procedures for calling and conducting any meeting of the Holders (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other procedural aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Certificate of Incorporation, the bylaws of the Corporation and applicable Law.

(g) If prior to the exercise of the Holders' or the Corporation's rights pursuant to the Certificate of Incorporation, a filing is required pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), then the Corporation, on the one hand, and any Holder, on the other hand, shall (i) as promptly as practicable, make, or cause or be made, all filings and submissions required under the HSR Act, and (ii) use their commercially reasonable efforts to obtain, or cause to be obtained, consent in respect of such filings and submissions (or the termination or expiration of the applicable waiting period, as applicable).

5. Liquidation Rights.

(a) In the event of any liquidation, winding up or dissolution of the Corporation, whether voluntary or involuntary, each Holder shall be entitled to receive, in respect of such Holder's shares of Series A Preferred Stock, and to be paid out of the assets of the Corporation available for distribution to its stockholders, an amount equal to the Liquidation Preference thereon, in preference to the holders of, and before any payment or distribution is made on, any Junior Stock.

(b) Neither the sale, conveyance, exchange or Transfer (for cash, shares of stock, securities or other consideration) of all or substantially all the assets or business of the Corporation (other than in connection with the liquidation, winding up or dissolution of its business) nor the merger or consolidation of the Corporation into or with any other Person shall be deemed to be a liquidation, winding up or dissolution, voluntary or involuntary, for the purposes of this Section 5.

(c) After the payment in full to the Holders of the amounts provided for in this Section 5, the Holders of shares of Series A Preferred Stock as such shall have no right or claim to any of the remaining assets of the

Corporation in respect of their ownership of such Series A Preferred Stock.

(d) In the event the assets of the Corporation available for distribution to the Holders upon any liquidation, winding up or dissolution of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such Holders are entitled pursuant to Section 5(a), no such distribution shall be made on account of any shares of Parity Stock upon such liquidation, winding up or dissolution unless proportionate distributable amounts shall be paid on account of the shares of Series A Preferred Stock, equally and ratably,

in proportion to the full distributable amounts for which Holders of all Series A Preferred Stock and of any Parity Stock are entitled upon such liquidation, winding-up or dissolution.

6. Conversion.

(a) Conversion at Holder's Option.

(i) At any time following the Issue Date, each Holder shall have the right, from time to time, at such Holder's option, to, except to the extent it would result in a breach of applicable Law, convert all or a portion of such Holder's shares of Series A Preferred Stock into a number of fully paid and non-assessable shares of Common Stock. In such event, each of the outstanding shares of Series A Preferred Stock shall be converted into a number of fully paid and non-assessable shares of Common Stock equal to (A) the Liquidation Preference with respect to such share divided by (B) the Conversion Price; *provided, however,* that no Holder may elect to convert shares of Series A Preferred Stock in an aggregate amount less than 10% of the shares of Series A Preferred Stock held by such Holder as of the Issue Date (or, if less, than all of such Holder's shares). To convert shares of Series A Preferred Stock into shares of Common Stock pursuant to this Section 6(a), such Holder shall give written notice (the "Holder Conversion Notice" and the date of such notice, the " Holder Conversion Notice Date") to the Corporation stating that such Holder elects to so convert shares of Series A Preferred Stock and shall state therein: (1) the number of shares of Series A Preferred Stock to be converted by such Holder, (2) the name or names in which such Holder wishes the shares of Common Stock to be issued, (3) the Holder's computation of the number of shares of Common Stock to be received by such Holder and (4) the Conversion Price on the Holder Conversion Notice Date. If a Holder validly delivers a Holder Conversion Notice in accordance with this Section 6(a), the Corporation shall issue the shares of Common Stock as soon as reasonably practicable, but in no event later than five Business Days thereafter (the date of issuance of such shares, the "Holder Conversion Date").

(ii) The Corporation shall give Holders notice of a Company Sale or an Initial Public Offering not less than ten (10) Business Days prior to the consummation of such transaction, including notice of the pricing of such transaction as reasonably promptly as is practicable upon the availability of such information, to allow for each Holder's computation of the applicable Conversion Price and election of whether to convert such Holder's shares of Series A Preferred Stock simultaneously with the consummation of such Company Sale or Initial Public Offering. For the avoidance of doubt, all shares of Series A Preferred Stock shall convert automatically in connection with the consummation of a Qualified Public Offering or a Company Sale in accordance with Section 6(b).

(b) Automatic Conversion. Upon the (i) consummation of (A) a Qualified Public Offering or (B) a Company Sale or (ii) election of the Holders of a majority of the then-outstanding shares of Series A Preferred Stock (such applicable date, the "Automatic Conversion Date"), each of the outstanding shares of Series A Preferred Stock shall automatically be converted into a number of fully paid and non-assessable shares of Common Stock equal to (x) the Liquidation Preference with respect to such share divided by (y) the Conversion Price.

Notwithstanding anything to the contrary herein, no shares of Series A Preferred Stock shall be converted into Common Stock to the extent such conversion would result in a breach of applicable Law.

(c) Upon any conversion pursuant to this Section 6, each Holder shall surrender to the Corporation the certificates representing any shares held in certificated form to be converted (or a customary affidavit of loss with indemnity reasonably satisfactory to the Corporation) during usual business hours at its principal place of business, accompanied by (i) (if so required by the Corporation) a written instrument or instruments of transfer in form reasonably satisfactory to the Corporation duly executed by the Holder or its duly authorized legal representative and (ii) transfer tax stamps or funds therefor, if required pursuant to Section 6(f).

(d) Immediately prior to the Close of Business on the applicable Conversion Date, with respect to a conversion, a Holder shall be deemed to be the holder of record of Common Stock issuable upon conversion of such Holder's shares of Series A Preferred Stock notwithstanding that the share register of the Corporation shall then be closed or that certificates or book-entry notations representing such Common Stock shall not then be actually delivered to such Holder. Except to the extent that a Holder is not able to convert its shares of Series A Preferred Stock into Common Stock as a result of Section 6(h), on the applicable Conversion Date, dividends shall cease to accrue on the shares of Series A Preferred Stock so converted and all other rights with respect to the shares of Series A Preferred Stock so converted, including the rights, if any, to receive notices, will terminate, except only the rights of Holders thereof to receive the number of fully paid and nonassessable shares of Common Stock into which such shares of Series A Preferred Stock have been converted. As promptly as practical after the conversion of any shares of Series A Preferred Stock into Common Stock, but in any event no later than two Business Days following such conversion, the Corporation shall deliver to the applicable Holder an Ownership Notice identifying the number of shares of Common Stock to which such Holder is entitled. Upon conversion of only a portion of the number of shares of Series A Preferred Stock held by a Holder (in the case of conversion pursuant to Section 6(a)), the Corporation shall issue and deliver to the applicable Holder a new certificate representing the number of shares of the Series A Preferred Stock representing the unconverted portion of the certificate so surrendered.

(e) Conversion Price Adjustments. The Conversion Price shall be subject to adjustment from time to time as follows:

(i) Stock Dividends, Subdivisions, Reclassifications or Combinations. If after the Issue Date the Corporation shall (i) declare a dividend or make a distribution on its Common Stock in shares of its Common Stock or other equity interests of the Corporation or its Subsidiaries, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, (iii) combine or reclassify the outstanding Common Stock into a smaller number of shares, (iv) distribute to holders of Common Stock evidences of indebtedness, equity interests (other than Common Stock) or other assets or (v) consummate a spin-off in which the Corporation makes a distribution to all holders of Common Stock consisting of equity interests of any class or series of, or relating to, a subsidiary or other business unit, the Conversion Price in effect on and after the time of the record date for such dividend or distribution or the effective

date of such subdivision, combination or reclassification shall (without limitation to clause (b) of the definition of "Conversion Price," which shall continue to be applied and create further adjustment as and to the extent applicable) be proportionately adjusted so that the Holder of any shares of Series A Preferred Stock surrendered for conversion after such date shall be entitled to receive the number of shares of Common Stock, equity, evidences of indebtedness and other assets which such Holder would have owned or been entitled to receive had such shares of the Series A Preferred Stock been converted immediately prior to such date. Successive adjustments in the Conversion Price shall be made whenever any event specified above shall occur.

(ii) Rounding of Calculations; Minimum Adjustment. All calculations under this Section 6(e) shall be made to the nearest cent or to the nearest one hundredth (1/100th) of a share, as the case may be. Any provision of this Section 6 to the contrary notwithstanding, no adjustment in the Conversion Price shall be made if the amount of such adjustment would be less than $0.001; but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate $0.001 or more.

(iii) Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this Section 6(e) shall require that an adjustment shall become effective immediately after a record date for an event, the Corporation may defer until the occurrence of such event issuing to the Holder of any share of the Series A Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such conversion before giving effect to such adjustment.

(f) The issuance or delivery of certificates for Common Stock upon the conversion of shares of Series A Preferred Stock and the issuance or delivery of any Ownership Notice, whether at the request of a Holder or upon the conversion of shares of Series A Preferred Stock, shall each be made without charge to the Holder or recipient of shares of Series A Preferred Stock for such certificates or Ownership Notice or for any tax in respect of the issuance or delivery of such certificates or the securities represented thereby or such Ownership Notice or the securities identified therein, and such certificates or Ownership Notice shall be issued or delivered in the respective names of, or in such names as may be directed by, the applicable Holder; *provided*, *however*, that the Corporation shall not be required to pay any tax which may be payable in respect of any Transfer involved in the issuance and delivery of any such certificate in a name other than that of the Holder of the shares of the relevant Series A Preferred Stock and the Corporation shall not be required to issue or deliver any such certificate or Ownership Notice unless or until the Person or Persons requesting the issuance or delivery thereof shall have paid to the Corporation the amount of such tax or shall have established to the reasonable satisfaction of the Corporation that such tax has been paid.

(g) Any shares of Common Stock delivered pursuant to this Section 6 shall be validly issued, fully paid and nonassessable (except as such nonassessability may be affected by matters of any Law), free and clear or any liens, claims, rights or encumbrances other than those arising

under the Delaware General Corporation Law, the Shareholders Agreement or the Certificate of Incorporation or created by the holders thereof.

(h) The Corporation shall at all times reserve and keep available for issuance upon the conversion of the Series A Preferred Stock such maximum number of its authorized but unissued and otherwise unreserved shares of Common Stock as will from time to time be sufficient to permit the conversion of all outstanding shares of Series A Preferred Stock pursuant any applicable provision of the Certificate of Incorporation, and shall take all action required to be taken by it (including promptly calling and holding one or more special meetings of the Board of Directors and the stockholders of the Corporation until such increase is approved in accordance with applicable Law and amending the Certificate of Incorporation) to increase the authorized number of shares of Common Stock if at any time there shall be insufficient unissued and otherwise unreserved shares of Common Stock to permit such reservation or to permit the conversion of all outstanding shares of Series A Preferred Stock. Notwithstanding anything herein to the contrary, unless otherwise agreed by the affirmative vote of the Holders of at least 50% of the shares of Series A Preferred Stock at the time outstanding and entitled to vote thereon, all shares of Series A Preferred Stock which would otherwise convert into shares of Common Stock shall remain outstanding and shall continue to accumulate and compound additional dividends pursuant to Section 3 until such time as there are sufficient unissued shares of Common Stock to permit the conversion of all outstanding shares of Series A Preferred Stock.

(i) In case after the Issue Date of any consolidation with or merger of the Corporation with or into another corporation or other entity or merger of another entity into the Corporation, or in case of any sale, lease or conveyance to another corporation or other entity of the assets of the Corporation as an entirety or substantially as an entirety, in each case, (x) that is not a Company Sale and (y) as a result of which the previously outstanding shares of Common Stock shall be cancelled, reclassified or converted or changed into or exchanged for shares of stock, other and/or property (including cash) or any combination of the foregoing, each share of the Series A Preferred Stock shall after the date of such consolidation, merger, sale, lease or conveyance be convertible into the number of shares of stock, other securities and/or property (including cash) to which the Common Stock issuable (immediately prior to such consolidation, merger, sale, lease or conveyance) upon conversion of such share of the Series A Preferred Stock would have been entitled upon such consolidation, merger, sale, lease or conveyance (without limitation to clause (b) of the definition of "Conversion Price," which shall continue to be applied and create further adjustment as and to the extent applicable); and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests of the Holders with respect to the Series A Preferred Stock and the rights and obligations of the Corporation shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to any shares of stock or other securities or property thereafter deliverable on the conversion of the shares of the Series A Preferred Stock. In determining the kind and amount of stock, securities and/or property receivable upon consummation of such consolidation, merger, sale, lease or conveyance, if the Common Holders have the right to elect the kind or amount of consideration receivable upon consummation of such transaction, then the Holders, in connection with such transaction and at the same time holders of Common Stock are allowed to make such election, shall be given the right to make a similar election with respect to the number of shares of stock or other securities or property into which such Holder's shares of Series A Preferred Stock shall

thereafter be convertible. The above provisions of this Section 6(i) shall similarly apply to successive such transactions.

7. Optional Redemption.

(a) At any time on or after December 31, 2019, and from time to time thereafter, the Corporation shall have the right, subject to applicable Law and the rights of Holders under Section 6(a), to redeem the Series A Preferred Stock, in whole or in part, from any source of funds legally available for such purpose at a price per share equal to the Issue Price plus any Accrued Dividends on the redeemed shares (the "Optional Redemption Price"); *provided, however,* that any such redemption shall be for no less than 12.5% of the total shares of Series A Preferred Stock issued as of the Issue Date. Any such redemption shall occur on a Business Day set by the Corporation in its sole discretion (the "Redemption Date"). For the avoidance of doubt, any Holder shall be entitled to convert all or a portion of its shares of Series A Preferred Stock into shares of Common Stock pursuant to Section 6(a) at any time prior to the Redemption Date, and the Corporation shall not be entitled to redeem any such shares of Series A Preferred Stock that have been so converted.

(b) The Corporation shall give notice of its election to redeem the Series A Preferred Stock pursuant to this Section 7 not less than ten (10) days and not more than sixty (60) days before the scheduled Redemption Date, to the Holders of Series A Preferred Stock as such Holders' names appear (as of the Close of Business on the Business Day next preceding the day on which notice is given) on the Corporation's books at the address of such Holders shown therein. Such notice (the "Optional Redemption Notice") shall state: (i) the Redemption Date, (ii) the number of shares of Series A Preferred Stock to be redeemed and, if fewer than all outstanding shares of Series A Preferred Stock are to be redeemed, the number (and, in the case of shares in certificated form, the identification) of shares to be redeemed from such Holder, (iii) the Optional Redemption Price on the date of such notice and (iv) the place where any shares of Series A Preferred Stock in certificated form are to be redeemed and shall be presented and surrendered for payment of the Optional Redemption Price therefor.

(c) If the Corporation elects to redeem fewer than all of the outstanding shares of Series A Preferred Stock pursuant to this Section 7, the number of shares of Series A Preferred Stock to be redeemed shall be determined by the Corporation, provided that the Series A Preferred Stock shall be redeemed on a pro rata basis across all Holders based on their respective ownership of Series A Preferred Stock unless agreed upon otherwise by Holders holding at least two-thirds of the shares of the Series A Preferred Stock. The shares of Series A Preferred Stock not redeemed shall remain outstanding.

(d) If the Corporation gives an Optional Redemption Notice, then from and after the Redemption Date, unless the Corporation defaults in providing funds sufficient for such redemption at the time and place specified for payment pursuant to the Optional Redemption Notice, all dividends on such shares of Series A Preferred Stock to be redeemed shall cease to accrue and all other rights with respect to the shares of Series A Preferred Stock to be redeemed, including the rights, if any, to receive notices, will terminate, except only the right to receive the Optional Redemption Price.

