

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

FORM 10-K/A
Amendment No. 1

(Mark One)

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

For the fiscal year ended January 31, 2020

or

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

For the transition period from _____ to _____

Commission File Number: 001-38609

KLX ENERGY SERVICES HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation
or organization)

36-4904146
(I.R.S. Employer Identification No.)

1300 Corporate Center Way
Wellington, Florida
(Address of principal executive offices)

(561) 383-5100

(Registrant's telephone number, including area code) registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.01 Par Value	KLXE	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

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

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

As of July 31, 2019, the aggregate market value of the registrant's voting stock held by non-affiliates was approximately \$331.4 million. Shares of common stock held by executive officers and directors have been excluded since such persons may be deemed affiliates. This determination of affiliate status is not a determination for any other purpose. The number of shares of the registrant's common stock, \$0.01 par value, outstanding as of March 20, 2020, was 24,742,626 shares.

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EXPLANATORY NOTE

This Amendment No. 1 to Form 10-K (this “Amendment”) amends the Annual Report on Form 10-K for the fiscal year ended on January 31, 2020 (the “2019 Form 10-K”) originally filed on March 24, 2020 (the “Original Filing”) by KLX Energy Services Holdings, Inc., a Delaware corporation (“we,” “us,” “our,” the “Company,” “KLXE,” “KLX Energy Services” or the “Corporation”). The Company is filing this Amendment to present the information required by Part III of Form 10-K as the Company will not file a definitive proxy statement within 120 days of the end of the Company’s fiscal year ended January 31, 2020.

Except as described above, no other changes have been made to the Original Filing. The Original Filing continues to speak as of the date of the Original Filing, and the Company has not updated the disclosures contained therein to reflect any events that occurred at a date subsequent to the date of the Original Filing.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our Executive Officers

The following table sets forth information regarding the Company's executive officers as of May 1, 2020.

Name and Title	Business Experience
Thomas P. McCaffrey President, Chief Executive Officer & Chief Financial Officer	Thomas P. McCaffrey has served as President, Chief Executive Officer and Chief Financial Officer of our Company since May 1, 2020 and as a member of the Board of Directors since April 22, 2020, and previously as Senior Vice President and Chief Financial Officer from September 2018 until April 30, 2020. Previously, Mr. McCaffrey served as President and Chief Operating Officer of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018 and as Senior Vice President and Chief Financial Officer of B/E Aerospace from May 1993 until December 2014. Prior to joining B/E Aerospace, Mr. McCaffrey practiced as a Certified Public Accountant for 17 years with a large international accounting firm and a regional accounting firm based in California. Since 2016, Mr. McCaffrey has served as a member of the Board of Trustees of Palm Beach Atlantic University, Chairman of its Development Committee and as a member of its Audit Committee.
Heather Floyd Vice President – Finance and Corporate Controller	Heather Floyd has served as Vice President—Finance and Corporate Controller and as principal accounting officer of KLX Energy Services Holdings, Inc. since October 2018. Previously, Ms. Floyd served as Vice President – Finance and Corporate Controller of KLX Inc. from February 2014 until October 2018. Ms. Floyd has over 17 years of combined accounting, auditing, financial reporting and Sarbanes-Oxley compliance experience. Prior to joining KLX Inc., Ms. Floyd held various positions at B/E Aerospace, Inc., including most recently Vice President – Internal Audit. Prior to joining B/E Aerospace, Ms. Floyd served as an Audit Manager with Ernst & Young and in various accounting roles at Corporate Express, now a subsidiary of Staples. Ms. Floyd is a Certified Public Accountant licensed to practice in Florida.
Jonathan L. Mann General Counsel, Vice President – Law, Chief Compliance Officer and Secretary	Jonathan L. Mann has served as General Counsel, Vice President – Law, Chief Compliance Officer and Corporate Secretary of KLX Energy Services Holdings, Inc. since August 2019 and as Associate General Counsel, Vice President – Law, Chief Compliance Officer and Corporate Secretary from September 2018 until August 2019. Previously, Mr. Mann served as Corporate Counsel of KLX Inc. from August 2016 until the spin-off of KLX Energy Services in September 2018. Prior to joining KLX Inc., Mr. Mann served as Assistant General Counsel of ExamWorks, Inc. Before that, Mr. Mann served as an attorney at White & Case LLP practicing in the corporate and finance practice groups. Mr. Mann attended the University of Florida, where he earned Bachelor of Science in Accounting and Master of Accounting degrees and a Juris Doctorate. Mr. Mann is a member of The Florida Bar and an Illinois Registered Certified Public Accountant.

Our Board of Directors

The following table sets forth information regarding our directors as of May 1, 2020. The table contains each person's biography as well as the qualifications and experience each person brings to our Board. Our Board consists of eight members, six of whom will meet applicable regulatory and exchange listing independence requirements.

Name and Title	Business Experience and Director Qualifications
John T. Collins Chairman	73 John T. Collins has served as Chairman of the Board of Directors since May 2020 and has been a Director since September 2018. He served on the Board of Directors of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018. From 1986 to 1992, Mr. Collins served as the President and Chief Executive Officer of Quebecor Printing (USA) Inc., which was formed in 1986 by a merger with Semline Inc., where he had served in various positions since 1968, including since 1973 as President. During his term, Mr. Collins guided Quebecor Printing (USA) Inc. through several large acquisitions and situated the company to become one of the leaders in the industry. From 1992 to 2017, Mr. Collins was the Chairman and Chief Executive Officer of The Collins Group, Inc., a manager of a private securities portfolio and minority interest holder in several privately held companies. Mr. Collins currently serves on the Board of Directors for Federated Funds, Inc. and has served on the Board of Directors for several public companies, including Bank of America Corp. and FleetBoston Financial. In addition, Mr. Collins has served as Chairman of the Board of Trustees of his alma mater, Bentley University. Our Board benefits from Mr. Collins's many years of experience in the management, acquisition and development of several companies.

Amin J. Khoury
Director

81 Amin J. Khoury has been a Director since September 2018 and served as Chairman of the Board of Directors, Chief Executive Officer and President of the Company from September 2018 until May 2020. Mr. Khoury served as Chairman and Chief Executive Officer of KLX Inc. from the time of its spin-off from B/E Aerospace in December 2014 until its sale to The Boeing Company in October 2018. Mr. Khoury co-founded B/E Aerospace in July 1987 and served as its Chairman of the Board until its sale to Rockwell Collins in April 2017. Mr. Khoury served as Chief Executive Officer of B/E Aerospace from December 31, 2005 through December 31, 2013. Mr. Khoury also served as the Co-Chief Executive Officer of B/E Aerospace from January 1, 2014 to December 16, 2014. Mr. Khoury was a Trustee of the Scripps Research Institute from May 2008 until July 2014. Mr. Khoury holds an Executive Masters Professional Director Certification, the highest level, from the American College of Corporate Directors. During his time at B/E Aerospace, Mr. Khoury was primarily responsible for the development and execution of B/E Aerospace's business strategies that resulted in its growth from a single product line business with \$3.0 million in annual sales, to the leading global manufacturer of commercial aircraft and business jet cabin interior products and the world's leading distributor of aerospace consumable products, with annual revenues in 2013 of \$3.5 billion. Mr. Khoury also led the founding and growth of the KLX Aerospace Solutions Group from a single acquisition in 2001 through nine additional acquisitions, transforming it into a leading independent company in its industry. During his time at B/E Aerospace and KLX Inc., Mr. Khoury oversaw the expansion into the oilfield services industry and formation of our company through the combination and integration of seven private oilfield service companies. Mr. Khoury led the strategic planning and acquisition strategies of B/E Aerospace and KLX Inc. as well as their operational integration and execution strategies. He is a highly effective leader in organizational design and development matters and has been instrumental in identifying and attracting both our managerial talent and Board members. He has an intimate knowledge of the company, its industry and its competitors which he has gained over the last 32 years at B/E Aerospace, KLX Inc. and KLX Energy Services Holdings, Inc. All of the above experience and leadership roles uniquely qualify him to serve as a member of our Board.

Richard G. Hamermesh
Director

72 Richard G. Hamermesh has been a Director since September 2018. He served on the Board of Directors of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018. Dr. Hamermesh is a Senior Fellow at the Harvard Business School, where he was formerly the MBA Class of 1961 Professor of Management Practice from 2002 to 2015. From 1987 to 2001, he was a co-founder and a Managing Partner of The Center for Executive Development, an executive education and development consulting firm. From 1976 to 1987, Dr. Hamermesh was a member of the faculty of Harvard Business School. He is also an active investor and entrepreneur, having participated as a principal, director and investor in the founding and early stages of more than 15 organizations. Dr. Hamermesh is a member of the Board of Directors of SmartCloud, Inc. and was a director of B/E Aerospace, Inc. until its sale to Rockwell Collins in April 2017, and a director of Rockwell Collins from April 2017 until its sale to United Technologies Corporation in November 2018. Our Board benefits from Dr. Hamermesh's education and business experience as co-founder of a leading executive education and consulting firm, as president, founder, director and co-investor in over 15 early stage businesses, and his 28 years as a Professor of Management Practice at Harvard Business School, where he has led MBA candidates through thousands of business case studies, as well as his intimate knowledge of our business and industry.

- Benjamin A. Hardesty
Director
- 70 Benjamin A. Hardesty has been a Director since September 2018. He served on the Board of Directors of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018. Mr. Hardesty has been the owner of Alta Energy LLC, a consulting business focused on oil and natural gas in the Appalachian Basin and onshore United States, since 2010. In May 2010, Mr. Hardesty retired as president of Dominion E&P, Inc., a subsidiary of Dominion Energy, engaged in the exploration and production of oil and natural gas in North America, a position he had held since September 2007. After joining Dominion Energy in 1995, Mr. Hardesty had previously also served in other executive positions, including President of Dominion Appalachian Development, Inc. and General Manager and Vice President Northeast Gas Basin. Mr. Hardesty has served on the Board of Directors of Antero Resources Corporation since its initial public offering in October 2013. He previously was a member of the Board of Directors of Blue Dot Energy Services, LLC from 2011 until its sale to B/E Aerospace in 2013. From 1982 to 1995, Mr. Hardesty served as an officer and director of Stonewall Gas Company, and from 1978 to 1982 as vice president of operations of Development Drilling Corporation. Mr. Hardesty is director emeritus and past president of the West Virginia Oil & Natural Gas Association and past president of the Independent Oil & Gas Association of West Virginia. Mr. Hardesty serves on the Visiting Committee of the Petroleum Natural Gas Engineering Department of the College of Engineering and Mineral Resources at West Virginia University. Our Board benefits from Mr. Hardesty's significant experience in the oil and natural gas industry, including in our areas of operation.
- Thomas P. McCaffrey
Director
- 66 Thomas P. McCaffrey has been a Director since April 22, 2020. He has served as Chief Executive Officer and President of our Company since May 1, 2020 and previously as Senior Vice President and Chief Financial Officer from September 2018 until April 2020. Previously, Mr. McCaffrey served as President and Chief Operating Officer of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018 and as Senior Vice President and Chief Financial Officer of B/E Aerospace from May 1993 until December 2014. Prior to joining B/E Aerospace, Mr. McCaffrey practiced as a Certified Public Accountant for 17 years with a large international accounting firm and a regional accounting firm based in California. Since 2016, Mr. McCaffrey has served as a member of the Board of Trustees of Palm Beach Atlantic University, Chairman of its Development Committee and as a member of its Audit Committee. Our Board benefits from Mr. McCaffrey's extensive leadership experience, thorough knowledge of our business and industry, and strategic planning experience.