(e) Any shares of Series A Preferred Stock that are redeemed or otherwise acquired by the Corporation shall be cancelled. If only a portion of the shares of Series A Preferred Stock represented by a certificate shall have been called for redemption, upon surrender of the certificate to the Corporation, the Corporation shall issue and deliver to the applicable Holders a new certificate representing the number of shares of Series A Preferred Stock represented by the surrendered certificate that have not been called for redemption.

8. Bring-Along Rights.

(a) Bring-Along Right. At any time prior to the consummation of an Initial Public Offering, if a majority of the Board of Directors approves a Company Sale to an unaffiliated third party (a "Third Party Purchaser"), then the Corporation shall have the right (a "Bring-Along Right"), but not the obligation, to require each Holder to tender for purchase to the Third Party Purchaser, on the same terms and conditions as apply to the Common Holders and as if the shares of Series A Preferred Stock so tendered were first converted into Common Stock at the Conversion Price, a number of shares of Series A Preferred Stock that, in the aggregate, equal the number derived by multiplying (i) the total number of shares of Series A Preferred Stock owned by the Holder by (ii) a fraction, the numerator of which is the total number of shares of Common Stock to be sold to the Third Party Purchaser in connection with the Company Sale and the denominator of which is the total number of shares of Common Stock (including shares issuable upon the exercise of rights to acquire Common Stock) outstanding immediately prior to such Company Sale.

(b) Notice. If the Corporation elects to exercise its Bring-Along Right under Section 8(a), the Corporation shall provide notice to each Holder in writing (the "Bring-Along Notice"). Each Bring-Along Notice shall set forth: (i) the proposed amount and form of consideration and terms and conditions of payment offered by the Third Party Purchaser(s) and a summary of any other material terms pertaining to the Transfer ("Third Party Terms") and (ii) the number of shares of Series A Preferred Stock that the Corporation elects each Holder to sell in the transaction as determined pursuant to Section 8(a). The Bring-Along Notice shall be given at least ten (10) days prior to the closing of the proposed Company Sale. Upon the delivery of a Bring-Along Notice, no further Transfers of Series A Preferred Stock by any Holder shall be permitted until the earliest of the date that (x) such Bring-Along Notice is withdrawn, (y) the Company Sale is consummated and (z) ninety (90) days following the date of such Holder's receipt of the Bring-Along Notice. For the avoidance of doubt, to the extent any Holder is permitted to Transfer shares of Series A Preferred Stock as a result of the expiration of the date set forth in clause (z) above, as a condition to such Transfer, such Holder shall cause the proposed transferee to acknowledge that such transferee will waive all applicable rights to notice under, and shall tender such shares of Series A Preferred Stock for purchase to the Third Party Purchaser(s) in accordance with, this Section 8.

(c) Upon the giving of a Bring-Along Notice, each Holder shall be obligated to sell the number of shares of Series A Preferred Stock set forth in such Holder's Bring-Along Notice on the Third Party Terms, provided, that each Holder shall, as if the shares of Series A Preferred Stock tendered by such Holder were first converted into Common Stock at the Conversion Price, (x) receive the same valuation of consideration as the Common Holders in such Company Sale; (y) shall be offered the right to receive the same form of consideration as the Common Holders;

and (z) subject to any differences resulting from the operation of, or the waiver by any Holder of, the provisions of Section 10, shall assume the same post-closing obligations as the Common Holders.

(d) At the closing of any Company Sale pursuant to this Section 8, the Third Party Purchaser(s) shall remit to the Holders the consideration for the total sales price of the Series A Preferred Stock held by the Holders and sold pursuant hereto, minus any consideration to be escrowed or otherwise held back (including any earn out payments) in accordance with the Third Party Terms, against delivery by the Holders of certificates, if any, for such Series A Preferred Stock or affidavits of loss (together with an indemnity reasonably acceptable to the Third Party Purchaser), duly endorsed for Transfer or with duly executed stock powers, and, if applicable, an instrument evidencing the compliance by the Holders with any other conditions to closing generally applicable to the Holders selling shares in the Company Sale. For the avoidance of doubt, Holders of Series A Preferred Stock shall be entitled to receive the same per-share consideration as and when received by Common Holders in such Company Sale; *provided, however,* that such per-share consideration shall be calculated based on an as-converted basis (based on the Conversion Price) assuming all shares of Series A Preferred Stock sold by the Holders in such Company Sale were converted into shares of Common Stock. For the avoidance of doubt, any Accrued Dividends on the Series A Preferred Stock shall be taken into account when calculating the consideration due to each Holder pursuant to this Section 8.

9. Tag-Along Rights.

(a) At any time prior to the consummation of an Initial Public Offering, if one or more Holders or Common Holders (the "Tag-Along Transferor") proposes to Transfer greater than $50 million of outstanding shares of

Series A Preferred Stock (based solely on the Issue Price) or 50% or more of the outstanding shares of Common Stock, as applicable, held by such Holders or Common Holders to a Third Party Purchaser, in a single Transfer or a series of related Transfers, then each other Holder shall have the right (a "Tag-Along Right") to require that the proposed Third Party Purchaser purchase from such Holder, on the same terms and conditions as apply to the Tag-Along Transferor, the following:

(i) in the event of a Transfer by the Tag-Along Transferor of Series A Preferred Stock, up to a number of such Holder's Series A Preferred Stock equal to the number derived by multiplying (A) the total number of shares of Series A Preferred Stock that such Third Party Purchaser has agreed or committed to purchase by (B) a fraction, the numerator of which is the total number of shares of Series A Preferred Stock owned by such other Holder and the denominator of which is the aggregate number of shares of Series A Preferred Stock owned by all Holders who have exercised the Tag-Along Right; and

(ii) in the event of a Transfer by the Tag-Along Transferor of Common Stock, up to a number of such Holder's shares of Common Stock into which shares of Series A Preferred Stock have converted derived by multiplying (A) the total number of shares of Common Stock that such Third Party Purchaser has agreed or committed to purchase by (B) a fraction, the numerator of which is the total number of shares of Common Stock owned by such other Holder and the denominator of which is the aggregate number of

shares of Common Stock owned by all Common Holders (including such Holder) who have exercised the Tag-Along Right; *provided, however,* that no Holder shall be entitled to exercise its Tag-Along Right unless such Holder has elected to convert all or a portion of its shares of Series A Preferred Stock into Common Stock (simultaneous with or prior to the transaction that is the subject of the Tag-Along Right).

(b) The Tag-Along Transferors shall notify each Holder in writing in the event the Tag-Along Transferors propose to make a Transfer or series of Transfers giving rise to a Tag-Along Right at least ten (10) business days prior to the date on which the Tag-Along Transferors expect to consummate such Transfer (the "Sale Notice"), which notice shall specify the number of shares of Series A Preferred Stock or Common Stock, as applicable, that the Third Party Purchaser intends to purchase in such Transfer. The Tag-Along Right may be exercised by any Holder proposing to sell all (but not fewer than all) of the shares of Series A Preferred Stock or Common Stock which such Holder is entitled to sell pursuant to Section 9(a) above by delivery of a written notice to the Tag-Along Transferors (the "Tag-Along Notice") within ten (10) business days following receipt of the Sale Notice from the Tag-Along Transferors. Each applicable Holder shall (i) receive the same valuation of consideration as the Tag-Along Transferors; (ii) shall be offered the right to receive the same form of consideration as the Tag-Along Transferors; and (iii) subject to any differences resulting from the operation of, or the waiver by any Holder of, the provisions of Section 10, shall assume the same post-closing obligations as the Tag-Along Transferors. In the event that the proposed Third Party Purchaser does not purchase the specified number of shares of Series A Preferred Stock or Common Stock from any applicable Holder on the same terms and conditions as specified in the Sale Notice, then the Tag-Along Transferors shall not be permitted to sell to the proposed Third Party Purchaser additional shares of shares of Series A Preferred Stock or Common Stock, as applicable, in an amount equal to the number of shares of Series A Preferred Stock or Common Stock that the Third Party Purchaser failed to purchase from such Holder unless the Tag-Along Transferors purchase from such Holder a corresponding number of shares of Series A Preferred Stock or Common Stock, as applicable, on the same terms and conditions as specified in such Sale Notice. For the avoidance of doubt, any Accrued Dividends on the Series A Preferred Stock shall be taken into account when calculating the consideration due to each Holder pursuant to this Section 9.

(c) At the closing of the Transfer to any Third Party Purchaser pursuant to this Section 9, the Third Party Purchaser shall remit to each applicable Holder the consideration for the total sales price of the Series A Preferred Stock or Common Stock, as applicable, held by such Holder sold pursuant hereto, minus any such consideration to be escrowed or otherwise held back (including earn out payments) in accordance with the Third Party Terms, against delivery by the Holders of certificates, if any, for such Series A Preferred Stock or Common Stock, as applicable, or affidavits of loss (together with an indemnity reasonably acceptable to the Third Party Purchaser), duly endorsed for Transfer or with duly executed stock powers, and, if applicable, an instrument evidencing the compliance by the Holders with any other conditions to closing generally applicable to the Holders selling shares in the transaction.

(d) For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement, in no event shall any Holder of Series A Preferred Stock (or shares of Common

Stock issued upon conversion thereof) have any rights under this Section 9 with respect to an Initial Public Offering.

10. Cooperation; Limitations.

(a) In the event of (i) the exercise of a Bring-Along Right pursuant to Section 8 or (ii) the exercise of a Tag-Along Right pursuant to Section 9, each Holder shall consent to and raise no objections against the transaction and shall take all actions that the Board of Directors reasonably deems necessary in connection with the consummation of the transaction. Without limiting the generality of the foregoing, each Holder agrees to: (A) vote in favor of such transaction or act by written consent approving the same with respect to all shares of Series A Preferred Stock and Common Stock owned by such Holder; (B) if requested, execute any purchase agreement, merger agreement or other agreement entered into with the Third Party Purchaser with respect to such transaction, and any such ancillary agreement with respect thereto as is necessary or desirable to approve and consummate the transaction at the purchase price and upon the same terms and conditions as the Common Holders (subject to any differences resulting from the operation of, or the waiver by any Holder of, the succeeding provisions of this Section 10); (C) refrain from the exercise of, and waive, any dissenters' rights, appraisal rights or similar rights in connection with such transaction; and (D) take all further actions or deliver all such additional documents or agreements as is reasonably requested by the Corporation in connection with such transaction. Notwithstanding anything in Sections 8 through 10 to the contrary, the rights and obligations of the Holders shall be limited as follows: (1) all such covenants, indemnities and agreements in the applicable purchase agreement, merger agreement or other agreement entered into with the Third Party Purchaser and any ancillary agreement or other agreement entered into with the Third Party Purchaser and any ancillary agreement with respect thereto shall be made on a several, and not joint and several, pro rata basis by all Holders and Common Holders, as applicable, (2) each Holder shall only be required to make representations and warranties personal to such Holder (and not, for the avoidance of doubt, in respect of the Corporation, its subsidiaries or their respective businesses), including representations and warranties relating to its existence, authority, non-contravention, due execution, ownership of shares of Series A Preferred Stock or Common Stock, as applicable, to be Transferred, ability to Transfer such shares free and clear of all liens and encumbrances, and the enforceability of the relevant agreement against such Holder, in the applicable purchase agreement, merger agreement or other agreement entered into with the Third Party Purchaser and any ancillary agreement, (3) any indemnification a Holder shall be required to provide (including with respect to covenants, agreements, representations and warranties in respect of the Corporation, its subsidiaries or their respective businesses) will be made on a several, and not joint and several, pro rata basis with any other Holder and Common Holder, as applicable (other than for any amounts held in escrow and other than in respect of the personal representations and warranties referenced in the immediately preceding clause (2)), (4) in connection with a Bring-Along Right, if any other Holder receives an option as to the form of consideration it shall receive in the transaction, such Holder shall be offered the same choice with respect to its stock of the same class, (5) in connection with a Bring-Along Right and Tag-Along Right, no Holder shall be required to agree to (x) any non-competition covenant or agreement or (y) any non-solicitation covenant or agreement (other than in respect of the solicitation by such Holder of a member of the Corporation's or its Subsidiary's senior management and other than in respect of malicious interference by such Holder with customers or suppliers, in each case which covenants or

agreements shall be reasonable as to duration and scope), and (6) no Holder's obligations for indemnification and similar obligations shall exceed the aggregate of the consideration actually received by such Holder in connection with such transaction.

(b) Each Holder shall bear its pro rata share of the costs of any transaction (pursuant to this Agreement or otherwise) in which it sells shares of its Series A Preferred Stock or Common Stock (based upon the net proceeds received by such Holder in such transaction) to the extent such costs are incurred for the benefit of all Holders and are not otherwise paid by the Corporation or the acquiring party.

11. Uncertificated Shares; Certificated Shares.

(a) Uncertificated Shares.

(i) Form. Notwithstanding anything to the contrary herein, unless requested in writing by a Holder to the Corporation, the shares of Series A Preferred Stock and any shares of Common Stock issued upon conversion thereof shall be in uncertificated, book entry form as permitted by the bylaws of the Corporation and the Delaware General Corporation Law. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof an Ownership Notice.

(ii) Transfer. Transfers of Series A Preferred Stock and any Common Stock issued upon conversion thereof held in uncertificated, book-entry form shall be made only upon the transfer books of the Corporation upon receipt of proper transfer instructions from the registered owner of such uncertificated shares, or from a duly authorized attorney or from an individual presenting proper evidence of succession, assignment or authority to transfer the stock. The Corporation may refuse any requested transfer until furnished evidence reasonably satisfactory to it that such transfer is proper.

(b) Certificated Shares.

(i) Form and Dating. When Series A Preferred Stock is in certificated form (" Certificated Preferred Stock"), the Series A Preferred Stock certificate shall be substantially in the form set forth in Annex A, which is hereby incorporated in and expressly made a part of the Certificate of Incorporation. The Series A Preferred Stock certificate may have notations, legends or endorsements required by applicable Law, stock exchange rules, agreements to which the Corporation is subject, if any, or usage; *provided* that any such notation, legend or endorsement is in a form acceptable to the Corporation. Each Series A Preferred Stock certificate shall be dated the date of its authentication.

(ii) Execution and Authentication. Two officers of the Corporation shall sign each Series A Preferred Stock certificate for the Corporation by manual or facsimile signature.

(iii) Transfer and Exchange. When Certificated Preferred Stock is presented to the Corporation with a request to register the transfer of such Certificated Preferred Stock or to exchange such Certificated Preferred Stock for shares of certificated Common

Stock, the Corporation shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; *provided*, *however*, that the Certificated Preferred Stock surrendered for transfer or exchange:

A. shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Corporation, duly executed by the Holder thereof or its attorney duly authorized in writing; and

B. is being transferred or exchanged pursuant to subclause (1) or (2) below, and is accompanied by the following additional information and documents, as applicable:

(1) if such Certificated Preferred Stock is being delivered to the Corporation by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect in substantially the form of Annex B hereto; or

(2) if such Certificated Preferred Stock is being Transferred to the Corporation or to a "qualified institutional buyer" in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act, (i) a certification to that effect (in substantially the form of Annex B hereto) and (ii) if the Corporation so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with any restrictions on Transfer applicable to such Certificated Preferred Stock.

(iv) Replacement Certificates. If any of the Series A Preferred Stock certificates shall be mutilated, lost, stolen or destroyed, the Corporation shall issue, in exchange and in substitution for and upon cancellation of the mutilated Series A Preferred Stock certificate, or in lieu of and substitution for the Series A Preferred Stock certificate lost, stolen or destroyed, a new Series A Preferred Stock certificate of like tenor and representing an equivalent amount of shares of Series A Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Series A Preferred Stock certificate and indemnity, if requested, satisfactory to the Corporation.

(c) Upon (i) the request of any Holder of shares of Series A Preferred Stock held in certificated form; (ii) delivery by such Holder of such information reasonably requested by the Corporation (which may include an opinion of counsel reasonably acceptable to the Corporation) and (iii) a reasonable determination by the Corporation that such shares are no longer subject to (or are entitled to an exemption from) any applicable restrictions on Transfer set forth herein, the Purchase Agreement or applicable securities laws, the Corporation shall permit such Holder to exchange such certificated Series A Preferred Stock for certificated Series A Preferred Stock that does not bear the applicable restrictive legend(s) and rescind the applicable restriction on the Transfer of such certificates Series A Preferred Stock.

12. Tax Matters. The Corporation, or any applicable withholding agent, is hereby authorized, on behalf of each Holder, to withhold and pay over to the applicable taxing authority any and all

Taxes required to be withheld under applicable Law with respect to such Holder and its shares of Series A Preferred Stock (and any cash dividends or PIK Shares, and including with respect to any deemed distributions, payable thereon). Each of the Holders hereby agrees to indemnify the Corporation for any and all Taxes imposed on dividends or distributions (whether cash dividends or PIK Shares and including with respect to any deemed distributions) paid or payable to such Holder with respect to its shares of Series A Preferred Stock that are in excess of amounts actually withheld by the Corporation, or any applicable withholding agent, with respect to such Holder and paid to the applicable taxing authority. Each Holder shall provide to the Corporation, or any applicable withholding agent, upon request any Tax forms or other documentation reasonably requested by the Corporation, or any applicable withholding agent, to enable it to comply with its obligations under applicable Law. Upon determination of the actual amount of any tax withholding payments payable with respect to the Series A Preferred Stock, each Holder (as applicable) shall indemnify the Corporation promptly but in no event later than fifteen (15) days after the presentation of a statement setting forth the amount of indemnification to which the Corporation is entitled along with such supporting evidence as is reasonably necessary to calculate such amount under this Section 12. Notwithstanding anything in the Certificate of Incorporation to the contrary, each of the Holders hereby agrees that (a) the provisions of this Section 12 shall be binding on each of such Holder's successors and assigns and (b) such Holder shall cause each Person to which it Transfers any of its shares of Series A Preferred Stock to acknowledge and agree to the provisions of this Section 12 in a form and manner reasonably to the satisfaction of the Corporation.

13. Pre-emptive Rights.

(a) With respect to any issuance or portion thereof, other than an Excluded Issuance, by the Corporation of shares of Common Stock or other equity securities (including debt and equity securities that are convertible into or exchangeable for shares of Common Stock or other equity securities) after the date hereof but prior to an Initial Public Offering by the Corporation (such securities or rights are collectively referred to herein as the "New Securities"), each Holder may elect to subscribe for and purchase for the issuance price offered by the Corporation such Holder's Pro Rata Allocation of such New Securities. "Excluded Issuance" shall mean (i) any shares issued as stock dividends, or pursuant to stock splits, recapitalization or other similar events that do not adversely affect the proportionate amount of the Corporation's equity held by the Holders and Common Holders; (ii) securities issued pursuant to an Initial Public Offering; (iii) equity securities issuable pursuant to warrants, options, notes or other rights to acquire securities of the Corporation issued in compliance with this Section 13; (iv) capital stock, or warrants or options to purchase capital stock, issued to the third party seller or unaffiliated strategic partner in acquisitions, mergers or strategic partner transactions, the terms of which are approved by the Board of Directors; and (v) any PIK Shares issued in accordance with the Certificate of Incorporation. "Pro Rata Allocation" shall mean, with respect to any Holder, the number derived by multiplying (i) the total number of New Securities proposed to be issued in the preemptive offering by (ii) a fraction, the numerator of which is the number of shares of Common Stock that would be owned by such Holder assuming the conversion of all shares of Series A Preferred Stock owned by such Holder as of the date of the issuance of such New Securities and the denominator of which is the sum of (A) the total outstanding shares of Common Stock and (B) the number of shares of Common Stock (including, for purposes of this calculation, shares issuable upon the exercise of all Vested Options (as defined in the

Shareholders Agreement) whether or not exercised) that would be owned by all Holders and all Common Holders assuming the conversion of all shares of Series A Preferred Stock outstanding as of the date of the issuance of such New Securities.

(b) The Corporation shall give each Holder thirty (30) days written notice before making any sale or offering of New Securities and shall advise each Holder of its rights under this Section 13 to participate in such offering. The notice shall describe the price and the terms on which the Corporation proposes to sell, Transfer, or otherwise distribute the New Securities, together with a calculation of such Holder's Pro Rata Allocation. Each Holder will then have twenty (20) days after the receipt of the notice to advise the Corporation in writing whether it will exercise its rights hereunder and to deliver payment in full for the shares of New Securities it elects to purchase. If a Holder fails to deliver payment within the requisite time period for the New Securities it elects to purchase, such Holder shall have no further purchase rights under this Section 13 in connection with such offering of New Securities.

(c) In the event that the ECP Stockholders are issued New Securities in an offering that is not an Excluded Issuance (an "ECP Issuance"), such ECP Issuance may occur prior to undertaking the procedures required by this Section 13 with respect to the Holders if the Board of Directors determines in good faith that it would be adverse to the Corporation to comply with the procedures in this Section 13, in which case the Corporation shall cause such procedures to be undertaken with respect to the Holders (other than the ECP Stockholders) promptly following such ECP Issuance (and in any event the notice contemplated in Section 13(b) above shall be delivered no later than ten (10) days of such ECP Issuance. Each Holder's respective Pro Rata Allocation for purposes of complying with such procedures shall be calculated without taking into account any shares of Common Stock or other equity securities issued to the ECP Stockholders in such issuance (but the shares of Common Stock or other equity securities held by the ECP Stockholders prior to the ECP Issuance shall be included in any such calculation)), and each such Holder shall be entitled to purchase up to such number of New Securities sufficient to cause such Holder's relative percentage ownership of all outstanding Common Stock immediately following such purchase to equal such Holder's relative percentage ownership of Common Stock immediately prior to the ECP Issuance (including, for purposes of calculating such Holder's relative percentage ownership of Common Stock, shares issuable upon the exercise of all Vested Options, whether or not exercised, and conversion of all shares of Series A Preferred Stock outstanding as of the date of the issuance of such New Securities. The Corporation may not issue any New Securities in any ECP Issuance unless the ECP Stockholders expressly agree to give effect to this provision.

(d) Notwithstanding any provision herein to the contrary, any issuance of equity securities by any Subsidiary of the Corporation other than to the Corporation or a wholly owned Subsidiary of the Corporation shall be deemed an issuance by the Corporation of its equity securities to which the pre-emptive rights under this Section 13 shall apply.

14. Transfer Restrictions. Notwithstanding anything in the Purchase Agreement or the Certificate of Incorporation to the contrary, and subject to the requirements of Section 12 hereof, no Holder may Transfer any of such Holder's shares of Series A Preferred Stock without the prior written consent of the Corporation, which consent may be (a) withheld in the sole discretion of the Corporation or (b) given subject to reasonable terms and conditions determined

by the Corporation in its sole discretion; *provided, however,* that (i) any Holder may at any time Transfer any of such Holder's shares of Series A Preferred Stock to one or more of such Holder's Affiliates, provided that such Person shall Transfer such shares to such Holder in the event that such Person ceases to be an Affiliate of such Holder, and (ii) on or after January 1, 2018, any investor may Transfer any of such Holder's shares of Series A Preferred Stock to any Person without the prior written consent of the Corporation, except that the Corporation's prior written consent shall be required for a Transfer of shares of Series A Preferred Stock to a Person that, directly or indirectly through one or more of its Affiliates, holds a 50% or greater equity interest in, or otherwise is permitted to appoint a director, manager or managing member (or similar representative on the governing body) of a Person engaged in the conduct of business in the oilfield services industry in North America. Each Holder agrees that in connection with any Transfer consented to by the Corporation, such Holder shall, if requested by the Corporation, deliver to the Corporation an opinion of counsel in form and substance reasonably satisfactory to the Corporation and counsel for the Corporation, to the effect that the Transfer is not in violation of the Certificate of Incorporation, the Securities Act, or the securities Laws of any state. Any purported Transfer in violation of the provisions of this Section 14 shall be null and void and shall have no force or effect. The restrictions on Transfer set forth in this Section 14 shall terminate upon the consummation of an Initial Public Offering.

15. Information *Rights*.

(a) Each Holder that, together with its Affiliates, owns shares of Series A Preferred Stock with an aggregate value (based solely on Issue Price) of at least $5,000,000 (each, a "Qualifying Holder") shall be entitled to receive the following information from the Corporation:

(i) within one hundred twenty (120) days after the end of each Fiscal Year of the Corporation, an audited consolidated balance sheet of the Corporation and its Subsidiaries as of the end of such Fiscal Year and the related income statement, statement of members' equity, and statement of cash flows for such Fiscal Year; and

(ii) within forty-five (45) days after the end of the first three quarters of each Fiscal Year of the Corporation (and within ninety (90) days after the end of the fourth quarter of each Fiscal Year of the Corporation), an unaudited consolidated balance sheet of the Corporation and its Subsidiaries as of the end of such quarter and an unaudited related income statement, statement of members' equity and statement of cash flows for such quarter.

(b) The Corporation shall also provide each Qualifying Holder with the right, upon reasonable request and during the normal business hours of the Corporation, to visit and inspect the facilities (including the books and records) of the Corporation and its Subsidiaries and meet with members of management and other Corporation personnel for the purpose of discussing the business of the Corporation and its Subsidiaries.

16. Other Provisions.

(a) With respect to any notice to a Holder required to be provided hereunder, neither failure to mail such notice, nor any defect therein or in the mailing thereof, to any particular

Holder shall affect the sufficiency of the notice or the validity of the proceedings referred to in such notice with respect to the other Holders or affect the legality or validity of any vote upon any such action (assuming due and proper notice to such other Holders). Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives the notice.

(b) Shares of Series A Preferred Stock that have been issued and reacquired by the Corporation in any manner, including shares of Series A Preferred Stock purchased or redeemed or exchanged or converted, shall (upon compliance with any applicable provisions of the Laws of Delaware) upon such reacquisition be automatically cancelled by the Corporation and shall not be reissued.

(c) All notice periods referred to herein shall commence: (i) when made, if made by hand delivery, and upon confirmation of receipt, if made by facsimile; (ii) one (1) Business Day after being deposited with a nationally recognized next-day courier, postage prepaid; or (iii) three (3) Business Days after being sent by certified or registered mail, postage prepaid. Notice to any Holder shall be given to the registered address set forth in the Corporation's records for such Holder.

(d) Any payments required to be made hereunder on any day that is not a Business Day shall be made on the next succeeding Business Day without interest or additional payment for such delay. All payments required hereunder shall be made by wire transfer of immediately available funds in United States Dollars to the Holders in accordance with the payment instructions as such Holders may deliver by written notice to the Corporation from time to time.

FORM OF SERIES A CONVERTIBLE PREFERRED STOCK

FACE OF SECURITY

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THESE SECURITIES NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE FOREGOING LEGEND WILL BE REMOVED AND A NEW CERTIFICATE PROVIDED WITH RESPECT TO THESE SECURITIES UPON THE REQUEST OF THE HOLDER AFTER THE EXPIRATION OF THE APPLICABLE HOLDING PERIOD WITH RESPECT TO RESTRICTED SECURITIES SET FORTH IN RULE 144 UNDER THE SECURITIES ACT.

SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE CERTIFICATE OF INCORPORATION OF PROPETRO HOLDING CORP. (THE "CORPORATION"), INCLUDING THE CERTIFICATES OF DESIGNATIONS INCLUDED THEREIN (AS FURTHER AMENDED AND RESTATED FROM TIME TO TIME, THE "CHARTER"), THE CORPORATION IS AUTHORIZED TO ISSUE MORE THAN ONE CLASS OF STOCK OR MORE THAN ONE SERIES OF ANY CLASS AND THE CORPORATION WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. THE SHARES EVIDENCED BY THIS NOTICE ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS STATED IN, AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH, THE PROVISIONS OF THE CHARTER. THE TERMS OF THE CHARTER ARE HEREBY INCORPORATED INTO THIS CERTIFICATE BY REFERENCE.

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE CORPORATION SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH CORPORATION MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Certificate Number
[_________________________]

[_________________________] Shares of
Series A Convertible Preferred Stock

SERIES A CONVERTIBLE PREFERRED STOCK
OF
PROPETRO HOLDING CORP.

PROPETRO HOLDING CORP., a Delaware corporation (the "Corporation"), hereby certifies that [___________________] (the "Holder") is the registered owner of [___________________] fully paid and non-assessable shares of preferred stock, par value $0.001 per share, of the Corporation designated as the Series A Convertible Preferred Stock (the "Series A Convertible Preferred Stock"). The shares of Series A Convertible Preferred Stock are transferable on the books and records of the Corporation, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Series A Convertible Preferred Stock represented hereby are issued and shall in all respects be subject to the provisions of the Certificate of Incorporation dated [·], 2017, as the same may be amended from time to time (the "Certificate of Incorporation"). Capitalized terms used herein but not defined shall have the meaning given them in the Certificate of Incorporation. The Corporation will provide a copy of the Certificate of Incorporation to the Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to select provisions of the Series A Convertible Preferred Stock set forth on the reverse hereof, and to the Certificate of Incorporation, which select provisions and the Certificate of Incorporation shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Certificate of Incorporation and is entitled to the benefits thereunder.

On the date of issuance of this certificate there is not a transfer agent and therefore no certificate from any transfer agent is required for the holder of these shares of Series A Convertible Preferred Stock to be entitled to any benefit under the Certificate of Incorporation or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has executed this certificate this __________ day of __________, 2017.

PROPETRO HOLDING CORP.

By: ____
Name:
Title:

By: ____
Name:
Title:

REVERSE OF SECURITY

Dividends on each share of Series A Convertible Preferred Stock shall be payable, when, as and if declared by the Corporation's Board of Directors out of legally available funds or in kind as provided in the Certificate of Incorporation.

The shares of Series A Convertible Preferred Stock shall be convertible into Common Stock upon the satisfaction of the conditions and in the manner and according to the terms set forth in the Certificate of Incorporation.

The Corporation will furnish without charge to each holder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock and the qualifications, limitations or restrictions of such preferences and/or rights.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of Series A Convertible Preferred Stock evidenced hereby to:

____

____

____

(Insert assignee's social security or tax identification number)

____

(Insert address and zip code of assignee) and irrevocably appoints:

agent to transfer the shares of Series A Convertible Preferred Stock evidenced hereby on the books of the Corporation. The agent may substitute another to act for him or her.

Date: ______________________________

Signature: ______________________________

(Sign exactly as your name appears on the other side of this Series A Convertible Preferred Stock Certificate)

Signature Guarantee: ______________________________[1]

[1] Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union reasonably acceptable to the Corporation or meeting the requirements of any transfer agent appointed by the Corporation from time to time, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

ANNEX B

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR TRANSFER OF SERIES A CONVERTIBLE PREFERRED STOCK

Re: Series A Convertible Preferred Stock (the " Series A Convertible Preferred Stock") of ProPetro Holding Corp. (the "Corporation").