Stephen M. Ward, Jr.
Director

65 Stephen M. Ward, Jr., has been a Director since September 2018. He served on the Board of Directors of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018. Mr. Ward has been a director of Carpenter Technology Corporation since 2001, where he is Chair of the Corporate Governance Committee and a member of the Human Resources and Science and Technology Committees. Mr. Ward previously served as President and Chief Executive Officer of Lenovo Corporation, which was formed by the acquisition of IBM Corporation's personal computer business by Lenovo of China. Mr. Ward had spent 26 years at IBM Corporation holding various management positions, including Chief Information Officer and Senior Vice President and General Manager, Personal Systems Group. Mr. Ward is a cofounder and Board member of C3.ai, a company that develops and sells internet of things software for analytics and control. Mr. Ward was previously a Board member and founder of E2open, a maker of enterprise software, and a Board member of E-Ink, a maker of high-tech screens for e-readers and computers, and was the Chairman of the Board of QD Vision, the developer and a manufacturer of quantum dot technology for the computer, TV and display industries until its sale. Our Board benefits from Mr. Ward's broad executive experience and focus on innovation that enables him to share with our Board valuable perspectives on a variety of issues relating to management, strategic planning, tactical capital investments and growth.

Theodore L. Weise
Director

76 Theodore L. Weise has been a Director since September 2018. He served on the Board of Directors of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018. Mr. Weise is currently a business consultant and serves on the Board of Directors of Hawthorne Global Aviation Services. Mr. Weise joined Federal Express Corporation in 1972 during its formative years and retired in 2000 as its President and Chief Executive Officer. He held many officer positions, including Executive Vice President of World Wide Operations, and led the following divisions as its Senior Vice President: Air Operations, Domestic Ground Operations, Central Support Services, Business Service Center and Operations Planning. Prior to joining Federal Express Corporation, Mr. Weise flew on the US Air Force F 111 as a Flight Test Engineer for General Dynamics Corp. He has previously served on the Board of Directors of Federal Express Corporation, Computer Management Sciences, Inc., ResortQuest International, Inc. and Pogo Jet, Inc. Mr. Weise is a member of the Missouri University of Science and Technology Board of Trustees, of which he was a past President. Mr. Weise is a jet rated Airline Transport Pilot with over 5,700 flight hours. He holds an Executive Masters Professional Director Certification from the American College of Corporate Directors. Our Board benefits from Mr. Weise's extensive leadership experience.

John T. Whates, Esq.
Director

72 John T. Whates has been a Director since September 2018. He served as a member of the Board of Directors of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018. Mr. Whates has been an independent tax advisor and involved in venture capital and private investing since 2005. He is a member of the Board of Directors of Dynamic Healthcare Systems, Inc., was a member of the Board of Directors of Rockwell Collins from April 2017 until February 2018 and was the Chairman of the Compensation Committee of B/E Aerospace until its sale to Rockwell Collins in April 2017. From 1994 to 2011, Mr. Whates was a tax and financial advisor to B/E Aerospace, providing business and tax advice on essentially all of its significant strategic acquisitions. Previously, Mr. Whates was a tax partner in several of the largest public accounting firms, most recently leading the High Technology Group Tax Practice of Deloitte LLP in Orange County, California. He has extensive experience working with aerospace and other public companies in the fields of tax, equity financing and mergers and acquisitions. Mr. Whates is an attorney licensed to practice in California and was an Adjunct Professor of Taxation at Golden Gate University. Our Board benefits from Mr. Whates' extensive experience, multi-dimensional educational background and thorough knowledge of our business and industry.

Structure of the Board of Directors

Our Board is divided into three classes of directors. Directors of each class are chosen for three-year terms upon the expiration of their current terms, and each year our stockholders elect one class of our directors. The directors designated as Class II directors have terms expiring at the 2020 Annual Meeting of Stockholders, the directors designated as Class III directors have terms expiring at the 2021 Annual Meeting of Stockholders, and the directors designated as Class I directors have terms expiring at the 2022 Annual Meeting of Stockholders.

Audit Committee

We have a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Messrs. Hardesty, Weise and Whates currently serve as members of the Audit Committee. Under the current Securities and Exchange Commission ("SEC") rules and the rules of Nasdaq, all of the members are independent. Our Board has determined that Mr. Whates is an "audit committee financial expert" in accordance with current SEC rules. All members of the Audit Committee are independent, as that term is used in Item 407 of Regulation S-K of the federal securities laws.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater-than-ten-percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of reports furnished to us and, with respect to our directors and officers, written representations that no other reports were required, with respect to the year ended January 31, 2020, all Section 16(a) filing requirements applicable to our directors, officers and greater-than-ten-percent beneficial owners were complied with the exception of one report relating to a single transaction filed one business day late for Gary J. Roberts.

Code of Business Conduct

Our Board has adopted a code of business conduct that applies to all of our directors, officers and employees, including our principal executive officer and principal financial officer, controller and all other employees performing a similar function. We maintain a copy of our code of business conduct, including any amendments thereto and any waivers applicable to any of our director and officers, on our website at www.KLXEnergy.com.

ITEM 11. EXECUTIVE COMPENSATION

Introduction

As an “emerging growth company,” we are eligible to comply with the executive compensation disclosure rules applicable to “smaller reporting companies,” as such term is defined in the rules promulgated under the Securities Act of 1933, as amended (the “Securities Act”). These rules require certain compensation disclosure for our principal executive officer and the two most highly compensated executive officers other than our principal executive officer. For the fiscal year ended on January 31, 2020 (“Fiscal 2019”), these three officers, listed below, are referred to as our named executive officers (“NEOs”):

- Amin J. Khoury, Director and former Chairman, Chief Executive Officer and President until May 1, 2020 retirement
- Heather M. Floyd, Vice President – Finance and Corporate Controller
- Gary J. Roberts – Former Vice President and General Manager until April 11, 2020

We have also elected to present in this Amendment executive compensation disclosure for Thomas P. McCaffrey, currently our President, Chief Executive Officer and Chief Financial Officer since May 1, 2020 and a Director since April 22, 2020, and previously, Senior Vice President and Chief Financial Officer since September 2018 on a consistent basis with that of our Fiscal 2019 NEOs in order to provide a more comprehensive disclosure of our compensation practices to our stockholders, notwithstanding that Mr. McCaffrey was not a Fiscal 2019 NEO based on his Fiscal 2019 compensation, which is described below.

As an emerging growth company, we are not required to hold a “say-on-pay” vote at our annual meeting or to include Compensation Discussion & Analysis disclosure in this Amendment; however, based on input from our stockholders and proxy advisory services, and as previously announced, we are providing a number of additional disclosures with respect to the above named individuals in a manner substantially compliant with the disclosure rules for larger public companies, in order to provide a more transparent view of our compensation philosophy.

Our Approach to Executive Pay

Our compensation program is designed to incentivize our executives in a manner consistent with our stockholders’ long-term interests. In 2018, prior to the spin-off, the Compensation Committee of KLX Inc. established the compensation for Messrs. Khoury, McCaffrey and Roberts.

In order to determine an appropriate compensation structure, given the size of our Company, our strategic objectives following the consummation of the spin-off and the lack of availability of equity or debt finance for oilfield services companies, the Compensation Committee of KLX Inc. and Messrs. Khoury and McCaffrey agreed, and the Compensation Committee of KLX Inc. recommended to the Board of Directors of KLX Inc., who approved, that Messrs. Khoury and McCaffrey would forego base salaries for the first four years following the spin-off. The purpose of this structure was to directly align the executives’ interests with those of KLX Energy Services’ stockholders, to facilitate maximum availability of cash on hand to support the day-to-day operations of our business and to strengthen our ability to pursue our growth and acquisition strategy. In light of Messrs. Khoury and McCaffrey’s agreements to forego base salaries, in order to align the executives’ interests with the interests of our stockholders and also appropriately incentivize the executives, the Compensation Committee of KLX Inc. agreed and recommended, and the Board of Directors of KLX Inc. approved, providing Messrs. Khoury and McCaffrey with grants of restricted stock, scheduled to vest over a four-year period, with the first installment having vested twelve months following the consummation of the spin-off. In addition, while Mr. Roberts, our former Vice President and General Manager, received cash remuneration, approximately 72% percent of his targeted total direct compensation payable under his employment agreement was in the form of restricted stock that was scheduled to vest over a four-year period. Ms. Floyd receives cash remuneration pursuant to her employment agreement, but a significant percentage of her targeted annual direct compensation is in the form of annual restricted stock awards that vest over a three-year period. We believe this structure best achieves the balance of aligning the interests of the executives with our stockholders while also providing appropriate incentives to our executives.

The KLX Energy Services Compensation Committee (the “Committee”) consulted with its independent compensation consultant, Pearl Meyer (“PM”), in 2018, with respect to the foregoing arrangements for Messrs. Khoury, McCaffrey and Roberts, and PM concluded these arrangements were both reasonable and appropriate given the roles and experiences of our NEOs.

The restricted stock awards granted at the time of the spin-off to Messrs. Khoury and McCaffrey were made in lieu of base salaries for Messrs. Khoury and McCaffrey. The fair value of the restricted shares on the grant date, September 14, 2018, was \$28.90 per share, which was the closing share price for the Company’s common stock as quoted on the Nasdaq Global Select Market. See Footnote 1 to the Summary Compensation Table on page 17 for how we valued the grant. In addition, Messrs. Khoury, McCaffrey and Roberts agreed not to participate in the Company’s annual restricted stock award program through December 2022.

As we previously announced prior to the filing of this Amendment, we entered into certain severance arrangements with Messrs. Khoury and Roberts during 2020, which included the vesting of their unvested restricted stock awards and certain cash payments, and we entered into a new employment agreement with Mr. McCaffrey effective May 1, 2020 concurrently with Mr. McCaffrey being appointed our President, Chief Executive Officer and Chief Financial Officer, which includes cash remuneration.

A Closer Look at How Our Program Works

Our executive compensation program is grounded in our guiding principles and also stresses the following best-practice governance features:

- The Committee periodically reviews the Compensation Peer Group (“CPG”) and makes adjustments, when appropriate, to further enhance our market competitiveness and alignment with investor expectations
- Clawback policy
- No tax gross-ups
- No repricing or underwater cash buyouts
- No hedging or pledging of shares

Annual cash incentives reward both the achievement of short-term financial goals, as well as the execution of activities to advance our strategic and operational priorities, which support near-term financial performance and long-term strategic objectives. Below is a summary of the annual cash incentive plan structure, including metrics and weightings as it related to Mr. Roberts (as Messrs. Khoury and McCaffrey did not receive cash salaries and did not participate in our annual cash incentive program). While Mr. Roberts received a cash bonus for Fiscal 2018, due to the significant deterioration in industry conditions in 2019 and the resulting impact on our business, no cash bonus was awarded to Mr. Roberts for Fiscal 2019. Ms. Floyd received a cash bonus for Fiscal 2019 equal to approximately 25% of her annual base salary for 2019 due to her contributions toward achievement of the Company’s strategic objectives, contributions in overseeing strategic acquisitions made in Fiscal 2019 and integration activities related thereto, and an expansion of the scope of her responsibilities to include overseeing our Houston, Texas accounting and finance functions.