This Certificate relates to shares of Series A Convertible Preferred Stock held by _______________(the "Transferor"). The Transferor has requested the Corporation record the transfer of Series A Convertible Preferred Stock.

In connection with such request and in respect of such Series A Convertible Preferred Stock, the Transferor does hereby certify that the Transferor is familiar with the Certificate of Incorporation relating to the above-captioned Series A Convertible Preferred Stock and that the transfer of this Series A Convertible Preferred Stock does not require registration under the Securities Act of 1933, as amended (the "Securities Act"), because */:

☐ such Series A Convertible Preferred Stock is being acquired for the Transferor's own account without transfer;

☐ such Series A Convertible Preferred Stock is being transferred to the Corporation;

☐ such Series A Convertible Preferred Stock is being transferred to a qualified institutional buyer (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A; or

☐ such Series A Convertible Preferred Stock is being transferred in reliance on and in compliance with another exemption from the registration requirements of the Securities Act (and based on an Opinion of Counsel if the Corporation so requests).

[INSERT NAME OF TRANSFEROR]

By: ____________________
Date: ____________________

*/ Please check applicable box.

Exhibit 3.2

FORM OF
CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
PROPETRO HOLDING CORP.

ProPetro Holding Corp., a corporation formed and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

FIRST: The board of directors of the Corporation duly adopted the following resolutions in accordance with the provisions of Section 141 and Section 242 of the Delaware General Corporation Law:

"**RESOLVED**, that the board of directors hereby declares it advisable and in the best interests of the Corporation that Article FOURTH of the Certificate of incorporation of the Corporation is hereby amended to add the following paragraph as the second paragraph of Article FOURTH:

> "Upon the effectiveness of this Certificate of Amendment to the Certificate of Incorporation of the Corporation (the "Stock Split Effective Time"), each share of Common Stock issued and outstanding (or held in treasury) immediately prior to the Stock Split Effective Time ("Old Common Stock") shall be automatically reclassified into [·] validly issued, fully paid and non-assessable shares of Common Stock without any further action by the Corporation or the holder of such shares of Old Common Stock (the "Common Stock Split"). Notwithstanding the foregoing, no fractions of a share of Common Stock shall be deliverable upon the Common Stock Split, and stockholders who otherwise would have been entitled to receive any fractional share of Common Stock, in lieu of receipt of such fractional share, shall be entitled to receive from the Corporation an amount in cash equal to the fair value of such fractional interest as of the Stock Split Effective Time as determined by the Board of Directors of the Corporation. From and after the Stock Split Effective Time, each stock certificate representing shares of Old Common Stock shall thereafter represent the number of shares of Common Stock equal to the same number of shares of Old Common Stock previously represented by such stock certificate, multiplied by [·] and rounded down to the nearest whole number; provided, however, that each person holding of record a stock certificate or certificates that represented shares of Old Common Stock shall receive, upon surrender of such certificate or certificates, a new certificate or certificates evidencing and representing the number of whole shares of Common Stock to which such person is entitled as a result of the Common Stock Split based on the aggregate number of shares of Old Common Stock held by such person."

SECOND: This amendment to the Certificate of Incorporation of the Corporation has been duly adopted by the board of directors of the Corporation in accordance with the provisions

of Section 242 of the General Corporation Law of the State of Delaware and by the stockholders in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by its duly authorized officer this [·]th day of [·], 2017.

ProPetro Holding Corp.

By: ______________________________

Dale Redman
Chief Executive Officer

[*Signature Page to Certificate of Amendment of the Certificate of Incorporation of ProPetro Holding Corp.*]

Exhibit 3.3

FORM OF BYLAWS

OF

PROPETRO HOLDING CORP.

ARTICLE I

Meetings of Stockholders

Section 1.01. Annual Meetings. If required by applicable law, an annual meeting of stockholders of ProPetro Holding Corp. (the "Corporation") shall be held for the election of directors at such date, time and place, if any, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors of the Corporation (the "Board of Directors") from time to time. Any other proper business may be transacted at the annual meeting. The Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

Section 1.02. Special Meetings. Special meetings of stockholders for any purpose or purposes may be called only in the manner provided in the Certificate of Incorporation of the Corporation (as the same may be amended, restated, amended and restated or otherwise modified from time to time, the "Certificate of Incorporation"). Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. The Board of Directors may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board of Directors.

Section 1.03. Place of Meeting. The Board of Directors or the Chairperson of the Board of Directors, as the case may be, may designate the place of meeting for any annual meeting or for any special meeting of the stockholders called by the Board of Directors or the Chairperson of the Board of Directors. If no designation is so made, the place of meeting shall be the principal executive offices of the Corporation.

Section 1.04. Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given that shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for determining stockholders entitled to notice of the meeting) and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at the meeting as of the record date for determining the stockholders entitled to notice of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

Section 1.05. Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment 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. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

Section 1.06. Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, at each meeting of stockholders, the presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum, 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 in voting power of the outstanding shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. In the absence of a quorum, the presiding person at the meeting of stockholders or the stockholders so present may, by a majority in voting power thereof, adjourn the meeting from time to time in the manner provided in Section 1.05 of these Bylaws until a quorum shall attend. Shares of its own stock belonging to the Corporation or to another entity, if a majority of the shares or other securities entitled to vote in the election of directors, managers, general partner or other oversight board vested with the authority to direct the management of such other entity is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote shares of stock held by it in a fiduciary capacity.

Section 1.07. Organization. Meetings of stockholders shall be presided over by the Chairperson of the Board of Directors, if any, or in his or her absence by the Vice Chairperson of the Board of Directors, if any, or in his or her absence by the Chief Executive Officer, or in his or her absence by any officer, or in the absence of the foregoing persons by a chairperson designated by the Board of Directors, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.08. Voting; Proxies. Except as otherwise provided by or pursuant to the provisions of the Certificate of Incorporation, each stockholder entitled to vote at any

meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such manner prescribed by the General Corporation Law of the State of Delaware) by the stockholder, or by his or her duly authorized attorney in fact. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the Corporation a revocation of the proxy or a new proxy bearing a later date. Voting at meetings of stockholders need not be by written ballot. Unless otherwise provided in the Certificate of Incorporation, at all meetings of stockholders for the election of directors at which a quorum is present a plurality of the votes cast shall be sufficient to elect such directors. All other elections and questions presented to the stockholders at a meeting at which a quorum is present shall, unless a different or minimum vote is required by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, in which case such different or minimum vote shall be the applicable vote on the matter, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock of the Corporation which are present in person or by proxy and entitled to vote thereon.

Section 1.09 Notice of Business To Be Brought Before a Meeting.

(a) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in a notice of meeting given by or at the direction of the Board of Directors, (ii) if not specified in a notice of meeting, otherwise brought before the meeting by the Board of Directors or any committee thereof or (iii) otherwise properly brought before the meeting by a stockholder of the Corporation present in person who (A) (1) was a stockholder of record of the Corporation both at the time of giving the notice provided for in this Section 1.09 and at the time of the meeting, (2) is entitled to vote at the meeting, and (3) has complied with this Section 1.09 in all applicable respects or (B) properly made such proposal in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations, the "Exchange Act"). The foregoing clause (iii) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders. The only matters that may be brought before a special meeting are the matters specified in the notice of meeting given by or at the direction of the Board of Directors, and stockholders shall not be permitted to propose business to be brought before a special meeting of the stockholders unless otherwise provided in the Certificate of Incorporation. For purposes of this

Section 1.09, "present in person" shall mean that the stockholder proposing that the business be brought before the annual meeting of the Corporation, or a qualified representative of such proposing stockholder, appear at such annual meeting. A "qualified representative" of such proposing stockholder shall be a person 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 or, if such proposing stockholder is (i) a general or limited partnership, any general partner or person who functions as a general partner of the general or limited partnership or who controls the general or limited partnership, (ii) a corporation or a limited liability company, any officer or person who functions as an officer of the corporation or limited liability company or any officer,

director, general partner or person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (iii) a trust, any trustee of such trust. Stockholders seeking to nominate persons for election to the Board of Directors must comply with Section 1.10 and Section 1.11, and this Section 1.09 shall not be applicable to nominations except as expressly provided in Section 1.10 and Section 1.11.

(b) Without qualification, for business to be properly brought before an annual meeting by a stockholder, the business must constitute a proper matter for stockholder action and the stockholder must (i) provide Timely Notice (as defined below) thereof in writing and in proper form to the Secretary and (ii) provide any updates or supplements to such notice at the times and in the forms required by this Section 1.09. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year's annual meeting (which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of Common Stock are first publicly traded, be deemed to have occurred on June 1, 2017); provided, however, that if the date of the annual meeting 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, or mailed and received, not earlier than the one hundred twentieth (120^{th}) days prior to such annual meeting and not later than the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public disclosure of the date of such annual meeting was first made (such notice within such time periods, "Timely Notice"). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of Timely Notice as described above.

(c) To be in proper form for purposes of this Section 1.09, a stockholder's notice to the Secretary shall set forth:

(i) as to each Proposing Person (as defined below), (A) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's books and records); and (B) the class or series and number of shares of the Corporation that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (A) and (B) are referred to as "Stockholder Information");

(ii) as to each Proposing Person, (A) the full notional amount of any securities that, directly or indirectly, underlie any "derivative security" (as such term is defined in Rule 16a-1(c) under the Exchange Act) that constitutes a "call equivalent position" (as such term is defined in Rule 16a-1(b) under the Exchange Act) ("Synthetic Equity Position") and that is, directly or indirectly, held or maintained by such Proposing Person with respect to any shares of any class or series of shares of the Corporation; provided that, for the purposes of the definition of "Synthetic Equity Position," the term "derivative security" shall also include any security or instrument that would not otherwise constitute a "derivative security" 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; and, provided, further, that any Proposing Person satisfying the requirements of Rule 13d-1(b)(1) under the Exchange Act (other than a Proposing Person that so satisfies Rule 13d-1(b)(1) under the Exchange Act solely by reason of Rule 13d-1(b)(1)(ii)(E)) shall not be deemed to hold or maintain the notional amount of any securities that underlie a Synthetic Equity Position held by such Proposing Person as a hedge with respect to a bona fide derivatives trade or position of such Proposing Person arising in the ordinary course of such Proposing Person's business as a derivatives dealer, (B) any rights to dividends on the shares of any class or series of shares of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (C) any material pending or threatened legal proceeding in which such Proposing Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (D) any other material relationship between such Proposing Person, on the one hand, and the Corporation or any affiliate of the Corporation, on the other hand, (E) any direct or indirect material interest in any material contract or agreement of such Proposing Person with the Corporation or any affiliate of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (F) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business, (G) a representation whether any Proposing Person, intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal and/or (2) otherwise to solicit proxies or votes from stockholders in support of such proposal and (H) 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 by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (A) through (E) are referred to as "Disclosable Interests"); provided, however, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner; and

(iii) as to each item of business that the stockholder proposes to bring before the annual meeting, (A) a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person, (B) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), and (C) a reasonably detailed 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 record or beneficial holder(s) or persons(s) who have a right to acquire beneficial ownership at any time in the future of the shares of any class or series of the Corporation or any other person or entity (including their

names) in connection with the proposal of such business by such stockholder; and (D) any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act; provided, however, that the disclosures required by this paragraph (iii) shall not include any disclosures with respect to any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

For purposes of this Section 1.09, the term "Proposing Person" shall mean (i) the stockholder providing the notice of business proposed to be brought before an annual meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, and (iii) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation or associate (within the meaning of Rule 12b-2 under the Exchange Act for purposes of these Bylaws) of such stockholder or beneficial owner.

(d) A Proposing Person shall update and supplement its notice to the Corporation of its intent to propose business at an annual meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 1.09 shall be true and correct as of the record date for notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment 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 notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (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 or postponement thereof).

(e) Notwithstanding anything in these Bylaws to the contrary and subject to Section 1.10 and Section 1.11, no business shall be conducted at an annual meeting that is not properly brought before the meeting in accordance with this Section 1.09. The presiding officer of the meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with this Section 1.09, and if he or she should so determine, he or she shall so declare at the meeting, and any such business not properly brought before the meeting shall not be transacted.

(f) This Section 1.09 is expressly intended to apply to any business proposed to be brought before an annual meeting of stockholders other than any proposal made in accordance with Rule 14a-8 under the Exchange Act and included in the Corporation's proxy statement. In addition to the requirements of this Section 1.09 with respect to any business proposed to be brought before an annual meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such business. Nothing in this Section 1.09 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(g) For purposes of these Bylaws, "public disclosure" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

Section 1.10 Notice of Nominations for Election to the Board of Directors .

(a) Nominations of any person for election to the Board of Directors at an annual meeting or at a special meeting (but, with respect to a special meeting, only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting or the Board of Directors) may be made at such meeting only (i) by or at the direction of the Board of Directors, including by any committee or persons authorized to do so by the Board of Directors or these Bylaws, or (ii) by a stockholder of the Corporation present in person (A) who was a stockholder of record of the Corporation both at the time of giving the notice provided for in this Section 1.10 and at the time of the meeting, (B) is entitled to vote at the meeting, and (C) has complied with this Section 1.10 and Section 1.11 as to such notice and nomination. For purposes of this Section 1.10, "present in person" shall mean that the stockholder proposing that the nomination be brought before the meeting of the Corporation, or a qualified representative of such stockholder, appear at such meeting. A "qualified representative" of such proposing stockholder shall be as defined in Section 1.09(a) of these Bylaws.

(b) (i) Without qualification, for a stockholder to make any nomination of a person or persons for election to the Board of Directors at an annual meeting, the stockholder must (A) provide Timely Notice (as defined in Section 1.09(b) of these Bylaws) thereof in writing and in proper form to the Secretary of the Corporation, (B) provide the information, agreements and questionnaires with respect to such stockholder and its candidate for nomination as required to be set forth by this Section 1.10 and Section 1.11 and (C) provide any updates or supplements to such notice at the times and in the forms required by this Section 1.10 and Section 1.11.

(ii) Without qualification, if the election of directors is a matter specified in the notice of a special meeting of stockholders given by or at the direction of the person calling a special meeting, then for a stockholder to make any nomination of a person or persons for election to the Board of Directors at a special meeting, the stockholder must (A) provide timely notice thereof in writing and in proper form to the Secretary of the Corporation at the principal executive offices of the Corporation, (B) provide the information with respect to such stockholder and its candidate for nomination as required by this Section 1.10 and Section 1.11 and (C) provide any updates or supplements to such notice at the times and in the forms required by this Section 1.10. To be timely, a stockholder's notice for nominations to be made at a special meeting must be delivered to, or mailed and received at, the principal executive offices of the Corporation not earlier than the one hundred twentieth (120th) day prior to such special meeting and not later than the ninetieth (90th) day prior to such special meeting or, if later, the tenth (10th) day following the day on which public disclosure (as defined in Section 1.09) of the date of such special meeting and of the nominees proposed to be elected at such meeting was first made.