Annual Cash Incentives– Plan Structure		
Weighting	Performance Objectives	Metrics
70%	Financial Metrics	Adjusted EBITDA Margin (33 1/3% weighting)
		Adjusted Free Cash Flow Growth Rate (33 1/3% weighting)
		Adjusted EBITDA Growth Rate (33 1/3% weighting)
30%	Strategic and Operational Initiatives	Examples of strategic and operational initiatives include, but are not limited to: <ul style="list-style-type: none"> · Strengthen KLXE brand identity, internally and externally · Maximize cost reduction programs to optimize earnings and cash flows · Develop and implement financial tools and training for operations management · Continue to generate market share gains · Continue to improve all aspects of the Company’s Health, Safety and Environmental measures · Continue to improve processes and efficiency

Had cash bonuses been considered for financial metrics, that portion of the award would have been determined by the achievement of the combined score of the three performance metrics compared with our peers on a relative basis at the end of the year. The actual amount of cash incentives to be paid will be driven by the achievement of the below target performance targets relative to our peer group as follows:

Percentile Ranking	Range of Payout*
Below 25 th Percentile	0% payout
From 25 th to 50 th Percentile	50% to 100% payout
From 50 th to 75 th Percentile	100% to 200% of payout
Above 75 th Percentile	200% payout (capped)

*Performance achieved between the 25th and 50th percentiles and 50th and 75th percentiles is interpolated between the end points identified above.

The strategic and operational portion of the award is determined by the achievement of the strategic and operational objectives set at the beginning of the year as compared with our peers on an absolute basis at the end of the year. The actual amount of cash incentives to be paid is driven by the achievement of the performance targets determined by the Committee, as set forth below:

Percentile Ranking	Range of Payout*
Below 25 th Percentile	0% payout
From 25 th to 50 th Percentile	50% to 100% payout
From 50 th to 75 th Percentile	100% to 150% of payout
Above 75 th Percentile	150% payout (capped)

* Performance achieved between the 25th and 50th percentiles and 50th and 75th percentiles is interpolated between the end points identified above.

Total cash incentives are equal to the sum of the financial and non-financial achievements, and are awarded to our managers, including NEOs, based on their individual performance.

Despite the strategic objectives achieved during 2019, given the rapid deterioration in industry conditions and its impact on the Company’s performance, the Committee determined not to award a cash bonus to Mr. Roberts for the achievement of strategic objectives in Fiscal 2019. Despite the significant deterioration in industry conditions, as fully described above, the Committee determined that Ms. Floyd’s efforts merited a cash bonus for Fiscal 2019 for achievement of strategic and operational initiatives.

Executive Compensation Philosophy

Introduction

The Committee believes that executive compensation opportunities must align with and enhance long-term stockholder value. This core philosophy is embedded in all aspects of our executive compensation program and has allowed us to establish an important set of guiding principles. We believe these principles create a meaningful link between compensation outcomes and a long-term sustainable growth strategy.

How We Make Compensation Decisions

Role of the Committee on Compensation and Executive Development

The Committee, which consists of three independent directors, is responsible for overseeing the development and administration of our executive compensation program. The Committee reviews and approves all aspects of our executive compensation program.

In this role, the Committee makes all compensation decisions relative to our CEO and approves all compensation recommendations for the other NEOs.

The Committee's responsibilities include:

- Reviewing and approving incentive plans and objectives
- Assessing each NEO's performance relative to these targets and objectives
- Evaluating the competitiveness of each NEO's total compensation package
- Approving changes to a NEO's compensation elements, including base salary, annual and long-term incentive opportunities and awards, benefits and perquisites
- Designing executive compensation plans and programs

The NEOs assist the Committee as requested with certain of the above.

The Committee's charter, which sets out its objectives and responsibilities, can be found on our website at www.KLXEnergy.com.

The Committee's Process

The Committee maintains a structured process for the evaluation of Company, CEO and NEO performance. The Committee reviews and approves the recommended strategic and financial objectives for the CEO for the upcoming year and for a longer-term period. It also evaluates the prior year performance of the CEO and NEOs. A combination of qualitative and quantitative factors provides a broad and balanced assessment of performance.

A Process for Performance Evaluation

Internal Performance	External Performance
Achievement versus strategic, financial and operational goals.	Relative financial performance using key financial metrics versus peers over varying time periods.

The Role of Management

The CEO does not play any role in the Committee's determination of his own compensation. However, the CEO presents the Committee with recommendations for each element of compensation, including the level of base salary and annual and long-term incentive awards for the other NEOs. Our CEO bases these recommendations upon his assessment of each individual's performance, the performance of his or her respective business unit and/or function, benchmark information and retention risk. The Committee reviews the CEO's recommendations, makes adjustments, as appropriate, and approves compensation changes at its sole discretion.

The Role of Compensation Consultant

To gain a perspective on external pay levels, emerging practices and regulatory changes, the Committee has engaged an outside executive compensation consultant to provide compensation information and advise the Committee as it conducts its review of our executive and director compensation programs. In October 2018, the Committee selected Pearl Meyer as its consultant and tasked PM with gathering market competitive data, reviewing compensation plan design alternatives and advising the Committee on director and executive compensation trends and best practices.

The compensation consultant reports to, and is directed by, the Committee, which has sole authority to retain or terminate compensation advisers. The Committee reviewed information regarding the independence and potential conflicts of interest of PM, taking into account, among other things, the factors set forth in the Nasdaq listing standards. Based on this review, the Committee concluded that the engagement of PM did not raise any conflict. Other than services provided for the Committee, PM did not provide any material amount of other services to the Company in Fiscal 2019.

Executive Compensation Practices

We strive to maintain sound compensation practices by continually monitoring the evolution of best practices. Here are some of the principal practices we follow:

- **Review of Pay versus Performance.** The Committee continually reviews the relationship of the CEO's compensation relative to the Company's performance.
- **Stock Ownership.** Our CEO and CFO as well as our Board members received 100% of their compensation in the form of restricted stock.
- **Review of CPG.** The Committee periodically reviews the CPG and makes adjustments, when appropriate, to further enhance our market competitiveness and alignment with investor expectations.
- **No Tax Gross-Ups.** KLXE does not provide excise tax reimbursements or gross-ups in the event of a change in control.
- **Prohibition on Hedging; Pledging of Shares.** To avoid conflicts of interest that could undermine the goals of our share ownership policy and the focus on sustainable long-term growth, we prohibit directors and employees from entering into transactions involving short sales of our securities or put or call options based on our securities, except for options granted under KLX Energy Services compensation programs. In addition, directors and NEOs are generally prohibited from holding KLX Energy Services shares in a margin account or pledging KLX Energy Services shares as collateral for a loan unless our General Counsel provides pre-clearance after the director or executive clearly demonstrates the financial capability to repay the loan without resort to the pledged securities.
- **Clawback(s).** KLXE has a comprehensive policy addressing the clawback of executive compensation. In the event of a material restatement of the Company's financial results, the Board will review the facts and circumstances that led to the requirement for the restatement and may take such actions, if any, as it deems necessary or appropriate in its discretion. The Board will consider whether any executive officer received cash incentive compensation based on the original financial statements because it appeared he or she had achieved financial performance targets that were not achieved based on the restatement. The Board also will consider the accountability of any executive officer whose acts or omissions were responsible in whole or in part for the events that led to the restatement and whether such acts or omissions constituted misconduct.

Competitive Positioning

Peer Group Benchmarking

To evaluate market competitiveness, we compare our program to the compensation at the companies that make up our CPG. These companies provide a relevant comparison based on their similarity to us in size and complexity, taking into account factors such as their revenues, market capitalization, scope of operations and diversified product and service offerings.

In addition to CPG data, we historically have looked at a broader sample of proxy and general industry pay benchmark data. This information provides useful insight on compensation trends and supplements CPG data. We did not ask PM to prepare a benchmarking service in 2019 because of the severe deterioration in industry conditions and the Committee's decision to generally not award cash bonuses to our NEOs. We anticipate resuming benchmarking at such time that the industry has stabilized and the benchmarking is meaningful and useful in adjusting executive compensation. Our 2019 CPG included Basic Energy Services, Inc., C&J Energy Services, Inc., Forum Energy Technologies, Inc., Helix Energy Solutions, Inc., Key Energy Services, Inc., Nine Energy Services, Inc., Oil States International, Inc., Ranger Energy Services, Inc. and Superior Energy Services, Inc. The above peer group was appropriate for KLXE in Fiscal 2019 and will be reviewed annually as industry conditions change.

Long-Term Incentive Plan. We adopted the KLX Energy Services Holdings, Inc. Long-Term Incentive Plan (the "LTIP") to promote the long-term success of KLX Energy Services by providing eligible individuals (including our NEOs) with opportunities to obtain a proprietary interest in KLX Energy Services through the grant of equity-based awards. These awards provide participants with incentive to contribute to our long-term growth and profitability. The LTIP also assists us in attracting, retaining and motivating highly qualified individuals who are in a position to make significant contributions to us.

As discussed above, Messrs. Khoury, McCaffrey and Roberts received one-time restricted stock awards at the time of the spin-off, and agreed to forego additional restricted stock awards until December 2022. For Fiscal 2019, Ms. Floyd received an annual restricted stock award equal to one-times her base salary as of the date of grant pursuant to the terms of her employment agreement. A detailed description of the LTIP can be found in the Information Statement that accompanies Amendment No. 2 to our Registration Statement on Form 10, filed with the SEC on August 24, 2018.

Retirement Benefits. Mr. Roberts and Ms. Floyd participated in our qualified 401(k) defined contribution plan in 2019. Under this plan, we match 100% of the first 3% and 50% of the next 2% of employee contributions, currently up to a maximum of \$11,400 per calendar year.

Deferred Compensation Plan. The Company adopted its 2018 Deferred Compensation Plan ("DCP") at the time of our spin-off. The DCP is a nonqualified deferred compensation plan pursuant to which certain senior executives of the Company, as selected by the Committee, are eligible to defer a portion of their base salary and cash incentive award. Each of our NEOs was eligible to participate in the plan, however Messrs. Khoury and McCaffrey did not participate because they do not receive cash salaries or cash bonus awards. We may make a matching contribution equal to 100% of the participant's deferrals under the DCP up to a maximum of 7.5% of the participant's total base salary and annual cash incentive award. Matching contributions vest in equal installments on January 15th of each of the three years succeeding the year in which the contribution is made. In addition, an executive will fully vest in all matching contributions upon (i) meeting the requirements of a retirement, (ii) a termination of employment by the Company without cause, (iii) death, (iv) a change in control of the Company or (v) meeting the requirements of a disability. During 2019, Mr. Roberts and Ms. Floyd elected to defer compensation under the plan and the Company made matching contributions in March 2020 totaling \$55,498.