(iii) In no event shall any adjournment or postponement of an annual meeting or special meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) To be in proper form for purposes of this Section 1.10, a stockholder's notice to the Secretary shall set forth:

(i) As to each Nominating Person (as defined below), the Stockholder Information (as defined in Section 1.09(c)(i), except that for purposes of this Section 1.10 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 1.09(c)(i));

(ii) As to each Nominating Person, (A) any Disclosable Interests (as defined in Section 1.09(c)(ii), except that for purposes of this Section 1.10 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 1.09(c)(ii) and the disclosure with respect to the business to be brought before the meeting in Section 1.09(c)(ii) shall be made with respect to the nomination of candidates for the election of directors at the meeting), (B) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make such nomination and (C) a representation whether any Nominating Person, intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee and/or (2) otherwise to solicit proxies or votes from stockholders in support of such nomination; and

(iii) As to each candidate whom a Nominating Person proposes to nominate for election as a director, (A) all information with respect to such candidate for nomination that would be required to be set forth in a stockholder's notice pursuant to this Section 1.10 and Section 1.11 if such candidate for nomination were a Nominating Person, (B) all information relating to such candidate for nomination that is 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(a) under the Exchange Act (including such candidate's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (C) a description of any direct or indirect material interest in any material contract or agreement between or among any Nominating Person, on the one hand, and each candidate for nomination or his or her respective associates or any other participants in such solicitation, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Nominating Person were the "registrant" for purposes of such rule and the candidate for nomination were a director or executive officer of such registrant, and (D) a completed and signed questionnaire, representation and agreement as provided in Section 1.11(a).

For purposes of this Section 1.10, the term "Nominating Person" shall mean (i) the stockholder providing the notice of the nomination proposed to be made at the meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made, and (iii) any associate of such stockholder or beneficial owner or any other participant in such solicitation.

(d) A stockholder providing notice of any nomination proposed to be made at 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 1.10 shall be true and correct as of the record date for notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment 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 notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (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 or postponement thereof).

(e) In addition to the requirements of this Section 1.10 with respect to any nomination proposed to be made at a meeting, each Nominating Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations.

Section 1.11. Additional Requirements For Valid Nomination of Candidates To Serve as Director and, If Elected, To Be Seated as Directors.

(a) To be eligible to be a candidate for election or re-election as a director of the Corporation at an annual or special meeting, a candidate must be nominated in the manner prescribed in Section 1.10 and the candidate for nomination, whether nominated by the Board of Directors or by a stockholder of record in accordance with Section 1.10, must have previously delivered (in accordance with the time period prescribed for delivery in a notice to such candidate given by or on behalf of the Board of Directors), to the Secretary at the principal executive offices of the Corporation, (i) a completed written questionnaire (in a form provided by the Corporation) with respect to the background, qualifications, stock ownership and independence of such proposed nominee and (ii) a written representation and agreement (in form provided by the Corporation) that such candidate for nomination (A) is not and, if elected as a director during his or her term of office, will not become a party to (1) any agreement, arrangement or understanding with, and has not given and will not give any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question that has not be disclosed to the Corporation (a "Voting Commitment") or (2) any Voting Commitment that could limit or interfere with such proposed nominee's ability to comply, if elected as a director of the Corporation, with such proposed nominee's fiduciary duties under applicable law, (B) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation or reimbursement for service as a director that has not been disclosed therein and (C) if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the Corporation applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Secretary of the Corporation shall provide to such candidate for nomination all such policies and guidelines then in effect);

(b) The Board of Directors may also require any proposed candidate for nomination as a director to furnish such other information as may reasonably be requested by the Board of Directors in writing prior to the meeting of stockholders at which such candidate's nomination is to be acted upon in order for the Board of Directors to determine the eligibility of such candidate for nomination to be an independent director of the Corporation in accordance with the Corporation's Corporate Governance Guidelines.

(c) No candidate shall be eligible for nomination as a director of the Corporation unless such candidate for nomination and the Nominating Person seeking to place such candidate's name in nomination has complied with Section 1.10 and this Section 1.11, as applicable. The presiding officer at the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with Section 1.10 and this Section 1.11, and if he or she should so determine, he or she shall so declare such determination at the meeting, the defective nomination shall be disregarded and any ballots cast for the candidate in question (but in the case of any form of ballot listing other qualified nominees, only the ballots cast for the nominee in question) shall be void and of no force or effect.

(d) Notwithstanding anything in these Bylaws to the contrary, no candidate for nomination shall be eligible to be seated as a director of the Corporation unless nominated and elected in accordance with Section 1.10 and this Section 1.11.

Section 1.12 Effect of Other Rights. Nothing in these Bylaws shall be deemed to limit the exercise, the method or timing of the exercise of, the rights of any person granted by the Corporation to nominate directors (including pursuant to that certain stockholders agreement, dated as of [•], 2017, by and among the Corporation and the other persons party thereto (as it may be amended from time to time, the "Stockholders Agreement")), which rights may be exercised without compliance with the provisions of Sections 1.10 and 1.11.

Section 1.13. Fixing Date for Determination of Stockholders of Record.

(a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors 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 of Directors, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board of Directors 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 of Directors 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 of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier

date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors 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 other 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 of Directors adopts the resolution relating thereto.

(c) Unless otherwise restricted by the Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to express consent to corporate action in writing without a meeting, the Board of Directors 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 of Directors, and which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date for determining stockholders entitled to express consent to corporate action in writing without a meeting is fixed by the Board of Directors, (i) when no prior action of the Board of Directors is required by law, the record date for such purpose shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (ii) if prior action by the Board of Directors is required by law, the record date for such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 1.14. List of Stockholders Entitled to Vote. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (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 a date that is no more than the tenth day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder as of the record date (or such other date). Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting or (ii) during ordinary business hours at the principal executive offices of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined 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 law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.14 or to vote in person or by proxy at any meeting of stockholders.

Section 1.15. Action By Written Consent of Stockholders .

(a) Any action required or permitted to be taken at any annual or special meeting of the stockholders, subject to the next sentence, may not be effected by any consent or consents in writing by stockholders. Notwithstanding the foregoing, prior to the date the ECP Stockholders (as defined in the Stockholders Agreement) and their affiliates collectively cease to beneficially own in the aggregate at least 50% of the voting power of the outstanding shares of stock of the Corporation (the "Trigger Date"), any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if (A) a consent or consents in writing, setting forth the action so taken, are signed by the holders of outstanding shares of the relevant class(es) or series of stock of the Corporation representing not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of stock of the Corporation then issued and outstanding (other than treasury stock) entitled to vote thereon were present and voted and (B) the action to be taken and the taking of the action by written consent are approved by the Board of Directors, including the directors designated by each of the ECP Stockholders.

(b) So long as stockholders of the Corporation have the right to act by written consent in accordance with the Certificate of Incorporation and this Section 1.15, the following provisions shall apply:

(i) Any stockholder of record seeking to have the stockholders authorize or take action by written consent shall, by written notice to the Secretary of the Corporation, request that the Board of Directors fix a record date, which notice shall include the text of any proposed resolutions.

(ii) Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless written consents signed by a sufficient number of stockholders to take such action are delivered to the Corporation, in the manner required by applicable law, within sixty (60) days of the date of the earliest dated consent delivered to the Corporation in the manner required by applicable law. A written record of the information upon which the person making such determination relied shall be made and kept in the records of the proceedings of the stockholders. Any such consent shall be inserted in the minute book as if it were the minutes of a meeting of stockholders. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall, to the extent required by law, be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation.

Section 1.16. Inspectors of Election. The Corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and

to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (a) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (b) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 1.17. Conduct of Meetings. 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 person presiding over the meeting. The Board of Directors 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 of Directors, the person presiding over any 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 such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. The presiding person at any 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 presiding person should so determine, such presiding person shall so declare at 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 of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

ARTICLE II

Board of Directors

Section 2.01. Number; Qualifications. The Board of Directors shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors. Directors need not be stockholders.

Section 2.02. Election; Resignation; Vacancies. The Board of Directors shall initially consist of Dale Redman, Spencer D. Armour, III, Schuyler E. Coppedge, Stephen Herman, Matthew H. Himler, and Peter L. Labbat, and following the listing of shares of the Corporation's common stock on a national securities exchange, Francesco Ciabatti, Alan E. Douglas, Christopher Leininger and Jack B. Moore will join the Board of Directors, and subject to the Stockholders Agreement, each of the aforementioned directors shall hold office until the next annual meeting of stockholders following his or her election and until his or her successor is duly elected and qualified. At the first annual meeting of the stockholders and at each annual meeting thereafter, the stockholders shall elect directors, each of whom shall hold office for a term of one (1) year or until his or her successor is duly elected and qualified, subject to such director's earlier death, resignation, disqualification or removal. Any director may resign at any time upon notice to the Corporation. Except as otherwise required by law or the Stockholders Agreement and subject to the rights of the holders of any series of preferred stock then outstanding, unless the Board of Directors otherwise determines, newly created directorships resulting from any increase in the authorized number of directors or any vacancies on the Board of Directors resulting from the death, resignation, retirement, disqualification, removal from office or other cause shall be filled only by a majority vote of the directors then in office and entitled to vote thereon, though less than a quorum, or by a sole remaining director entitled to vote thereon, and not by the stockholders. Subject to the Stockholders Agreement, any director so chosen shall hold office until the next election of directors and until his successor shall be elected and qualified. Subject to the Stockholders Agreement and any rights of the holders of any series of preferred stock to elect additional directors under specified circumstances, any director may be removed, upon the affirmative vote of the holders of at least 66-2/3% of the voting power of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors.

Section 2.03. Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine.

Section 2.04. Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chief Executive Officer or by any member of the Board of Directors. Notice of a special meeting of the Board of Directors shall be given by the person or persons calling the meeting at least twenty-four hours before the special meeting.

Section 2.05. Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or other communications equipment by means of

which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 2.05 shall constitute presence in person at such meeting.

Section 2.06. Quorum; Vote Required for Action. At all meetings of the Board of Directors, the directors entitled to cast a majority of the votes of the whole Board of Directors shall constitute a quorum for the transaction of business. Except in cases in which the Certificate of Incorporation, these Bylaws or applicable law otherwise provides, a majority of the votes entitled to be cast by the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.07. Organization. Meetings of the Board of Directors shall be presided over by the Chairperson of the Board of Directors, if any, or in his or her absence by the Vice Chairperson of the Board of Directors, if any, or in his or her absence by the President and Chief Executive Officer, or in his or her absence by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.08. Action by Unanimous Consent of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee in accordance with applicable law.

Section 2.09. Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary or other compensation (which compensation may be paid in the form of cash, equity awards or any combination thereof) as a director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings. Any director of the Corporation may decline any or all such compensation payable to such director in his or her discretion.

ARTICLE III

Committees of the Board of Directors

Section 3.01. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Subject to the Stockholders Agreement, the Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors 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 3.02. Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV

Officers

Section 4.01. Officers; Election; Qualifications; Term of Office; Resignation; Removal; Vacancies . The Board of Directors shall elect a Chief Executive Officer and Secretary, and it may, if it so determines, choose a Chairperson of the Board of Directors and a Vice Chairperson of the Board of Directors from among its members. The Board of Directors may also choose one or more Executive Vice Presidents, on or more Vice Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers and such other officers as it shall from time to time deem necessary or desirable. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding his or her election, and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation. Any number of offices may be held by the same person. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors.

Section 4.02. Powers and Duties of Officers . The officers of the Corporation shall have such powers and duties in the management of the Corporation as may be prescribed in a resolution by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

Section 4.03. Appointing Attorneys and Agents; Voting Securities of Other Entities . Unless otherwise provided by resolution adopted by the Board of Directors, the Chairperson of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or the Secretary may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other Corporation or other entity, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation or other entity, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consents, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper. Any of the rights set forth in this Section 4.03 which may be delegated to an attorney or agent may also be exercised directly by the Chairperson of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or the Secretary.

ARTICLE V

Stock

Section 5.01. Certificates. The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by any two authorized officers of the Corporation including, but not limited to, the Chairperson or Vice Chairperson of the Board of Directors, if any, the Chief Executive Officer, the Chief Financial Officer, the Secretary, the Treasurer, an Assistant Treasurer, or an Assistant Secretary, of the Corporation certifying the number of shares owned by such holder in the Corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have 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 such person were such officer, transfer agent or registrar at the date of issue.

Section 5.02. Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE VI

Indemnification and Advancement of Expenses

Section 6.01. Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved (including involvement, without limitation, as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she, or a person for whom he or she 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 or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans and whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer , against all liability and loss suffered and expenses (including attorneys' fees and related disbursements, judgments, fines, excise taxes, penalties and amounts paid or to be paid in settlement) reasonably incurred by such Covered Person, and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Notwithstanding the preceding sentence, except as otherwise provided in Section 6.03, the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors of the Corporation. The right to indemnification conferred in this Article VI shall be a contract right.

Section 6.02. Advancement of Expenses. The Corporation shall, to the fullest extent not prohibited by applicable law, 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 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 that the Covered Person is not entitled to be indemnified under this Article VI or otherwise.

Section 6.03. Claims. If a claim for indemnification under this Article VI (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 the advancement of expenses under this Article VI is not paid in full within thirty (30) days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person shall thereupon (but not before) be entitled to file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by 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.

Section 6.04. Service for Subsidiaries. Any person serving as a director, officer, partner, member, trustee, administrator, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans or other enterprise, at least 50% of whose equity interests are owned by the Corporation (a "subsidiary" for purposes of this Article VI) shall be conclusively presumed to be serving in such capacity at the request of the Corporation.

Section 6.05. Reliance. Persons who after the date of the adoption of this provision become or remain directors or officers of the Corporation or who, while a director or officer of the Corporation, become or remain a director, officer, employee or agent of a subsidiary, shall be conclusively presumed to have relied on the rights to indemnity, advancement of expenses and other rights contained in this Article VI in entering into or continuing such service. The rights to indemnification and to the advancement of expenses conferred in this Article VI shall apply to claims made against an indemnitee arising out of acts or omissions which occurred or occur both prior and subsequent to the adoption hereof.

Section 6.06. Nonexclusivity of Rights. The rights conferred on any Covered Person by this Article VI shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6.07. Other Sources. The Corporation shall (a) be the indemnitor of first resort (i.e., its obligations to a Covered Person shall be primary and any obligation of other entities or persons with respect to which a director or officer may have rights to indemnification, advancement of expenses and/or insurance for the same liability, loss or expenses incurred by such Covered Person (the "Secondary Indemnitors"), is secondary), and (b) subject always to the provisions of Section 6.02, be required to advance the full amount of expenses actually and reasonably incurred by a Covered Person and shall be liable for the full amount of all liabilities, losses and expenses as required by the terms of this Article VI, without regard to any rights a Covered Person may have against any Secondary Indemnitor. Except as set forth in this Section 6.07, the Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

Section 6.08. Amendment or Repeal. Any right to indemnification or to advancement of expenses of any Covered Person arising hereunder shall not be eliminated or impaired by an amendment to or repeal of these Bylaws after the occurrence of the act or omission that is the subject of the proceeding for which indemnification or advancement of expenses is sought.

Section 6.09. Other Indemnification and Advancement of Expenses. This Article VI shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

Section 6.10. Savings Clause. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and advance expenses to each person entitled to indemnification under this Article VI as to all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, excise taxes, penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person and for which indemnification and advancement of expenses is available to such person pursuant to this Article VI to the fullest extent permitted by any applicable portion of this Article VI that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VII

Miscellaneous

Section 7.01. Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 7.02. Seal. The corporate seal shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 7.03. Manner of Notice. Except as otherwise provided herein or permitted by applicable law, notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, and except as prohibited by applicable law, any notice to stockholders given by the Corporation under any provision of applicable law, the Certificate of Incorporation or these Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any stockholder who fails to object in writing to the Corporation, within 60 (sixty) days of having been given written notice by the Corporation of its intention to send the single notice permitted under this Section 7.03, shall be deemed to have consented to receiving such single written notice. Notice to directors may be given by telecopier, telephone or other means of electronic transmission.

Section 7.04. Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any waiver of notice, given by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. 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. Neither the business to be transacted at nor the purpose of any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in a waiver of notice.

Section 7.05. Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time.

Section 7.06. Amendment of Bylaws. In furtherance and not in limitation of the rights, powers, privileges and discretionary authority granted or conferred by the DGCL or other statutes or laws of the State of Delaware, the Board of Directors is expressly authorized to make, alter, amend or repeal the Bylaws whether adopted by them or otherwise, without any action on the part of the stockholders. The stockholders may also make new bylaws or alter, amend or repeal the Bylaws (i) in addition to any other vote otherwise required by law, prior to the Trigger

Date, by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of stock of the Corporation, and (ii) in addition to any other vote otherwise require by law, from and after the Trigger Date, by the affirmative vote of the holders of at least 66-2/3% of the voting power of the outstanding shares of stock of the Corporation.

Exhibit 10.18

FORM OF PROPETRO HOLDING CORP.
2017 INCENTIVE AWARD PLAN

ARTICLE 1.

PURPOSE

The purpose of the ProPetro Holding Corp. 2017 Incentive Award Plan (as it may be amended or restated from time to time, the "Plan") is to promote the success and enhance the value of ProPetro Holding Corp. (the "Company") by linking the individual interests of the members of the Board, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Administrator" shall mean the entity that conducts the general administration of the Plan as provided in Article 12. With reference to the duties of the Committee under the Plan which have been delegated to one or more Persons pursuant to Section 12.6, or as to which the Board has assumed, the term "Administrator" shall refer to such Person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 "Applicable Accounting Standards" shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company's financial statements under United States federal securities laws from time to time.

2.3 "Applicable Law" shall mean any applicable law, including without limitation: (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.4 "Automatic Exercise Date" shall mean, with respect to an Option or a Stock Appreciation Right, the last business day of the applicable Option Term or Stock Appreciation Right Term that was initially established by the Administrator for such Option or Stock Appreciation Right (*e.g.*, the last business day prior to the tenth anniversary of the date of grant

---

of such Option or Stock Appreciation Right if the Option or Stock Appreciation Right initially had a ten-year Option Term or Stock Appreciation Right Term, as applicable).

2.5 "Award" shall mean an Option, a Stock Appreciation Right, a Restricted Stock award, a Restricted Stock Unit award, an Other Stock or Cash Based Award or a Dividend Equivalent award, which may be awarded or granted under the Plan.

2.6 "Award Agreement" shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine consistent with the Plan.

2.7 "Award Limit" shall mean with respect to Awards that shall be payable in Shares or in cash, as the case may be, the respective limit set forth in Section 3.2.

2.8 "Board" shall mean the Board of Directors of the Company.

2.9 "Change in Control" shall mean and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any Person directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 30% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition by the Company or any of its Subsidiaries; (ii) any acquisition by an employee benefit plan maintained by the Company or any of its Subsidiaries, (iii) any acquisition which complies with Sections 2.9(c)(i), 2.9(c)(ii) and 2.9(c)(iii); or (iv) in respect of an Award held by a particular Holder, any acquisition by the Holder or any group of Persons including the Holder (or any entity controlled by the Holder or any group of Persons including the Holder); or

(b) The Incumbent Directors cease for any reason to constitute a majority of the Board;

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the Person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such Person, the "Successor Entity")), or ECP or any of its affiliates

beneficially owning, directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no Person beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no Person shall be treated for purposes of this Section 2.9(c)(ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and

(iii) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or

(d) The date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or any portion of an Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b), (c) or (d) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Board shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

2.10 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.

2.11 "Committee" shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board or the Compensation Committee of the Board described in Article 12 hereof.

2.12 "Common Stock" shall mean the common stock of the Company, par value $0.001 per share.

2.13 "Company" shall have the meaning set forth in Article 1.

2.14 "Consultant" shall mean any consultant or adviser engaged to provide services to the Company or any Subsidiary who qualifies as a consultant or advisor under the applicable

rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement.

2.15 "Covered Employee" shall mean any Employee who is, or could become, a "covered employee" within the meaning of Section 162(m) of the Code.

2.16 "Director" shall mean a member of the Board, as constituted from time to time.

2.17 "Director Limit" shall have the meaning set forth in Section 4.6.

2.18 "Dividend Equivalent" shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 10.2.

2.19 "DRO" shall mean a "domestic relations order" as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.20 "ECP" shall mean Energy Capital Partners, a private equity firm, or any funds managed by Energy Capital Partners.

2.21 "Effective Date" shall mean the day prior to the Public Trading Date.

2.22 "Eligible Individual" shall mean any Person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Administrator.

2.23 "Employee" shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code and the Treasury Regulations thereunder) of the Company or of any Subsidiary.

2.24 "Equity Restructuring" shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per-share value of the Common Stock underlying outstanding Awards.

2.25 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.26 "Expiration Date" shall have the meaning given to such term in Section 13.1(c).

2.27 "Fair Market Value" shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New

York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or (iii) quoted or traded on any automated quotation system, its Fair Market Value shall be the

closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

Notwithstanding the foregoing, with respect to any Award granted after the effectiveness of the Company's registration statement relating to its initial public offering and prior to the Public Trading Date, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company's final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

2.28 "Greater Than 10% Stockholder" shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

2.29 "Holder" shall mean a Person who has been granted an Award.

2.30 "Incentive Stock Option" shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.31 "Incumbent Directors' shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a Person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.9(a) or 2.9(c)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such Person is named as a nominee for Director without objection to such nomination) of the Directors then still in office who either were Directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to Directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any Person other than the Board shall be an Incumbent Director.

2.32 "Non-Employee Director" shall mean a Director of the Company who is not an Employee.

2.33 "Non-Employee Director Equity Compensation Policy" shall have the meaning set forth in Section 4.6.

2.34 "Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.35 "Option" shall mean a right to purchase Shares at a specified exercise price, granted under Article 6. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.36 "Option Term" shall have the meaning set forth in Section 6.4.

2.37 "Organizational Documents" shall mean, collectively, (a) the Company's articles of incorporation, certificate of incorporation, bylaws or other similar organizational documents relating to the creation and governance of the Company, and (b) the Committee's charter or other similar organizational documentation relating to the creation and governance of the Committee.

2.38 "Other Stock or Cash Based Award " shall mean a cash payment, cash bonus award, stock payment, stock bonus award, performance award or incentive award that is paid in cash, Shares or a combination of both, awarded under Section 10.1, which may include, without limitation, deferred stock, deferred stock units, retainers, committee fees, and meeting-based fees.

2.39 "Performance-Based Compensation" shall mean any compensation that is intended to qualify as "performance-based compensation" as described in Section 162(m)(4)(C) of the Code.

2.40 "Performance Criteria" shall mean the criteria (and adjustments) that the Administrator selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period, determined as follows:

(a) The Performance Criteria that shall be used to establish Performance Goals are limited to the following: (i) adjusted net earnings or losses (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense); (ii) gross or net sales or revenue or sales or revenue growth; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit (either before or after taxes); (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital (or invested capital) and cost of capital; (ix) return on stockholders' equity; (x) total stockholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs, reductions in costs and cost control measures; (xiv) expenses; (xv) working capital; (xvi) earnings or loss per share; (xvii) adjusted earnings or loss per share; (xviii) price per share or dividends per share (or

appreciation in and/or maintenance of such price or dividends); (xix) regulatory achievements or compliance (including, without limitation, regulatory body approval for commercialization of a product); (xx) implementation or completion of critical projects; (xxi) market share; (xxii) economic value; (xxiii) productivity; (xxiv) operating efficiency; (xxv) economic value-added; (xxvi) cash flow return on capital; (xxvii) return on net assets; (xxviii) funds from operations; (xxix) funds available for distributions; (xxx) market penetration and geographic business expansion; (xxxi) customer satisfaction/growth; (xxxii) recruitment and retention of personnel; (xxxiii) human resources management; (xxxiv) supervision of litigation and other legal matters; (xxxv) strategic partnerships and transactions; (xxxvi) financial ratios (including those measuring liquidity, activity, profitability or leverage); (xxxvii) financing and other capital raising transactions; (xxxviii) year-end cash; (xxxix) acquisition activity and marketing initiatives; and (xl) safety metrics, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

(b) The Administrator, in its sole discretion, may provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include, but are not limited to, one or more of the following: (i) items related to a change in Applicable Accounting Standards; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the sale or disposition of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or infrequent corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or losses for litigation, arbitration and contractual settlements; (xix) items attributable to expenses incurred in connection with a reduction in force or early retirement initiative; (xx) items relating to foreign exchange or currency transactions and/or fluctuations; or (xxi) items relating to any other unusual or nonrecurring events or changes in Applicable Law, Applicable Accounting Standards or business conditions. For all Awards intended to qualify as Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

2.41 "Performance Goals" shall mean, for a Performance Period, one or more goals established in writing by the Administrator for the Performance Period based upon one or more Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a Subsidiary, division, business unit, or an individual. The achievement of each Performance Goal shall be determined, to the extent applicable, with reference to Applicable Accounting Standards.

2.42 "Performance Period" shall mean one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Holder's right to, vesting of, and/or the payment in respect of, an Award.

2.43 "Permitted Transferee" shall mean, with respect to a Holder, any "family member" of the Holder, as defined in the General Instructions to Form S-8 Registration Statement under the Securities Act (or any successor form thereto), or any other transferee specifically approved by the Administrator after taking into account Applicable Law.

2.44 "Person" shall mean any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act).

2.45 "Plan" shall have the meaning set forth in Article 1.

2.46 "Program" shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.47 "Public Trading Date" shall mean the first date upon which Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

2.48 "Restricted Stock" shall mean Common Stock awarded under Article 8 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.49 "Restricted Stock Units" shall mean the right to receive Shares awarded under Article 9.

2.50 "Section 409A" shall mean Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the Effective Date.

2.51 "Securities Act" shall mean the Securities Act of 1933, as amended.

2.52 "Shares" shall mean shares of Common Stock.

2.53 "Stock Appreciation Right" shall mean an Award entitling the Holder (or other Person entitled to exercise pursuant to the Plan) to exercise all or a specified portion thereof (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of such Award from the Fair Market Value on the date of exercise of such Award by the number of Shares with respect to which such Award shall have been exercised, subject to any limitations the Administrator may impose.

2.54 "SAR Term" shall have the meaning set forth in Section 6.4.

2.55 "Subsidiary" shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.56 "Substitute Award" shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity; provided, however, that in no event shall the term "Substitute Award" be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.57 "Termination of Service" shall mean:

(a) As to a Consultant, the time when the engagement of a Holder as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(b) As to a Non-Employee Director, the time when a Holder who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(c) As to an Employee, the time when the employee-employer relationship between a Holder and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, whether a Termination of Service has occurred, whether a Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of any Program, Award Agreement or otherwise, or as otherwise required by Applicable Law, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then-applicable regulations and revenue rulings under said Section. For purposes of the Plan, a Holder's employee-employer relationship or consultancy relations shall be deemed to be terminated in the event that the Subsidiary employing or contracting with such

Holder ceases to remain a Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Sections 3.1(b) and 13.2, the aggregate number of Shares which may be issued or transferred pursuant to Awards (including, without limitation, Incentive Stock Options) under the Plan is 5,800,000. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock, treasury Common Stock or Common Stock purchased on the open market.

(b) If any Shares subject to an Award are forfeited or expire, are converted to shares of another Person in connection with a spin-off or other similar event, or such Award is settled for cash (in whole or in part) (including Shares repurchased by the Company under Section 8.4 at the same price paid by the Holder), the Shares subject to such Award shall, to the extent of such forfeiture, expiration, conversion or cash settlement, again be available for future grants of Awards under the Plan. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under Section 3.1(a) and shall not be available for future grants of Awards: (i) Shares tendered by a Holder or withheld by the Company in payment of the exercise price of an Option; (ii) Shares tendered by the Holder or withheld by the Company to satisfy any tax withholding obligation with respect to an Award; (iii) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof; and (iv) Shares purchased on the open market by the Company with the cash proceeds received from the exercise of Options. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the Shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) Substitute Awards shall not reduce the Shares authorized for grant under the Plan, except as may be required by reason of Section 422 of the Code. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided that Awards using such available Shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and

shall only be made to individuals who were not employed by or providing services to the Company or its Subsidiaries immediately prior to such acquisition or combination.

3.2 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Section 13.2, the maximum aggregate number of Shares with respect to one or more Awards that may be granted to any one Person during any calendar year shall be 725,000 and the maximum aggregate amount of cash that may be paid in cash to any one Person during any calendar year with respect to one or more Awards payable in cash shall be $5,000,000; provided, however, that the foregoing limitations shall not apply prior to the Public Trading Date and, following the Public Trading Date, the foregoing limitations shall not apply until the earliest of: (a) the first material modification of the Plan (including any increase in the number of Shares reserved for issuance under the Plan in accordance with Section 3.1); (b) the issuance of all of the Shares reserved for issuance under the Plan; (c) the expiration of the Plan; (d) the first meeting of stockholders at which members of the Board are to be elected that occurs after the close of the third calendar year following the calendar year in which occurred the first registration of an equity security of the Company under Section 12 of the Exchange Act; or (e) such other date, if any, on which the "reliance period" described under U.S. Treasury Regulation 1.162-27(f)(2) expires pursuant to Section 162(m) of the Code and the rules and regulations promulgated thereunder. To the extent required by Section 162(m) of the Code, Shares subject to Awards which are canceled shall continue to be counted against the Award Limit.

3 . 3 Award Vesting Limitations. Notwithstanding any other provision of the Plan to the contrary, but subject to Section 13.2 of the Plan, Awards granted under the Plan shall vest no earlier than the first anniversary of the

date the Award is granted; provided, however, that, notwithstanding the foregoing, Awards that result in the issuance of an aggregate of up to 5% of the shares of Common Stock available pursuant to Section 3.1(a) may be granted to any one or more Eligible Individuals without respect to and/or administered without regard for this minimum vesting provision. No Award Agreement shall be permitted to reduce or eliminate the requirements of this Section 3.3. Nothing in this Section 3.3 shall preclude the Administrator from taking action, in its sole discretion, to accelerate the vesting of any Award in connection with or following a Holder's death, disability, Termination of Service or the consummation of a Change in Control.

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. Except for any Non-Employee Director's right to Awards that may be required pursuant to the Non-Employee Director Equity Compensation Policy as described in Section 4.6, no Eligible Individual or other Person shall have any right to be granted an Award pursuant to the Plan and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Holders or any other Persons uniformly. Participation by each Holder in the Plan shall be voluntary and

nothing in the Plan or any Program shall be construed as mandating that any Eligible Individual or other Person shall participate in the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement that sets forth the terms, conditions and limitations for such Award as determined by the Administrator in its sole discretion (consistent with the requirements of the Plan and any applicable Program). Award Agreements evidencing Awards intended to qualify as Performance-Based Compensation shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 162(m) of the Code. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.4 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Director or Consultant for, the Company or any Subsidiary, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any Subsidiary.

4.5 Foreign Holders. Notwithstanding any provision of the Plan or applicable Program to the contrary, in order to comply with the laws in countries other than the United States in which the Company and its Subsidiaries operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange or other Applicable Law, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with Applicable Law (including, without limitation, applicable foreign laws or listing requirements of any foreign securities exchange); (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the share limitation contained in Section 3.1, the Award Limit or the Director Limit; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any foreign securities exchange.