Other Compensation. We generally reimburse each of our NEOs for medical care expenses that are not otherwise reimbursed by any plan or arrangement up to a maximum benefit of 10% of their base salary per year. We also reimburse Messrs. Khoury and McCaffrey for reasonable costs of financial and estate planning.

Stock Ownership / Prohibited Transactions in Company Securities

Messrs. Khoury and McCaffrey as well as our Board of Directors received 100 percent of compensation in the form of restricted stock in 2019.

Our Board established a policy that prohibits our directors and executive officers from engaging in short sales of our securities. Our officers and directors are also prohibited from selling or purchasing puts or calls, trading in or writing options, or engaging in other hedging activities with respect to our securities. Directors and executive officers are also prohibited from holding Company securities in a margin account or pledging our securities as collateral for a loan, unless our General Counsel provides pre-clearance after the director or executive officer clearly demonstrates the financial capability to repay the loan without resort to the pledged securities.

Compensation Recoupment Policy (“Clawback”)

In the event of a material restatement of the Company’s financial results, the Board will review the facts and circumstances that led to the requirement for the restatement and may take such actions, if any, as it deems necessary or appropriate in its discretion. The Board will consider whether any executive officer received cash incentive compensation based on the original financial statements because it appeared he or she had achieved financial performance targets that were not achieved based on the restatement. The Board also will consider the accountability of any executive officer whose acts or omissions were responsible in whole or in part for the events that led to the restatement and whether such acts or omissions constituted misconduct.

The actions, if any, that the Board may in its discretion elect to take against a particular executive officer, depending on all the facts and circumstances as determined during their review, could include (i) the recoupment of all or part of any bonus or other cash incentive compensation paid to the executive officer that was based upon the achievement of financial results that were subsequently restated and/or (ii) the pursuit of other available remedies.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code (the “Code”) imposes a limit on the amount a company may deduct for U.S. tax purposes for compensation paid to executive officers covered by Section 162(m) of the Code. A company’s principal executive officer and principal financial officer serving at any time during the taxable year, its three other most highly compensated executive officers employed at the end of the taxable year and any employee who was covered under Section 162(m) for any earlier tax year that began after December 31, 2016 will be covered by Section 162(m) of the Code. Interpretations of and changes in applicable tax laws and regulations as well as other factors beyond the control of the Committee can affect deductibility of compensation and there can be no assurance that compensation paid to executive officers who are covered by Section 162(m) of the Code will be fully deductible in light of the deductibility limitations of Section 162(m) of the Code. The Committee reserves the right to use its judgment to authorize compensation payments that may not be deductible when the Committee believes that such payments are appropriate and in the best interests of KLXE, taking into consideration changing business conditions, the need to provide competitive compensation and retain the services of our executive officers, and the performance of our executive officers. The Committee will continue to monitor developments and assess alternatives for preserving the deductibility of compensation payments and benefits to the extent reasonably practicable, consistent with its compensation policies and as determined to be in the best interests of the Company and our stockholders.

Section 409A of the Code generally applies to deferred compensation. Generally speaking, “deferred compensation” is compensation earned currently, the payment of which is deferred to a later taxable year. Stock options, restricted stock awards, performance stock awards, RSUs, performance stock units, and other equity awards available under the LTIP are designed either to be exempt from the requirements of Section 409A of the Code or to satisfy its requirements. Awards subject to Section 409A of the Code that fail to satisfy its requirements will subject the award holder to immediate taxation, an interest penalty and an additional 20% tax on the amount underlying the award.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid to each of our NEOs and Mr. McCaffrey for the periods indicated, including Fiscal 2019 (the year ended January 31, 2020), the transition period from September 14, 2018 (the date of the spin-off) through January 31, 2019 at KLX Energy Services (“Transition Period”) and for Fiscal 2018 (the period beginning January 31, 2018 and ending at the date of the spin-off) at KLX Inc. The amounts reported for periods prior to the Transition Period related to compensation programs in effect at KLX Inc. prior to the spin-off of KLX Energy Services and as such, are not comparable to reported compensation at KLX Energy Services.

Name and Principal Position	Year	Salary	Stock Awards ^{1,2}	Option Awards	Non-Equity Incentive Plan Compensation ³	All Other Compensation	Total
Amin J. Khoury	2019	\$ 2	\$ -	\$ -	\$ -	\$ 35,305 ⁴	\$ 35,307
<i>Chief Executive Officer, Chairman and President</i>	Transition Period	2	31,884,301	-	-	15,840 ⁴	31,900,143
(Predecessor Company Information)	2018	684,429	1,850,409	-	-	224,514 ⁴	2,759,352
Thomas P. McCaffrey	2019	\$ 1	\$ -	\$ -	\$ -	\$ 8,976 ⁵	\$ 8,977
<i>Senior Vice President and Chief Financial Officer</i>	Transition Period	1	19,130,586	-	-	504 ⁵	19,131,091
(Predecessor Company Information)	2018	437,350	1,182,460	-	-	372,330 ⁵	1,992,140
Gary J. Roberts	2019	\$ 349,382	\$ -	\$ -	\$ -	\$ 64,428 ⁶	\$ 413,810
<i>Vice President and General Manager</i>	Transition Period	\$ 118,659	\$ 6,376,872	\$ -	\$ 445,630	\$ 66,417 ⁶	\$ 7,007,578
(Predecessor Company Information)	2018	218,783	257,146	-	-	22,952 ⁶	498,881
Heather Floyd	2019	\$ 302,490	\$ 307,959	\$ -	\$ 76,989	\$ 67,024 ⁷	\$ 754,462
<i>Vice President – Finance and Corporate Controller</i>							

- The amounts reported in the “Stock Awards” column represent the aggregate full grant date fair value of the restricted stock awards calculated in accordance with FASB ASC 718 (without any reduction for risk of forfeiture). For more information about how we value stock-based awards (including assumptions made in such valuation), refer to Note 10 to our audited financial statements for the fiscal year ended January 31, 2020 included in our Annual Report on Form 10-K filed with the SEC on March 24, 2020. The amounts reported in the “Stock Awards” column that relate to the Transition Period represent grants of shares of KLXE restricted stock with a grant date fair value of \$28.90 per share, which was the closing share price for the Company’s common stock on September 14, 2018 as quoted on the Nasdaq Global Select Market, to Messrs. Khoury, McCaffrey and Roberts under the LTIP representing 5%, 3% and 1%, respectively, of the outstanding common stock of the Corporation on a fully-diluted basis as of the spin-off distribution date to become vested in four equal annual installments on each of the first four anniversaries of the distribution date and subject to other conditions as described below. For performance-based restricted stock awards which were granted by KLX Inc., the grant date value is based upon the probable outcome of the performance metrics as of the date of the grant, which provided that if the highest level of payout was achieved, the value of the August 2018 award as of the grant date for performance based restricted stock would be capped at 200% of the performance award target. The grant date value for the August 2018 KLX Inc. stock award reflects the aggregate value of all shares granted on that date, notwithstanding that two-thirds of the shares granted on such date were forfeited upon the completion of the merger between KLX Inc. and The Boeing Company. Performance-based restricted stock awards are not a component of KLX Energy Services’ compensation program with respect to our NEOs.
- In order to determine an appropriate compensation structure, given the size of our Company, our strategic objectives following the consummation of the spin-off and the lack of availability of equity or debt finance for oilfield services companies, the Compensation Committee of KLX Inc. and Messrs. Khoury and McCaffrey agreed, and the Compensation Committee of KLX Inc. recommended to the Board of Directors of KLX Inc., who approved, that Messrs. Khoury and McCaffrey would forego base salaries for the first four years following the spin-off. The purpose of this structure was to directly align the executives’ interests with those of KLX Energy Services’ stockholders, to facilitate maximum availability of cash on hand to support the day-to-day operations of our business and to strengthen our ability to pursue our growth and acquisition strategy. In light of Messrs. Khoury and McCaffrey’s agreements to forego base salaries, in order to align the executives’ interests with the interests of our stockholders and also appropriately incentivize the executives, the Compensation Committee of KLX Inc. agreed and recommended, and the Board of Directors of KLX Inc. approved, providing Messrs. Khoury and McCaffrey with grants of restricted stock with a grant date fair value of \$28.90 per share, which was the closing share price for the Company’s common stock on September 14, 2018 as quoted on the Nasdaq Global Select Market, scheduled to vest over a four-year period, with the first installment having vested twelve months following the consummation of the spin-off. In addition, while Mr. Roberts received cash remuneration, approximately 72% percent of his targeted total direct compensation payable under his employment agreement was in the form of restricted stock that was scheduled to vest over a four-year period. Ms. Floyd receives cash remuneration pursuant to her employment agreement, but a significant percentage of her targeted annual direct compensation is in the form of annual restricted stock awards that vest over a three-year period.
- All annual cash bonuses paid to our NEOs are reflected in the “Non-Equity Incentive Plan Compensation” column of this table. The amounts shown represent the annual cash incentive payments received by our NEOs. These cash awards were paid with respect to Ms. Floyd in March 2020 relating to Fiscal 2019 and with respect to Mr. Roberts in March 2019 relating to Fiscal 2018.
- With respect to Mr. Khoury, the amount reported for 2019 and the Transition Period as “All Other Compensation” relates to estate planning, and the amount reported for 2018 as “All Other Compensation” includes \$165,025 for certain contributions to KLX Inc.’s non-qualified deferred compensation plan and includes \$59,489 for estate planning.
- With respect to Mr. McCaffrey, the amount reported for 2019 and the Transition Period as “All Other Compensation” relates to estate planning, and the amount reported for 2018 as “All Other Compensation” includes \$351,503 for certain contributions to KLX Inc.’s non-qualified deferred compensation plan, \$9,918 for KLX Inc. 401(K) Plan contributions and additional amounts relating to automobile allowance and estate planning.
- With respect to Mr. Roberts, the amount reported for 2019 and the Transition Period as “All Other Compensation” includes \$26,627 and \$59,132, respectively, for certain contributions to KLX Energy Services Holdings, Inc.’s non-qualified deferred compensation plan and additional amounts relating to automobile allowance and KLX Energy Services Holdings, Inc.’s 401(K) Plan, and the amount reported for 2018 as “All Other Compensation” includes \$10,490 for KLX Inc. 401(K) Plan contributions and additional amounts relating to automobile allowance.
- With respect to Ms. Floyd, the amount reported for 2019 as “All Other Compensation” includes \$28,871 for certain contributions to KLX Energy Services Holdings, Inc.’s non-qualified deferred compensation plan, \$13,953 for payments under our executive medical plan, \$11,000 for KLX Energy Services Holdings, Inc. 401(K) Plan contributions and additional amounts relating to automobile allowance.