4.6 Non-Employee Director Awards.

(a) Non-Employee Director Equity Compensation Policy. The Administrator, in its sole discretion, may provide that Awards granted to Non-Employee Directors shall be granted pursuant to a written nondiscretionary formula established by the Administrator (the "Non-Employee Director Equity Compensation Policy"), subject to the limitations of the Plan. The Non-Employee Director Equity Compensation Policy shall set forth the type of Award(s) to be granted to Non-Employee Directors, the number of Shares to be subject to Non-Employee Director Awards, the conditions on which such Awards shall be granted, become exercisable and/or payable and expire, and such other terms and conditions as the Administrator shall determine in its sole discretion. The Non-Employee Director Equity Compensation Policy may be modified by the Administrator from time to time in its sole discretion.

(b) Director Limit. Notwithstanding any provision to the contrary in the Plan or in the Non-Employee Director Equity Compensation Policy, the sum of the grant date fair value of equity-based Awards (other than any equity-based Awards granted in connection with the Company's initial public offering), and the amount of any cash-based Awards granted to a Non-Employee Director during any calendar year shall not exceed $400,000 (the "Director Limit").

ARTICLE 5.

PROVISIONS APPLICABLE TO AWARDS INTENDED TO QUALIFY AS PERFORMANCE-BASED COMPENSATION

5.1 Purpose. The Administrator may, in its sole discretion, (a) determine whether an Award is intended to qualify as Performance-Based Compensation and (b) at any time after any such determination, alter such intent for any or no reason. If the Administrator, in its sole discretion, decides to grant an Award that is intended to qualify as Performance-Based Compensation (other than an Option or Stock Appreciation Right), then the provisions of this Article 5 shall control over any contrary provision contained in the Plan or any applicable Program; provided that, if after such decision the Administrator alters such intention for any reason, the provisions of this Article 5 shall no longer control over any other provision contained in the Plan or any applicable Program. The Administrator, in its sole discretion, may (i) grant Awards to Eligible Individuals that are based on Performance Criteria or Performance Goals or any such other criteria and goals as the Administrator shall establish, but that do not satisfy the requirements of this Article 5 and that are not intended to qualify as Performance-Based Compensation and (ii) subject any Awards intended to qualify as Performance-Based Compensation to additional conditions and restrictions unrelated to any Performance Criteria or Performance Goals (including, without limitation, continued employment or service requirements) to the extent such Awards otherwise satisfy the requirements of this Article 5 with respect to the Performance Criteria and Performance Goals applicable thereto. Unless otherwise specified by the Administrator at the time of grant, the Performance Criteria with respect to an Award intended to be Performance-Based Compensation payable to a Covered Employee shall be determined on the basis of Applicable Accounting Standards.

5.2 Procedures with Respect to Performance-Based Awards. To the extent necessary to comply with the requirements of Section 162(m)(4)(C) of the Code, with respect to any Award which is intended to qualify as Performance-Based Compensation, no later than 90 days following the commencement of any Performance Period or any designated fiscal period or period of service (or such earlier time as may be required under Section 162(m) of the Code), the Administrator shall, in writing, (a) designate one or more Eligible Individuals, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period based on the Performance Criteria, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance

Period, the Administrator shall certify in writing whether and the extent to which the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned under such Awards, the Administrator (i) shall, unless otherwise provided in an Award Agreement, have the right to reduce or eliminate the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant, including the assessment of individual or corporate performance for the Performance Period, but (ii) shall in no event have the right to increase the amount payable for any reason.

5 . 3 Payment of Performance-Based Awards . Unless otherwise provided in the applicable Program or Award Agreement and only to the extent otherwise permitted by Section 162(m) of the Code, as to an Award that is intended to qualify as Performance-Based Compensation, the Holder must be employed by the Company or a Subsidiary throughout the Performance Period. Unless otherwise provided in the applicable Program or Award Agreement, a Holder shall be eligible to receive payment pursuant to such Awards for a Performance Period only if and to the extent the Performance Goals for such Performance Period are achieved.

5 . 4 Additional Limitations. Notwithstanding any other provision of the Plan and except as otherwise determined by the Administrator, any Award which is granted to an Eligible Individual and is intended to qualify as Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code or any regulations or rulings issued thereunder that are requirements for qualification as Performance-Based Compensation, and the Plan and the applicable Program and Award Agreement shall be deemed amended to the extent necessary to conform to such requirements.

ARTICLE 6.

GRANTING OF OPTIONS AND STOCK APPRECIATION RIGHTS

6 . 1 Granting of Options and Stock Appreciation Rights to Eligible Individuals . The Administrator is authorized to grant Options and Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine, which shall not be inconsistent with the Plan.

6 . 2 Qualification of Incentive Stock Options . The Administrator may grant Options intended to qualify as Incentive Stock Options only to employees of the Company, any of the Company’s present or future “parent corporations” or “subsidiary corporations” as defined in

Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. No Person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which “incentive stock options” (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year under the Plan, and all other plans of the Company and any parent corporation or subsidiary corporation thereof (as defined in Section 424(e) and 424(f) of the Code, respectively), exceeds $100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the immediately preceding sentence shall be applied by taking Options and other “incentive stock options” into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted. Any interpretations and rules under the Plan with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. Neither the Company nor the Administrator shall have any liability to a Holder, or any other Person, (a) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (b) for any action or omission by the Company or the Administrator that causes an Option not to qualify as an Incentive Stock Option, including without limitation, the conversion of an Incentive Stock Option to a Non-Qualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option.

6 . 3 Option and Stock Appreciation Right Exercise Price . The exercise price per Share subject to each Option and Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option or Stock Appreciation Right, as applicable, is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of

the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). Notwithstanding the foregoing, in the case of an Option or Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; provided that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Section 424 and 409A of the Code.

6.4 Option and SAR Term. The term of each Option (the "Option Term") and the term of each Stock Appreciation Right (the "SAR Term") shall be set by the Administrator in its sole discretion; provided, however, that the Option Term or SAR Term, as applicable, shall not be more than (a) ten (10) years from the date the Option or Stock Appreciation Right, as applicable, is granted to an Eligible Individual (other than, in the case of Incentive Stock Options, a Greater Than 10% Stockholder), or (b) five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. Except as limited by the requirements of Section 409A or Section 422 of the Code and regulations and rulings thereunder or the first sentence of this Section 6.4 and without limiting the Company's rights under Section 11.7, the

Administrator may extend the Option Term of any outstanding Option or the SAR Term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Options or Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Holder or otherwise, and may amend, subject to Section 11.7 and 13.1, any other term or condition of such Option or Stock Appreciation Right relating to such Termination of Service of the Holder or otherwise.

6.5 Option and SAR Vesting. The period during which the right to exercise, in whole or in part, an Option or Stock Appreciation Right vests in the Holder shall be set by the Administrator and set forth in the applicable Award Agreement, subject to Section 3.3. Unless otherwise determined by the Administrator in the Award Agreement, the applicable Program or by action of the Administrator following the grant of the Option or Stock Appreciation Right, (a) no portion of an Option or Stock Appreciation Right which is unexercisable at a Holder's Termination of Service shall thereafter become exercisable and (b) the portion of an Option or Stock Appreciation Right that is unexercisable at a Holder's Termination of Service shall automatically expire thirty (30) days following such Termination of Service.

6.6 Substitution of Stock Appreciation Rights. The Administrator may provide in the applicable Program or Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided that such Stock Appreciation Right shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price, vesting schedule and remaining term as the substituted Option.

ARTICLE 7.

EXERCISE OF OPTIONS AND STOCK APPRECIATION RIGHTS

7.1 Exercise and Payment. An exercisable Option or Stock Appreciation Right may be exercised in whole or in part. However, an Option or Stock Appreciation Right shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Option or Stock Appreciation Right, a partial exercise must be with respect to a minimum number of Shares. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 7 shall be in cash, Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

7.2 Manner of Exercise. Except as set forth in Section 7.3, all or a portion of an exercisable Option or Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, the stock plan administrator of the Company or such other Person designated by the Administrator, or his, her or its office, as applicable:

(a) A written or electronic notice complying with the applicable rules established by the

Administrator stating that the Option or Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed or otherwise acknowledged electronically by the

Holder or other Person then entitled to exercise the Option or Stock Appreciation Right or such portion thereof;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Law;

(c) In the event that the Option shall be exercised pursuant to Section 11.3 by any Person or Persons other than the Holder, appropriate proof of the right of such Person or Persons to exercise the Option or Stock Appreciation Right, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes for the Shares with respect to which the Option or Stock Appreciation Right, or portion thereof, is exercised, in a manner permitted by the Administrator in accordance with Sections 11.1 and 11.2.

7 . 3 Expiration of Option Term or SAR Term: Automatic Exercise of In-The-Money Options and Stock Appreciation Rights. Unless otherwise provided by the Administrator in an Award Agreement or otherwise or as otherwise directed by an Option or Stock Appreciation Rights Holder in writing to the Company, each vested and exercisable Option and Stock Appreciation Right outstanding on the Automatic Exercise Date with an exercise price per Share that is less than the Fair Market Value per Share as of such date shall automatically and without further action by the Option or Stock Appreciation Rights Holder or the Company be exercised on the Automatic Exercise Date. In the sole discretion of the Administrator, payment of the exercise price of any such Option shall be made pursuant to Section 11.1(b) or 11.1(c) and the Company or any Subsidiary shall be entitled to deduct or withhold an amount sufficient to satisfy all taxes associated with such exercise in accordance with Section 11.2. Unless otherwise determined by the Administrator, this Section 7.3 shall not apply to an Option or Stock Appreciation Right if the Holder of such Option or Stock Appreciation Right incurs a Termination of Service on or before the Automatic Exercise Date. For the avoidance of doubt, no Option or Stock Appreciation Right with an exercise price per Share that is equal to or greater than the Fair Market Value per Share on the Automatic Exercise Date shall be exercised pursuant to this Section 7.3.

7.4 Notification Regarding Disposition. The Holder shall give the Company prompt written or electronic notice of any disposition of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Holder, or (b) one year after the date of transfer of such Shares to such Holder. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Holder in such disposition or other transfer.

ARTICLE 8.

AWARD OF RESTRICTED STOCK

8 . 1 Award of Restricted Stock . The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan or any applicable Program, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate. The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value, if any, of the Shares to be purchased, unless otherwise permitted by Applicable Law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by Applicable Law.

8 . 2 Rights as Stockholders . Subject to Section 8.4, upon issuance of Restricted Stock, the Holder shall

have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said Shares, subject to the restrictions in the Plan, any applicable Program and/or the applicable Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the Shares to the extent such dividends and other distributions have a record date that is on or after the date on which the Holder to whom such Shares are granted becomes the record holder of such Restricted Stock; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Shares may be subject to the restrictions set forth in Section 8.3.

8 . 3 Restrictions. All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall be subject to such restrictions and vesting requirements as the Administrator shall provide in the applicable Program or Award Agreement, subject to Section 3.3. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the applicable Program or Award Agreement.

8.4 Repurchase or Forfeiture of Restricted Stock . Except as otherwise determined by the Administrator, if no price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Holder's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration on the date of such Termination of Service. If a price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock or such other amount as may be specified in the applicable Program or Award Agreement. Notwithstanding the foregoing, except as otherwise provided by Section 3.3, the Administrator, in its sole discretion, may provide that upon certain events, including, without limitation, a Change in Control, the Holder's death, retirement or disability or any other specified Termination of

Service or any other event, the Holder's rights in unvested Restricted Stock then subject to restrictions shall not lapse, such Restricted Stock shall vest and cease to be forfeitable and, if applicable, the Company shall cease to have a right of repurchase.

8 . 5 Section 83(b) Election. If a Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service along with proof of the timely filing thereof with the Internal Revenue Service.

ARTICLE 9.

AWARD OF RESTRICTED STOCK UNITS

9.1 Grant of Restricted Stock Units . The Administrator is authorized to grant Awards of Restricted Stock Units to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator.

9.2 Term. Except as otherwise provided herein, the term of a Restricted Stock Unit award shall be set by the Administrator in its sole discretion.

9.3 Purchase Price. The Administrator shall specify the purchase price, if any, to be paid by the Holder to the Company with respect to any Restricted Stock Unit award; provided, however, that the value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

9 . 4 Vesting of Restricted Stock Units . At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including, without limitation, vesting based upon the Holder's duration

of service to the Company or any Subsidiary, one or more Performance Criteria, Company performance, individual performance or other specific criteria, in each case on a specified date or dates or over any period or periods, as determined by the Administrator, subject to Section 3.3.

9 . 5 Maturity and Payment. At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units, which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the Holder (if permitted by the applicable Award Agreement); provided that, except as otherwise determined by the Administrator, and subject to compliance with Section 409A, in no event shall the maturity date relating to each Restricted Stock Unit occur following the later of (a) the 15th day of the third month following the end of the calendar year in which the applicable portion of the Restricted Stock Unit vests; and (b) the 15th day of the third month following the end of the Company's fiscal year in which the applicable portion of the Restricted Stock Unit vests. On the maturity date, the Company shall, in accordance with the applicable Award Agreement and subject to Section 11.4(f), transfer to the Holder one unrestricted, fully transferable Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited, or in the sole discretion of the Administrator, an amount in cash equal to the Fair Market Value of

such Shares on the maturity date or a combination of cash and Common Stock as determined by the Administrator.

9 . 6 Payment upon Termination of Service . An Award of Restricted Stock Units shall be payable only while the Holder is an Employee, a Consultant or a member of the Board, as applicable; provided, however, that the Administrator, in its sole discretion, may provide (in an Award Agreement or otherwise) that a Restricted Stock Unit award may be paid subsequent to a Termination of Service in certain events, including a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service.

ARTICLE 10.

AWARD OF OTHER STOCK OR CASH BASED AWARDS AND DIVIDEND EQUIVALENTS

10.1 Other Stock or Cash Based Awards . The Administrator is authorized to (a) grant Other Stock or Cash Based Awards, including awards entitling a Holder to receive Shares or cash to be delivered immediately or in the future, to any Eligible Individual and (b) determine whether such Other Stock or Cash Based Awards shall be Performance-Based Compensation. Subject to the provisions of the Plan and any applicable Program, the Administrator shall determine the terms and conditions of each Other Stock or Cash Based Award, including the term of the Award, any exercise or purchase price, performance goals, including the Performance Criteria, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement, subject to Section 3.3. Other Stock or Cash Based Awards may be paid in cash, Shares, or a combination of cash and Shares, as determined by the Administrator, and may be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments, as a part of a bonus, deferred bonus, deferred compensation or other arrangement, and/or as payment in lieu of compensation to which an Eligible Individual is otherwise entitled.

10.2 Dividend Equivalents. Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Holder and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such restrictions and limitations as may be determined by the Administrator. In addition, Dividend Equivalents with respect to an Award with performance-based vesting that are based on dividends paid prior to the vesting of such Award shall be paid out to the Holder only to the extent that the performance-based vesting conditions are subsequently satisfied and the Award vests. Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

ARTICLE 11.