Grants of Plan Based Awards During 2019

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards ¹	Grant Date Fair Value of Stock Awards ²	All Other Option Awards (#)	Option exercise price (\$)
		Threshold (\$)	Target (\$)	Max (\$)	Threshold (\$)	Target (\$)	Max (\$)				
Amin J. Khoury		-	-	-	-	-	-	-	-	-	-
Thomas P. McCaffrey		-	-	-	-	-	-	-	-	-	-
Gary J. Roberts		-	-	-	-	-	-	-	-	-	-
Heather M. Floyd	12/10/19	-	-	-	-	-	-	44,247	307,959	-	-

(1) These awards are subject to time-based vesting only. The number of shares of restricted stock granted is equal to the dollar value approved by the Committee divided by the closing price of our common stock on the date of grant.

(2) The amounts shown represent the aggregate grant date fair value of the long-term incentive awards calculated in accordance with FASB ASC 718 (without any reduction for risk of forfeiture). For more information about how we value stock based awards (including assumptions made in such valuation), refer to Note 10 to our audited financial statements for the fiscal year ended January 31, 2020 included in our Annual Report on Form 10-K filed with the SEC on March 24, 2020.

2019 Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning outstanding equity awards held by each NEO and Mr. McCaffrey as of January 31, 2020, which includes unvested shares of restricted stock.

Name	Grant Date	Option Awards Securities Underlying Unexercised - Exercisable (#)	Option Awards Securities Underlying Unexercisable - Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Time Based Shares or Units of Stock That Have Not Vested ¹ (#)	Time Based Market Value of Shares or Units of Stock That Have Not Vested ² (\$)	Performance Based Shares or Units of Stock That Have Not Vested (#)	Performance Based Market Value of Shares or Units of Stock That Have Not Vested (\$)
Amin J. Khoury	09/14/18 ³	-	-	-	-	827,447	\$ 3,342,886	-	\$ -
Thomas P. McCaffrey	09/14/18 ³	-	-	-	-	496,468	2,005,731	-	-
Gary J. Roberts	09/14/18 ³	-	-	-	-	165,489	668,576	-	-
Heather Floyd	12/10/19 ⁴	-	-	-	-	44,247	178,758	-	-
	12/11/18 ⁴	-	-	-	-	7,890	31,876	-	-

- (1) In order to determine an appropriate compensation structure, given the size of our Company, our strategic objectives following the consummation of the spin-off and the lack of availability of equity or debt finance for oilfield services companies, the Compensation Committee of KLX Inc. and Messrs. Khoury and McCaffrey agreed, and the Compensation Committee of KLX Inc. recommended to the Board of Directors of KLX Inc., who approved, that Messrs. Khoury and McCaffrey would forego base salaries for the first four years following the spin-off. The purpose of this structure was to directly align the executives' interests with those of KLX Energy Services' stockholders, to facilitate maximum availability of cash on hand to support the day-to-day operations of our business and to strengthen our ability to pursue our growth and acquisition strategy. In light of Messrs. Khoury and McCaffrey's agreements to forego base salaries, in order to align the executives' interests with the interests of our stockholders and also appropriately incentivize the executives, the Compensation Committee of KLX Inc. agreed and recommended, and the Board of Directors of KLX Inc. approved, providing Messrs. Khoury and McCaffrey with grants of restricted stock with a grant date fair value of \$28.90 per share, which was the closing share price for the Company's common stock on September 14, 2018 as quoted on the Nasdaq Global Select Market, scheduled to vest over a four-year period, with the first installment having vested twelve months following the consummation of the spin-off. In addition, while Mr. Roberts received cash remuneration, approximately 72% percent of his targeted total direct compensation payable under his employment agreement was in the form of restricted stock that was scheduled to vest over a four-year period. Ms. Floyd receives cash remuneration pursuant to her employment agreement, but a significant percentage of her targeted annual direct compensation is in the form of annual restricted stock awards that vest over a three-year period.
- (2) The market value of unvested shares is based on KLX Energy Services' common stock closing share price of \$4.04 on January 31, 2020 as quoted on the Nasdaq Global Select Market.
- (3) Award vests ratably on an annual basis over four years following the grant date, provided the executive is employed or providing services to the Company on the applicable vesting date, subject to acceleration of vesting upon the occurrence of certain events as described for such executive below.
- (4) Award vests ratably on an annual basis over three years following the grant date, provided Ms. Floyd is employed or providing services to the Company on the applicable vesting date, subject to acceleration of vesting upon the occurrence of certain events as described for Ms. Floyd.

Stock Vested During 2019

The following table provides information concerning vesting of common stock awards held by each NEO and Mr. McCaffrey during 2019.

Name	Stock Awards	
	Number of Shares Acquired on Vesting ¹	Value Realized on Vesting ²
Amin J. Khoury	275,816	2,970,538
Thomas P. McCaffrey	165,490	1,782,327
Gary J. Roberts	55,164	594,116
Heather Floyd	3,946	25,274

(1) Represents the shares of restricted stock that vested during 2019.

(2) Represents the number of shares of restricted stock that vested during 2019 multiplied by the closing price of our common stock, as reported on the Nasdaq Global Select Market, on the applicable vesting date.

Fiscal 2019 Deferred Compensation

The 2018 Deferred Compensation Plan is a nonqualified deferred executive compensation plan pursuant to which certain senior executives of the Company, as selected by the Committee, are eligible to defer a portion of their base salary and cash incentive award.

A deferral election must be made prior to the beginning of the calendar year in which deferral occurs. Each of our NEOs is eligible to participate in the plan, however Messrs. Khoury and McCaffrey did not participate because they do not receive cash salaries or cash bonus awards. We may make a matching contribution equal to 100% of the participant's deferrals under the DCP up to a maximum of 7.5% of the participant's total base salary and annual cash incentive award, except for the benefit of Messrs. Khoury and McCaffrey, who are not eligible for matching contributions. Matching contributions vest in equal installments on January 15th of each of the three years succeeding the year in which the contribution is made. In addition, an executive will fully vest in all matching contributions upon (i) meeting the requirements of a retirement, (ii) a termination of employment by the Company without cause, (iii) death, (iv) a change in control of the Company or (v) meeting the requirements of a disability.

The Deferred Compensation Plan is a non-qualified plan under the Internal Revenue Code and does not provide for guaranteed returns on plan contributions. A participant's deferrals, together with Company matching contributions, are adjusted for earnings or losses measured by the rate of return on the notional investments available under the plan to which participants allocate their accounts.

Participants may change investment elections on any business day. Distributions are made after termination of employment or on a date, selected by the participant, prior to termination of employment.

During 2019, Mr. Roberts and Ms. Floyd elected to defer compensation under the plan and the Company made matching contributions in March 2020 totaling \$55,498.

Nonqualified Deferred Compensation

Name	Executive Contributions in FY 2019 ¹ (\$)	Registrant Contributions in FY2019 ¹ (\$)	Aggregate Earnings in FY2019 ² (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at 1/31/20 ³ (\$)
Amin J. Khoury	-	-	-	-	-
Thomas P. McCaffrey	-	-	-	-	-
Gary J. Roberts	598,183	59,132	86,109	-	803,747
Heather Floyd	39,597	36,644	9,159	-	92,319

- (1) All executive and registrant contributions are included as compensation in the Summary Compensation Table.
- (2) Earnings on account balances are not included in the Summary Compensation Table.
- (3) Includes current and prior year contributions and earnings.

In addition to the DCP, Mr. Roberts and Ms. Floyd participated in our qualified 401(k) defined contribution plan. Pursuant to this plan, we match 100% of the first 3% and 50% of the next 2% of employee contributions, currently up to a maximum of \$11,400 per calendar year.

Employment Agreements

Amin J. Khoury. Mr. Khoury was party to an employment letter agreement with us entered into on September 14, 2018, pursuant to which he served as our Chairman, Chief Executive Officer and President. The letter agreement provided that Mr. Khoury receive an annual base salary of \$2 and a restricted stock award under the LTIP representing 5% of the outstanding common stock of the Corporation on a fully-diluted basis as of the spin-off distribution date, (x) to become vested in four equal annual installments on each of the first four anniversaries of the distribution date, subject to continued employment or other service with the Corporation on each applicable vesting date, and (y) to become fully vested, (A) upon an involuntary termination of employment by the Corporation, (B) upon Mr. Khoury's death or "Disability" (as defined in the LTIP), (C) upon Mr. Khoury's voluntary retirement, subject to the consent of the Committee, or (D) upon the occurrence of a "Change in Control" (as defined in the LTIP) of the Corporation. The fair value of the restricted shares on the grant date was \$28.90 per share, which was the closing share price for the Company's common stock on September 14, 2018 as quoted on the Nasdaq Global Select Market. See Footnote 1 to the Summary Compensation Table on page 17 for how we valued the grant. Any such accelerated vesting in connection with a termination of service was subject to the execution of a customary mutual release of claims by Mr. Khoury and the Corporation. Mr. Khoury's unvested restricted stock awards fully vested in connection with his retirement in May 2020.

In addition to the salary and equity awards described above, the letter agreement generally provided for (i) at-will employment, meaning the Corporation could terminate Mr. Khoury's employment at any time for any or no reason upon at least twelve months' prior written notice, (ii) a monthly automobile allowance or use of an automobile owned by the Corporation and (iii) participation in the employee benefit plans of the Corporation (including health and welfare and retirement plans, reimbursement of financial and estate planning expenses, and the benefits under the travel policy of the Corporation related to personal and business use of the corporate aircraft). Mr. Khoury was entitled to customary indemnification, and directors and officer liability insurance coverage, each in accordance with the organizational documents of the Corporation and applicable law. The letter agreement did not provide for any contractual right to annual cash bonuses or severance benefits (other than the accelerated vesting of Mr. Khoury's restricted stock award described above), but the agreement did not (i) preclude Mr. Khoury from receiving annual cash bonuses or participating in any generally applicable severance plan or policy of the Corporation or (ii) prevent the Committee from adopting such arrangements for the benefit of Mr. Khoury in the future. In connection with any termination of Mr. Khoury's employment with the Corporation other than by reason of death, the Corporation was required to retain Mr. Khoury for a period of three years to provide consulting services to the Corporation for \$10,000 per year and certain enumerated perquisites.

We entered into an amended and restated consulting agreement with Mr. Khoury in connection with his retirement in May 2020.

Mr. Khoury also entered into the KLX Energy Services proprietary rights agreement, which contains customary non-disclosure restrictions and covenants protecting the proprietary information and trade secrets of the Corporation.

Thomas P. McCaffrey. Mr. McCaffrey was party to an employment letter agreement with us entered into on September 14, 2018, pursuant to which he served as our Senior Vice President and Chief Financial Officer during Fiscal 2019. The letter agreement provided that Mr. McCaffrey receive an annual base salary of \$1 and a restricted stock award under the LTIP representing 3% of the outstanding common stock of the Corporation on a fully-diluted basis as of the spin-off distribution date, (x) to become vested in four equal annual installments on each of the first four anniversaries of the distribution date, subject to continued employment or other service with the Corporation on each applicable vesting date, and (y) to become fully vested, (A) upon an involuntary termination of employment by the Corporation, (B) upon Mr. McCaffrey's death or "Disability" (as defined in the LTIP), (C) upon Mr. McCaffrey's voluntary retirement, subject to the consent of the Committee, or (D) upon the occurrence of a "Change in Control" (as defined in the LTIP) of the Corporation. The fair value of the restricted shares on the grant date was \$28.90 per share, which was the closing share price for the Company's common stock on September 14, 2018 as quoted on the Nasdaq Global Select Market. See Footnote 1 to the Summary Compensation Table on page 17 for how we valued the grant. Any such accelerated vesting in connection with a termination of service will be subject to the execution of a customary mutual release of claims by Mr. McCaffrey and the Corporation.

In addition to the salary and equity awards described above, the letter agreement generally provided for (i) at-will employment, meaning the Corporation could terminate Mr. McCaffrey's employment at any time for any or no reason upon at least twelve months' prior written notice, (ii) a monthly automobile allowance or use of an automobile owned by the Corporation and (iii) participation in the employee benefit plans of the Corporation (including health and welfare and retirement plans, reimbursement of financial and estate planning expenses, and the benefits under the travel policy of the Corporation related to personal and business use of the corporate aircraft). Mr. McCaffrey is entitled to customary indemnification, and directors and officer liability insurance coverage, each in accordance with the organizational documents of the Corporation and applicable law. The letter agreement did not provide for any contractual right to annual cash bonuses or severance benefits (other than the accelerated vesting of Mr. McCaffrey's restricted stock award described above), but the agreement did not (i) preclude Mr. McCaffrey from receiving annual cash bonuses or participating in any generally applicable severance plan or policy of the Corporation or (ii) prevent the Committee from adopting such arrangements for the benefit of Mr. McCaffrey in the future.

Mr. McCaffrey also entered into the KLX Energy Services proprietary rights agreement, which contains customary non-disclosure restrictions and covenants protecting the proprietary information and trade secrets of the Corporation.

The Board appointed Mr. McCaffrey to the position of President and Chief Executive Officer, effective May 1, 2020. Mr. McCaffrey and the Company entered into a new employment agreement, dated April 19, 2020, which became effective on May 1, 2020.

Gary J. Roberts. Mr. Roberts was party to an amended and restated employment agreement with us entered into on September 14, 2018, pursuant to which he served as our Vice President and General Manager during Fiscal 2019. The agreement provided that Mr. Roberts receive a specified base salary, \$349,382 for 2019, which could be increased in the discretion of the Committee, and a restricted stock award under the LTIP representing 1% of the outstanding common stock of the Corporation on a fully-diluted basis as of the spin-off distribution date, (x) to become vested in four equal annual installments on each of the first four anniversaries of the distribution date, subject to continued employment or other service with the Corporation on each applicable vesting date, and (y) to become fully vested, (A) upon the termination of employment by the Corporation without "Cause" or "Good Reason" (in each case as defined in the employment agreement), (B) upon the termination of employment by the Corporation due to "Incapacity" (as defined in the employment agreement) or "Disability" (as defined in the LTIP), (C) upon Mr. Roberts' death or (D) upon termination upon a "Change in Control" (as defined in the employment agreement) of the Corporation, provided that the Corporation had the option to retain Mr. Roberts as a consultant for up to two years following a termination of his employment at his then current salary and during which Mr. Roberts' time-vested equity awards would continue to vest during the consulting period on the same schedule as if Mr. Roberts had not been terminated. The fair value of the restricted shares on the grant date was \$28.90 per share, which was the closing share price for the Company's common stock on September 14, 2018 as quoted on the Nasdaq Global Select Market. See Footnote 1 to the Summary Compensation Table on page 17 for how we valued the grant. Any remaining unvested time-based shares would become fully vested upon the end of the consulting period.

The agreement had an initial term through February 25, 2019, with automatic extensions by one year on each anniversary thereof, unless either party gave at least 30 days' written notice prior to the applicable anniversary of February 25, 2019, of their intent to not renew the agreement. Mr. Roberts had an annual target bonus of 75% of his base salary. During his employment, he was also eligible to receive equity grants in the discretion of the Committee. While employed by the Corporation, Mr. Roberts was eligible to participate in all benefit plans generally available to the Corporation's executives.

Mr. Roberts also entered into the KLX Energy Services proprietary rights agreement, which contains customary non-disclosure restrictions and covenants protecting the proprietary information and trade secrets of the Company. He was also subject to a non-competition covenant and a non-solicitation covenant during the term of his employment agreement and for three years thereafter.

In addition to the compensation and benefits described above, Mr. Roberts was entitled to receive the following benefits and payments upon the occurrence of the following specified events. Upon Mr. Roberts' death, incapacity, termination of employment by us without "Cause," following his resignation of his employment for "Good Reason," or upon his automatic termination of employment in connection with a "Change of Control" (each as defined in the employment agreement), Mr. Roberts was entitled to a lump-sum amount equal to the sum of (i) a prorated portion of 75% of Mr. Roberts' then current salary, with the prorated amount to be determined based on the number of days that Mr. Roberts was employed by the Corporation in the year during which the termination date occurs, (ii) Mr. Roberts' salary for the remainder of the employment term, (iii) the maximum annual contribution under the Corporation's deferred compensation plan of 7.5% of Mr. Roberts' total base salary and annual cash bonus (with such maximum amount to be determined in accordance with the terms of the deferred compensation plan) that would have been made during the remainder of the employment period and (iv) two times Mr. Roberts' target bonus. If Mr. Roberts' employment terminated for any other reason, he was not entitled to severance payments.

We entered into certain severance arrangements with Mr. Roberts during 2020, which included the vesting of his unvested restricted stock awards and certain cash payments.

Heather M. Floyd. Ms. Floyd is party to an employment agreement, dated October 9, 2018, pursuant to which she serves as our Vice President - Finance and Corporate Controller. The employment agreement has a three-year term with automatic extension by one year on each anniversary of the effective date of the agreement unless either party gives at least 30 days' written notice.

Ms. Floyd's employment agreement provides that Ms. Floyd will receive a specified base salary, currently \$307,959 per year, which may be increased in the discretion of the Committee. Ms. Floyd will have an annual target bonus of no less than 60% of her base salary. She will also receive an annual equity grant with a targeted grant date value of 100% of her base salary, subject to increase or decrease in the Committee's determination based on its assessment of Ms. Floyd's performance. While employed by us, Ms. Floyd is eligible to participate in all benefit plans generally available to our executives and to receive an automobile allowance of \$1,100 per month.

Ms. Floyd is also party to a proprietary rights agreement with us, pursuant to which she is subject to a perpetual confidentiality covenant. She is also subject to a noncompetition covenant during the term of her employment agreement, and a nonsolicitation covenant during the term of her employment agreement and for two years thereafter.

In addition to the compensation and benefits described above, Ms. Floyd will be entitled to receive the following benefits and payments upon the occurrence of the following specified events. Upon Ms. Floyd's death, incapacity, termination by us without "Cause," resignation for "Good Reason" or upon a "Change of Control" (as defined in the employment agreement), Ms. Floyd will be entitled to a lump-sum amount equal to the sum of (i) a prorated portion of 60% of Ms. Floyd's then current salary, with the prorated amount to be determined based on the number of days that Ms. Floyd was employed by us in the year during which the termination occurs, (ii) Ms. Floyd's salary for the remainder of the employment term and (iii) two times Ms. Floyd's target bonus.

If Ms. Floyd's employment terminates for any other reason, she will not be entitled to severance payments.

Compensation of Directors

Directors who are employees of the Company receive no additional compensation for serving on the Board. In Fiscal 2018 and Fiscal 2019 our non-employee directors agreed to forego cash remuneration in order to directly align their interests with those of our stockholders, to facilitate maximum availability of cash on hand to support the day-to-day operations of our business and to strengthen our ability to pursue the growth and acquisition strategy envisioned by the Board and management.

On October 19, 2018, our Board of Directors approved grants of restricted stock, representing approximately 1% of the outstanding common stock of the Corporation on a fully-diluted basis as of the spin-off distribution date, under the LTIP to our non-employee directors (x) to become vested in four equal annual installments on each of the first four anniversaries of the grant date, subject to the director remaining in continuous service through each applicable vesting date, and (y) to become fully vested, (A) upon a Change in Control (as defined in the LTIP) subject to the director remaining in continued service to the Corporation or (B) upon the director's death or "Disability" (as defined in the LTIP). The fair value of the restricted shares on the grant date was \$31.98 per share, which was the closing share price for the Company's common stock on October 18, 2018 as quoted on the Nasdaq Global Select Market. The fair market value at the date of grant of the restricted stock awards for each of the chairs of the Committee, Audit Committee and Nominating and Corporate Governance Committee was approximately \$973,000, representing approximately \$243,250 in annual compensation over a four-year period. The fair market value at the date of grant of the restricted stock awards for each non-employee director serving on our Board who does not serve as a committee chair was approximately \$876,000, representing approximately \$219,000 in annual compensation over a four-year period.

We reimburse our non-employee directors for reasonable business and travel expenses incurred in connection with their service on the Board. In addition, non-employee directors are eligible to participate in our health and business travel accident insurance program on the same terms and conditions as employees generally. We do not provide our directors with any other perquisites or special benefits for their service on our Board.

Our Board established a policy that prohibits our directors and executive officers from engaging in short sales of our securities. Our officers and directors are also prohibited from selling or purchasing puts or calls, trading in or writing options, or engaging in other hedging activities with respect to our securities. Directors and executive officers are also prohibited from holding Company securities in a margin account or pledging our securities as collateral for a loan, unless our General Counsel provides pre-clearance after the director or executive officer clearly demonstrates the financial capability to repay the loan without resort to the pledged securities.