ADDITIONAL TERMS OF AWARDS

11.1 Payment. The Administrator shall determine the method or methods by which payments by any Holder with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) held for any minimum period of time as may be established by the Administrator having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Holder has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided that payment of such proceeds is then made to the Company upon settlement of such sale, (d) other form of legal consideration acceptable to the Administrator in its sole discretion, or (e) any combination of the above permitted forms of payment. Notwithstanding any other provision of the Plan to the contrary, no Holder who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

11.2 Tax Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Holder's FICA, employment tax or other social security contribution obligation) required by law to be withheld with respect to any taxable event concerning a Holder arising as a result of the Plan or any Award. The Administrator may, in its sole discretion and in satisfaction of the foregoing requirement, or in satisfaction of such additional withholding obligations as a Holder may have elected, allow a Holder to satisfy such obligations by any payment means described in Section 11.1 hereof, including without limitation, by allowing such Holder to elect to have the Company or any Subsidiary withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The number of Shares that may be so withheld or surrendered shall be no greater than the number of Shares that have a fair market value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the maximum statutory withholding rates in such Holder's applicable jurisdiction for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income. The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of Shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

11.3 Transferability of Awards.

(a) Except as otherwise provided in Sections 11.3(b) and 11.3(c):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than (A) by will or the laws of descent and distribution or (B) subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed;

(ii) No Award or interest or right therein shall be liable for or otherwise subject to the debts, contracts or engagements of the Holder or the Holder's successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by Section 11.3(a)(i); and

(iii) During the lifetime of the Holder, only the Holder may exercise any exercisable portion of an Award granted to such Holder under the Plan, unless it has been disposed of pursuant to a DRO. After the death of the Holder, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by the Holder's personal representative or by any Person empowered to do so under the deceased Holder's will or under the then-applicable laws of descent and distribution.

(b) Notwithstanding Section 11.3(a), the Administrator, in its sole discretion, may determine to permit a Holder or a Permitted Transferee of such Holder to transfer an Award other than an Incentive Stock Option (unless such Incentive Stock Option is intended to become a Nonqualified Stock Option) to any one or more Permitted Transferees of such Holder, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than (A) to another Permitted Transferee of the applicable Holder or (B) by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Holder (other than the ability to further transfer the Award to any Person other than another Permitted Transferee of the applicable Holder); and (iii) the Holder (or transferring Permitted Transferee) and the receiving Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under Applicable Law and (C) evidence the transfer. In addition, and further notwithstanding Section 11.3(a), hereof, the Administrator, in its sole discretion, may determine to permit a Holder to transfer Incentive Stock Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and other Applicable Law, the Holder is considered the sole beneficial owner of the Incentive Stock Option while it is held in the trust.

(c) Notwithstanding Section 11.3(a), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive

any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other Person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program or Award Agreement applicable to the Holder and any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a community property state, a designation of a Person other than the Holder's spouse or domestic partner, as applicable, as the Holder's beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written or electronic consent of the Holder's spouse or domestic partner. If no beneficiary has been designated or survives the Holder, payment shall be made to the Person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time; provided that the change or revocation is delivered in writing to the Administrator prior to the Holder's death.

11.4 Conditions to Issuance of Shares.

(a) The Administrator shall determine the methods by which Shares shall be delivered or deemed to be delivered to Holders. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with Applicable Law and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Holder make such reasonable covenants, agreements and representations as the Administrator, in its sole discretion, deems advisable in order to comply with Applicable Law.

(b) All share certificates delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with Applicable Law. The Administrator may place legends on any share certificate or book entry to reference restrictions applicable to the Shares (including, without limitation, restrictions applicable to Restricted Stock).

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator, in its sole discretion, shall determine whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding down.

(e) The Company, in its sole discretion, may (i) retain physical possession of any stock certificate evidencing Shares until any restrictions thereon shall have lapsed and/or (ii) require that the stock certificates evidencing such Shares be held in custody by a designated

escrow agent (which may but need not be the Company) until the restrictions thereon shall have lapsed, and that the Holder deliver a stock power, endorsed in blank, relating to such Shares.

(f) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by Applicable Law, the Company shall not deliver to any Holder certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

11.5 Forfeiture and Claw-Back Provisions. All Awards (including any proceeds, gains or other economic benefit actually or constructively received by a Holder upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award and any payments of a portion of an incentive-based bonus pool allocated to a Holder) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, whether or not such claw-back policy was in place at the time of grant of an Award, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

11.6 Prohibition on Repricing. Subject to Section 13.2, the Administrator shall not, without the approval of the stockholders of the Company, (a) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per Share, or (b) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per Share exceeds the Fair Market Value of the underlying Shares. Furthermore, for purposes of this Section 11.6, except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price per Share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per Share that is less than the exercise price per Share of the original Options or Stock Appreciation Rights without the approval of the stockholders of the Company.

11.7 Amendment of Awards. Subject to Applicable Law, the Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Holder's consent to such action shall be required unless (a) the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Holder, or (b) the change is otherwise permitted under the Plan (including, without limitation, under Section 13.2 or 13.10).

11.8 Data Privacy. As a condition of receipt of any Award, each Holder explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section 11.8 by and among, as applicable, the Company and its

Subsidiaries for the exclusive purpose of implementing, administering and managing the Holder's participation in the Plan. The Company and its Subsidiaries may hold certain personal information about a Holder, including but not limited to, the Holder's name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its Subsidiaries and details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the "Data"). The Company and its Subsidiaries may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Holder's participation in the Plan, and the Company and its Subsidiaries may each further transfer the Data to any third parties assisting the Company and its Subsidiaries in the implementation, administration and management of the Plan. These recipients may be located in the Holder's country, or elsewhere, and the Holder's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Holder authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Holder's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or any of its Subsidiaries or the Holder may elect to deposit any Shares. The Data related to a Holder will be held only as long as is necessary to implement, administer, and manage the Holder's participation in the Plan. A Holder may, at any time, view the Data held by the Company with respect to such Holder, request additional information about the storage and processing of the Data with respect to such Holder, recommend any necessary corrections to the Data with respect to the Holder or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel the Holder's ability to participate in the Plan and, in the Administrator's discretion, the Holder may forfeit any outstanding Awards if the Holder refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Holders may contact their local human resources representative.

ARTICLE 12.

ADMINISTRATION

12.1 Administrator. The Committee shall administer the Plan (except as otherwise permitted herein). To the extent necessary to comply with Rule 16b-3 of the Exchange Act, and with respect to Awards that are intended to be Performance-Based Compensation, including Options and Stock Appreciation Rights, then the Committee shall take all action with respect to such Awards, and the individuals taking such action shall consist solely of two or more Non-Employee Directors, each of whom is intended to qualify as both a "non-employee director" as defined by Rule 16b-3 of the Exchange Act or any successor rule and an "outside director" for purposes of Section 162(m) of the Code. Additionally, to the extent required by Applicable Law, each of the individuals constituting the Committee shall be an "independent director" under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Notwithstanding the foregoing, any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 12.1 or the Organizational Documents. Except as may otherwise be provided in the Organizational

Documents or as otherwise required by Applicable Law, (a) appointment of Committee members shall be effective upon acceptance of appointment, (b) Committee members may resign at any time by delivering written or electronic notice to the Board and (c) vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (i) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and, with respect to such Awards, the term "Administrator" as used in the Plan shall be deemed to refer to the Board and (ii) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 12.6.

12.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan, all Programs and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend the Plan or any Program or Award Agreement; provided that the rights or obligations of the Holder of the Award that is the subject of any such Program or Award Agreement are not materially and adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is otherwise permitted under Section 11.5 or Section 13.10. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee in its capacity as the Administrator under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or any successor rule, or Section 162(m) of the Code, or any regulations or rules issued thereunder, or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the sole discretion of the Committee.

12.3 Action by the Administrator. Unless otherwise established by the Board, set forth in any Organizational Documents or as required by Applicable Law, a majority of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

12.4 Authority of Administrator. Subject to the Organizational Documents, any specific designation in the Plan and Applicable Law, the Administrator has the exclusive power, authority and sole discretion to:

(a) Designate Eligible Individuals to receive Awards;

(b) Determine the type or types of Awards to be granted to each Eligible Individual (including, without limitation, any Awards granted in tandem with another Award granted pursuant to the Plan);

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, purchase price, any Performance Criteria or performance criteria, any reload provision, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and claw-back and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(e) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any Programs, rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement;

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan; and

(k) Accelerate wholly or partially the vesting or lapse of restrictions of any Award or portion thereof at any time after the grant of an Award, subject to whatever terms and conditions it selects and Section 3.3 and Section 13.2.

12.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program or any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding and conclusive on all Persons.

12.6 Delegation of Authority. The Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 12; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, (b) Covered Employees with respect to Awards intended to constitute Performance Based Compensation, or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be

permitted to the extent it is permissible under any Organizational Documents and Applicable Law (including, without limitation, Section 162(m) of the Code). Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation or that are otherwise included in the applicable Organizational Documents, and the Board or Committee, as applicable, may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.6 shall serve in such capacity at the pleasure of the Board or the Committee, as applicable, and the Board or the Committee may abolish any committee at any time and re-vest in itself any previously delegated authority.

ARTICLE 13.

MISCELLANEOUS PROVISIONS

13.1 Amendment, Suspension or Termination of the Plan.

(a) Except as otherwise provided in Section 13.1(b), the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board; provided that, except as provided in Section 11.5 and Section 13.10, no amendment, suspension or termination of the Plan shall, without the consent of the Holder, materially and adversely affect any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides.

(b) Notwithstanding Section 13.1(a), the Board may not, except as provided in Section 13.2, take any of the following actions without approval of the Company's stockholders given within twelve (12) months before or after such action: (i) increase the limit imposed in Section 3.1 on the maximum number of Shares which may be issued under the Plan or the Award Limit, (ii) reduce the price per share of any outstanding Option or Stock Appreciation Right granted under the Plan or take any action prohibited under Section 11.6, or (iii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award in violation of Section 11.6.

(c) No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and notwithstanding anything herein to the contrary, in no event may any Award be granted under the Plan after the tenth (10^{th}) anniversary of the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders (such anniversary, the "Expiration Date"). Any Awards that are outstanding on the Expiration Date shall remain in force according to the terms of the Plan, the applicable Program and the applicable Award Agreement.

13.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the

Administrator may make equitable adjustments, if any, to reflect such change with respect to: (i) the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in

Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan, and adjustments of the Award Limit); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); (iv) the grant or exercise price per share for any outstanding Awards under the Plan; and (v) the number and kind of Shares (or other securities or property) for which automatic grants are subsequently to be made to new and continuing Non-Employee Directors pursuant to Section 4.6. Any adjustment affecting an Award intended as Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code unless otherwise determined by the Administrator.

(b) In the event of any transaction or event described in Section 13.2(a) or any unusual or nonrecurring transactions or events affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any Subsidiary, or of changes in Applicable Law or Applicable Accounting Standards, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in Applicable Law or Applicable Accounting Standards:

(i) To provide for the termination of any such Award in exchange for an amount of cash and/or other property with a value equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 13.2 the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment);

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;

(iii) To make adjustments in the number and type of Shares of the Company's stock (or other securities or property) subject to such Award, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Program or Award Agreement;

(v) To replace such Award with other rights or property selected by the Administrator; and/or

(vi) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 13.2(a) and 13.2(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted (and the adjustments provided under this Section 13.2(c)(i) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company); and/or

(ii) The Administrator shall make such equitable adjustments, if any, as the Administrator, in its sole discretion, may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitation in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan, and adjustments of the

Award Limit).

(d) In the event an Award continues in effect or is assumed or an equivalent Award substituted, and a Holder incurs a Termination of Service without “cause” (as such term is defined in the sole discretion of the Administrator, or as set forth in the Award Agreement relating to such Award) upon or within twelve (12) months immediately following a Change in Control, then such Holder shall be fully vested in such continued, assumed or substituted Award.

(e) In the event that the successor corporation in a Change in Control refuses to assume or substitute for an Award (or any portion thereof), the Administrator may cause (i) any or all of such Award (or portion thereof) to terminate in exchange for cash, rights or other property pursuant to Section 13.2(b)(i) or (ii) any or all of such Award (or portion thereof) to become fully exercisable immediately prior to the consummation of such transaction and all forfeiture restrictions on any or all of such Award to lapse. If any such Award is exercisable in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Holder that such Award shall be fully exercisable for a period of fifteen (15) days from the date of such notice, contingent upon the occurrence of the Change in Control, and such Award shall terminate upon the expiration of such period.

(f) For the purposes of this Section 13.2, an Award shall be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the

consideration to be received upon the exercise of the Award, for each Share subject to an Award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per-share consideration received by holders of Common Stock in the Change in Control.

(g) The Administrator, in its sole discretion, may include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(h) Unless otherwise determined by the Administrator, no adjustment or action described in this Section 13.2 or in any other provision of the Plan shall be authorized to the extent it would (i) with respect to Awards which are granted to Covered Employees and are intended to qualify as Performance-Based Compensation, cause such Awards to fail to so qualify as Performance-Based Compensation, (ii) cause the Plan to violate Section 422(b)(1) of the Code, (iii) result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 of the Exchange Act, or (iv) cause an Award to fail to be exempt from or comply with Section 409A.

(i) The existence of the Plan, any Program, any Award Agreement and/or the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company’s capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks the rights of which are superior to or affect the Common Stock or the rights thereof or that are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(j) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the Shares or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Administrator, in its sole discretion, may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the consummation of any such transaction.

13.3 Approval of Plan by Stockholders. The Plan shall be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan.

13.4 No Stockholders Rights. Except as otherwise provided herein or in an applicable Program or Award Agreement, a Holder shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Holder becomes the record owner of such Shares.

13.5 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or

exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

13.6 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Subsidiary, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

13.7 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all Applicable Law (including but not limited to state, federal and foreign securities law and margin requirements), and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the Person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all Applicable Law. The Administrator, in its sole discretion, may take whatever actions it deems necessary or appropriate to effect compliance with Applicable Law, including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars. Notwithstanding anything to the contrary herein, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate Applicable Law. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to Applicable Law.

13.8 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

13.9 Governing Law. The Plan and any Programs and Award Agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

13.10 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A, the Plan, the Program pursuant to which such Award is granted and the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A. In that regard, to the extent any Award under the Plan or any other compensatory plan or arrangement of the Company or any of its Subsidiaries is subject to Section 409A, and such Award or other amount is payable on account of a

Participant's Termination of Service (or any similarly defined term), then (a) such Award or amount shall only be paid to the extent such Termination of Service qualifies as a "separation from service" as defined in Section 409A, and (b) if such Award or amount is payable to a "specified employee" as defined in Section 409A then to the extent required in order to avoid a prohibited distribution under Section 409A, such Award or other compensatory payment shall not be payable prior to the earlier of (i) the expiration of the six-month period measured from the date of the Participant's Termination of Service, or (ii) the date of the Participant's death. To the extent applicable, the Plan, the Program and any Award Agreements shall be interpreted in accordance with Section 409A. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Administrator determines that any Award may be subject to Section 409A, the Administrator may (but is not obligated to), without a Holder's consent, adopt such amendments to the Plan and the applicable Program and Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (A) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (B) comply with the requirements of Section 409A and thereby avoid the application of any penalty taxes under Section 409A. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 13.10 or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Holder or any other Person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, "nonqualified deferred compensation" subject to the imposition of taxes, penalties and/or interest under Section 409A.

13.11 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any Subsidiary.

13.12 Indemnification. To the extent permitted under Applicable Law and the Organizational Documents, each member of the Administrator shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such Persons may be entitled pursuant to the Organizational Documents, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.13 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing,

group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

13.14 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

* * * * *

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of ProPetro Holding Corp. on ______________ __, 2017.

* * * * *

I hereby certify that the foregoing Plan was approved by the stockholders of ProPetro Holding Corp. on ______________ __, 2017.

Executed on this ______ day of ____________, 2017.

____

Corporate Secretary

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No. 2 to Registration Statement No. 333-215940 of our report dated February 22, 2017 relating to the consolidated financial statements of ProPetro Holding Corp. and Subsidiary appearing in the prospectus, which is part of such Registration Statement, and to the reference to us under the heading “Experts” in such prospectus.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

March 6, 2017