The following table summarizes the compensation paid to our non-employee directors during Fiscal 2019:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	All Other Compensation (\$)	Total (\$)
John T. Collins	-	\$ -	-	\$ -
Peter V. Del Presto	-	-	-	-
Richard G. Hamermesh	-	-	-	-
Benjamin A. Hardesty	-	-	-	-
Stephen M. Ward, Jr.	-	-	-	-
Theodore L. Weise	-	-	-	-
John T. Whates, Esq.	-	-	-	-

As of January 31, 2020, the aggregate number of outstanding deferred stock units and unvested restricted stock awards held by each non-employee director was as follows:

Name	Deferred Shares (#)	Unvested Stock Awards (#)
John T. Collins	-	22,817
Peter V. Del Presto	-	22,817 ⁽¹⁾
Richard G. Hamermesh	-	22,817
Benjamin A. Hardesty	-	20,535
Stephen M. Ward, Jr.	-	20,535
Theodore L. Weise	-	20,535
John T. Whates, Esq.	-	20,535

(1) The vesting of Mr. Del Presto's unvested stock awards was fully accelerated in connection with his resignation from the Board in April 2020.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table and notes thereto set forth certain information with respect to the beneficial ownership of the Company's common stock as of May 1, 2020, except as otherwise noted, by (i) each person who is known to us to beneficially own more than 5% of the outstanding shares of common stock of the Company; (ii) each of the NEOs and Mr. McCaffrey, (iii) each of the Company's directors; and (iv) all of the Company's executive officers and directors as a group. Except as otherwise indicated, each stockholder named below has sole voting and investment power with respect to the shares of common stock beneficially owned:

	Common Stock Beneficially Owned	
	Number of Shares¹	Percent of Outstanding Shares
Fuller & Thaler Asset Management, Inc. 411 Borel Avenue, Suite 300 San Mateo, CA 94402	1,985,016 ²	8.0%
Paradice Investment Management LLC 257 Fillmore Street, Suite 200 Denver, CO 80206	1,803,081 ³	7.2%
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	1,468,501 ⁴	5.9%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	1,326,029 ⁵	5.3%
John T. Collins*	53,499 ⁶	**
Amin J. Khoury*	1,168,651 ⁷	4.7%
Richard G. Hamermesh*	35,773 ⁸	**
Benjamin A. Hardesty*	28,407	**
Stephen M. Ward, Jr.*	28,250	**
Theodore L. Weise*	37,407 ⁹	**
John T. Whates, Esq.*	28,590	**
Thomas P. McCaffrey+*	875,497 ¹⁰	3.5%
Gary J. Roberts+	639,363 ¹¹	2.6%
Heather Floyd+	77,836 ¹²	**
All Directors and Executive Officers as a group (10 Persons)	<u>2,359,623 ¹³</u>	<u>9.5%</u>

+ Named executive officer * Director of the Company ** Less than 1 percent

- (1) As of May 1, 2020, the Company had 24,870,519 shares of common stock outstanding.
- (2) Based solely on information reported in a Schedule 13G filed with the SEC on February 13, 2020 by Fuller & Thaler Asset Management, Inc. (“Fuller & Thaler”). As reported in such filing, Fuller & Thaler has sole voting power with respect to 1,942,307 shares and sole dispositive power with respect to 1,985,016 shares.
- (3) Based solely on information reported in a Schedule 13G/A jointly filed with the SEC on February 7, 2020 by Paradise Investment Management LLC and Paradise Investment Management Pty Ltd. As reported in such filing, the filers share voting power with respect to 1,408,814 shares and share dispositive power with respect to 1,803,081 shares.
- (4) Based solely on information reported in a Schedule 13G/A, filed with the SEC on May 8, 2020 by BlackRock, Inc. As reported in such filing, BlackRock, Inc. has sole voting power with respect to 1,437,061 shares and sole dispositive power with respect to 1,468,501 shares.
- (5) Based solely on information reported in a Schedule 13G filed with the SEC on February 10, 2020 by The Vanguard Group. As reported in such filing, The Vanguard Group has sole voting power with respect to 18,298 shares, has sole dispositive power with respect to 1,307,731 shares and shares dispositive power with respect to 18,298 shares.
- (6) Includes 10,000 shares owned indirectly.
- (7) Includes 580 shares owned indirectly.
- (8) Includes 2,000 shares owned indirectly.
- (9) Includes 9,000 shares owned indirectly.
- (10) Includes 168,500 shares owned indirectly.
- (11) Based solely on the Form 4 filed by Mr. Roberts on March 11, 2020. Includes 383,720 shares owned indirectly.
- (12) Includes 18,840 shares owned indirectly.
- (13) Does not include Mr. Roberts.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Our Amended and Restated Certificate of Incorporation provides that no contract or transaction between us and one or more of our directors or officers (including entities or other organizations in which one or more of our directors or officers have a financial interest), shall be void or voidable solely for that reason, or because such director or officer is present at, participates in, or vote is counted at the meeting where the contract or transaction is authorized, if (i) the material facts of the director's or officer's interest in the contract or transaction are disclosed to or known by the Board or committee thereof and the Board or such committee thereof in good faith authorizes the contract or transaction by an affirmative vote of a majority of the disinterested directors (even if less than a quorum), (ii) the material facts of the director's or officer's interest in the contract or transaction are disclosed to or known by the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by a vote of the stockholders, or (iii) the contract or transaction is fair to our Company at the time that it is authorized, approved or ratified by the Board, a committee thereof or the stockholders.

Our Board adopted a written policy pursuant to which our Audit Committee will be presented with a description of any related party transactions for them to consider for approval. The policy is designed to operate in conjunction with and as a supplement to the provisions of our Code of Business Conduct, a copy of which is posted on our website (www.KLXEnergy.com).

The policy generally provides that our management gather information with respect to actual or potential related party transactions and then present to the Audit Committee for approval any transaction at or above an amount which exceeds \$120,000 in which the related person may have a direct or indirect interest. In determining whether to approve or ratify a related party transaction, we expect the Audit Committee to consider the following: whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the related party transaction. The policy also identifies certain types of transactions that our Board has pre-identified as not involving a direct or indirect material interest and are, therefore, not considered related party transactions for purposes of the policy.

Furthermore, under our Code of Business Conduct, our Law Department will review all proposed transactions between the Company and a related person (such as an individual related to a Company employee, or his or her family), together with all information concerning the proposed transaction. In determining whether the proposed transaction will be approved, the factors our Law Department may consider include (i) whether the transaction was the product of fair dealing, taking into account the timing, initiation, structure and negotiations of the transaction, and whether the related person's interest was disclosed to us, (ii) the terms of the transaction and whether similar terms would have been obtained from an arm's length transaction with a third party, and (iii) the availability of other sources for comparable products or services.

We are party to nine leases with certain limited liability companies controlled by Gary J. Roberts individually or together with members of his immediate family that govern our access to and use of certain of our facilities in Colorado, North Dakota, Texas and Wyoming. Mr. Roberts served as our Vice President and General Manager during 2019. Mr. Roberts resigned from the Company on April 11, 2020. Annual rent under these leases ranges from \$14,500 to \$192,000, and the aggregate annual rent under all nine leases is approximately \$0.5 million. Seven of the leases expire on April 6, 2023. One lease expires on March 1, 2023, with one additional three-year renewal term, exercisable at our option. One lease expires on April 6, 2021, with two additional one-year renewal terms, exercisable at our option. Each of the leases provides for an option to purchase the property at an agreed purchase price, exercisable at our option at any time during the term of the lease. We believe the terms of each of the leases to be at least as favorable to us as we would be able to obtain in an arm's length transaction with a third-party for a lease of a similar property. In addition, we pay approximately \$160,000 annually to an entity controlled by Mr. Roberts for business entertainment expenses.

On September 14, 2018, we entered into registration rights agreements with each of Amin J. Khoury and Thomas P. McCaffrey. Under the registration rights agreements, each of Messrs. Khoury and McCaffrey have “demand” registration and customary “piggyback” registration rights. The registration rights agreements also provide that we will pay certain expenses relating to such registrations and indemnify the registration rights holders against certain liabilities which may arise under the Securities Act. We may also file a resale/reoffer prospectus related to the sale of restricted stock held by each of Messrs. Khoury and McCaffrey.

On May 3, 2020, we entered into an Agreement and Plan of Merger with Quintana Energy Services Inc. (“QES”) pursuant to which our Company and QES will combine in an all-stock merger transaction, with QES becoming our indirect wholly owned subsidiary, along with several agreements related thereto, with persons that are currently or upon consummation of the merger will become related persons of our Company.

We entered into a Support Agreement with Archer Holdco LLC, Geveran Investments Limited, Famatown Finance Limited, Robertson QES Investment LLC, Quintana Energy Partners—QES Holdings LLC, Quintana Energy Fund – TE, L.P. and Quintana Energy Fund – FI, L.P. (collectively, the “Designated Stockholders”), pursuant to which the Designated Stockholders have agreed, subject to the terms and conditions set forth therein, to vote all of their shares of QES common stock (which represents approximately 76% of the outstanding shares of QES Common Stock and which would represent in excess of 30% of the shares of KLXE common stock pro forma for the merger) in favor of the adoption of the Merger Agreement. We also entered into a Registration Rights Agreement with the Designated Stockholders relating to the shares of KLXE common stock to be issued as the merger consideration to such holders under the Merger Agreement, pursuant to which the Designated Stockholders will have certain shelf, demand registration and piggyback rights upon the terms and subject to the conditions set forth therein.

Mr. Khoury entered into a Support Agreement with QES, pursuant to which Mr. Khoury has agreed, subject to the terms and conditions set forth therein, to vote his shares of KLXE common stock (which represent approximately 4.7% of the outstanding shares of KLXE common stock) in favor of the issuance of KLXE common stock in the merger.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Deloitte & Touche LLP has audited the financial statements of the Company for the fiscal year ended January 31, 2020.

When considering Deloitte & Touche LLP’s independence, the Audit Committee considered whether its provision of services to the Company beyond those rendered in connection with its audit and review of the Company’s consolidated financial statements was compatible with maintaining its independence and has determined that such services do not interfere with that firm’s independence in the conduct of its auditing function. The Audit Committee also reviewed, among other things, the amount of fees paid to Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited, and their respective affiliates for audit and non-audit services.

Principal Accountant Fees and Services

The following table sets forth by category of service the fees incurred in engagements performed by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited, and their respective affiliates, for professional services rendered to the Company for the fiscal years ended January 31, 2020 and January 31, 2019.

	January 31, 2020	January 31, 2019
	<u>(in Thousands)</u>	<u>(in Thousands)</u>
Audit Fees	\$ 1,671	\$ 1,415
Audit-Related Fees	69	201
Tax Fees	-	-
All Other Fees	-	-
Total	<u>\$ 1,739</u>	<u>\$ 1,616</u>

Audit Fees

Audit fees in 2019 and 2018 consist of aggregate fees, including expenses, billed and reasonably expected to be billed by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited, and their respective affiliates in connection with the annual audit and the audit of internal controls over financial reporting (Sarbanes-Oxley Act Section 404) and the reviews of the Company's quarterly reports on Form 10-Q.

Audit-Related

Audit-related fees in 2019 and 2018 consist of the aggregate fees, including expenses, billed by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited, and their respective affiliates in connection with the Employee Stock Purchase Plan audit and the issuance of our senior secured notes due 2025.

All Other Fees

There were no other fees or expenses billed by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited, and their respective affiliates not otherwise described above.

Pre-Approval Policies and Procedures

The Audit Committee approves all audit and audit-related services, tax services and other services provided by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited, and their respective affiliates.

Any services provided by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited, and their respective affiliates that are not specifically included within the scope of the audit must be pre-approved by the Audit Committee in advance of any engagement. Under the Sarbanes Oxley Act of 2002, audit committees are permitted to approve certain fees for audit-related services, tax services and other services pursuant to a de minimis exception prior to the completion of an audit engagement. In 2019 and 2018, \$8,550 and \$0, respectively, of the fees paid to Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited and their respective affiliates were approved pursuant to the de minimis exception.

In making its recommendation to appoint Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending January 31, 2021, the Audit Committee has considered whether the services provided by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu Limited, and their respective affiliates are compatible with maintaining the independence of Deloitte & Touche LLP and has determined that such services do not interfere with that firm's independence in the conduct of its auditing function.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(b) Exhibits

We are filing the following documents as exhibits to this Form 10-K/A:

Exhibit 2 – Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession

- 2.1 [Distribution Agreement, dated as of July 13, 2018, by and among KLX Inc., KLX Energy Services Holdings, Inc. and KLX Energy Services LLC \(incorporated by reference to Exhibit 2.1 to KLX Inc.'s Current Report on Form 8-K \(File No. 001-36610\) filed with the SEC on July 17, 2018\)](#)
- 2.2 [Employee Matters Agreement, dated as of July 13, 2018, by and among KLX Inc., KLX Energy Services Holdings, Inc. and KLX Energy Services LLC \(incorporated by reference to Exhibit 2.2 to KLX Inc.'s Current Report on Form 8-K \(File No. 001-36610\) filed with the SEC on July 17, 2018\)](#)
- 2.3 [IP Matters Agreement, dated as of July 13, 2018, by and among KLX Inc. and KLX Energy Services Holdings, Inc. \(incorporated by reference to Exhibit 2.3 to KLX Inc.'s Current Report on Form 8-K \(File No. 001-36610\) filed with the SEC on July 17, 2018\)](#)
- 2.4 [Unit Purchase Agreement, dated as of October 22, 2018, by and among KLX Energy Services Holdings, Inc., KLX Energy Services LLC, District 5 Investments, LP, 3M Capital, Inc. and Marco D. Davis \(incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on October 22, 2018\)](#)

Exhibit 3(i) – Articles of Incorporation

- 3.1 [Amended and Restated Articles of Incorporation of KLX Energy Services Holdings, Inc. \(incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-8 \(File No. 333-227321\) filed with the SEC on September 13, 2018\)](#)

Exhibit 3(ii) – Bylaws

- 3.2 [Amended and Restated Bylaws of KLX Energy Services Holdings, Inc.**](#)

Exhibit 4 – Instruments Defining the Rights of Security Holders, including Indentures

- 4.1 [Indenture, dated October 31, 2018, among KLX Energy Services Holdings, Inc., as the issuer, KLX Energy Services LLC, KLX RE Holdings LLC and Wilmington Trust, National Association, as trustee and collateral agent \(incorporated by reference to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on November 1, 2018\)](#)
- 4.1.1 [First Supplemental Indenture, dated November 16, 2018, among KLX Energy Services Holdings, Inc., as the issuer, the Guaranteeing Subsidiaries named therein and Wilmington Trust, National Association, as trustee and collateral agent \(incorporated by reference to the Company's Annual Report on Form 10-K \(File No. 001-38609\) filed with the SEC on March 21, 2019\)](#)
- 4.1.2 [Second Supplemental Indenture, dated May 13, 2019, among KLX Energy Services Holdings, Inc., as the issuer, the Guaranteeing Subsidiaries named therein and Wilmington Trust, National Association, as trustee and collateral agent \(incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q \(File No. 001-38609\) filed with the SEC on August 22, 2019\)](#)
- 4.2 [Form of 11.500% Senior Secured Notes due 2025 \(included in Exhibit 4.1\)](#)
- 4.3 [Description of securities registered pursuant to Section 12 of the Exchange Act \(incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K \(File No. 001-38609\) originally filed with the SEC on March 24, 2020\)](#)

Exhibit 10 – Material Contracts

- 10.1 [Credit Agreement, dated as of August 10, 2018, by and among KLX Energy Services Holdings, Inc., the several Lenders and JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent \(incorporated by reference to Exhibit 10.10 to Amendment No. 1 to the Company's Registration Statement on Form 10 \(File No. 001-38609\) filed with the SEC on August 15, 2018\)](#)
- 10.1.1 [First Amendment, dated as of October 22, 2018, to Credit Agreement, dated as of August 10, 2018, by and among KLX Energy Services Holdings, Inc., the Subsidiary Guarantors party thereto, the several Lenders and JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on October 22, 2018\)](#)
- 10.1.2 [Second Amendment, dated as of June 10, 2019, to Credit Agreement, dated as of August 10, 2018, by and among KLX Energy Services Holdings, Inc., the Subsidiary Guarantors party thereto, the several Lenders and JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q \(File No. 001-38609\) filed with the SEC on August 22, 2019\)](#)
- 10.2 [KLX Energy Services Holdings, Inc. Long-Term Incentive Plan \(incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 \(File No. 333-227321\) filed with the SEC on September 13, 2018\)*](#)
- 10.3 [Form of KLX Energy Services Holdings, Inc. Long-Term Incentive Plan Restricted Stock Award Agreement \(incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8 \(File No. 333-227321\) filed with the SEC on September 13, 2018\)*](#)
- 10.4 [Form of KLX Energy Services Holdings, Inc. Long-Term Incentive Plan Restricted Stock Unit Award Agreement \(incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 \(File No. 333-227321\) filed with the SEC on September 13, 2018\)*](#)
- 10.5 [KLX Energy Services Holdings, Inc. Employee Stock Purchase Plan \(incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8 \(File No. 333-227321\) filed with the SEC on September 13, 2018\)*](#)
- 10.6 [KLX Energy Services Holdings, Inc. Non-Employee Directors Stock and Deferred Compensation Plan \(incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8 \(File No. 333-227321\) filed with the SEC on September 13, 2018\)*](#)
- 10.7 [KLX Energy Services Holdings, Inc. 2018 Deferred Compensation Plan \(incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 \(File No. 333-227327\) filed with the SEC on September 13, 2018\)*](#)
- 10.8 [Guaranty, dated September 14, 2018, of KLX Energy Services LLC and KLX RE Holdings LLC \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on September 19, 2018\)](#)
- 10.9 [Letter Agreement, dated September 14, 2018, between Amin J. Khoury and KLX Energy Services Holdings, Inc. \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on September 19, 2018\)*](#)
- 10.10 [Letter Agreement, dated September 14, 2018, between Thomas P. McCaffrey and KLX Energy Services Holdings, Inc. \(incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q \(File No. 001-38609\) filed with the SEC on December 6, 2018\)*](#)
- 10.11 [Consulting Agreement, dated September 14, 2018, between Amin J. Khoury and KLX Energy Services Holdings, Inc. \(incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on September 19, 2018\)*](#)
- 10.12 [Amended and Restated Employment Agreement, dated September 14, 2018, between Gary J. Roberts and KLX Energy Services Holdings, Inc. \(incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on September 19, 2018\)*](#)
- 10.13 [Medical Care Reimbursement Plan for Executives of KLX Energy Services Holdings, Inc. \(incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on September 19, 2018\)*](#)

- 10.14 [KLX Energy Services Holdings, Inc. Executive Retiree Medical and Dental Plan \(incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on September 19, 2018\)*](#)
- 10.15 [Registration Rights Agreement, dated September 14, 2018, between KLX Energy Services Holdings, Inc. and Amin J. Khoury \(incorporated by reference to Exhibit 10.15 to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on September 19, 2018\)*](#)
- 10.16 [Registration Rights Agreement, dated September 14, 2018, between KLX Energy Services Holdings, Inc. and Thomas P. McCaffrey \(incorporated by reference to Exhibit 10.16 to the Company's Current Report on Form 8-K \(File No. 001-38609\) filed with the SEC on September 19, 2018\)*](#)
- 10.17 [Employment Agreement, dated October 9, 2018, between Heather M. Floyd and KLX Energy Services Holdings, Inc.* **](#)

Exhibit 21 – Subsidiaries of the registrant

- 21.1 [List of subsidiaries of KLX Energy Services Holdings, Inc. \(incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K \(File No. 001-38609\) originally filed with the SEC on March 24, 2020\)](#)

Exhibit 23 – Consents of experts and counsel

- 23.1 [Consent of Independent Registered Public Accounting Firm – Deloitte & Touche LLP \(incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K \(File No. 001-38609\) originally filed with the SEC on March 24, 2020\)](#)

Exhibit 31 – Rule 13a-14/15d-14 Certifications

- 31.1 [Certification of Chief Executive Officer \(incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K \(File No. 001-38609\) originally filed with the SEC on March 24, 2020\)](#)
- 31.2 [Certification of Chief Financial Officer \(incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K \(File No. 001-38609\) originally filed with the SEC on March 24, 2020\)](#)
- 31.3 [Certification of Chief Executive Officer and Chief Financial Officer**](#)

Exhibit 32 – Section 1350 Certifications

- 32.1 [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 \(incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K \(File No. 001-38609\) originally filed with the SEC on March 24, 2020\)](#)
- 32.2 [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 \(incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K \(File No. 001-38609\) originally filed with the SEC on March 24, 2020\)](#)

* Management contract or compensatory plan.

** Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KLX Energy Services Holdings, Inc.

By: /s/ Thomas P. McCaffrey

Thomas P. McCaffrey

President, Chief Executive Officer and Chief Financial Officer

Date: May 29, 2020

AMENDED AND RESTATED
BYLAWS
OF
KLX ENERGY SERVICES HOLDINGS, INC.

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**AMENDED AND RESTATED
BYLAWS
OF
KLX ENERGY SERVICES HOLDINGS, INC.**

**ARTICLE I
OFFICES**

Section 1.01. Offices. In addition to its registered office in the State of Delaware, KLX Energy Services Holdings, Inc. (the “Corporation”) may also have an office or offices at any other place or places within or without the State of Delaware as the Board of Directors of the Corporation (the “Board”) may from time to time determine or the business of the Corporation may from time to time require.

**ARTICLE II
MEETINGS OF STOCKHOLDERS**

Section 2.01. Annual Meetings. The annual meeting of stockholders of the Corporation for the election of directors of the Corporation, and for the transaction of such other business as may properly come before such meeting, shall be held at such place, date and time as shall be fixed by the Board pursuant to the Certificate of Incorporation of the Corporation (the “Certificate of Incorporation”) and designated in the notice or waiver of notice of such annual meeting.

Section 2.02. Special Meetings. Special meetings of stockholders for any purpose or purposes may be called by the Board or the Chairman of the Board of the Corporation (the “Chairman”) or the Chief Executive Officer of the Corporation (the “Chief Executive Officer”), to be held at such place, date and time as shall be designated in the notice or waiver of notice thereof.

Section 2.03. Notice of Meetings. Except as otherwise provided by law, written notice of each annual or special meeting of stockholders stating the place, date and time of such meeting and, in the case of a special meeting, the purpose or purposes for which such meeting is to be held, shall be given personally, by internationally recognized overnight courier service, or by first-class mail (airmail in the case of international communications) to each recordholder of shares entitled to vote thereat, no less than ten (10) nor more than sixty (60) days before the date of such 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 in the records of the Corporation. If sent by internationally recognized courier service, such notice shall be deemed to be given when deposited with such courier service, carriage and delivery prepaid, directed to the stockholder at such stockholder’s address as it appears in the records of the Corporation. If, prior to the time of mailing, the Secretary shall have received from any stockholder a written request that notices intended for such stockholder are to be mailed to some address other than the address that appears in the records of the Corporation, notices intended for such stockholder shall be mailed to the address designated in such request.

Section 2.04. Waiver of Notice. Notice of any annual or special meeting of stockholders need not be given to any stockholder who files a written waiver of notice with the Secretary, signed by the person entitled to notice, whether before or after such meeting. Neither the business to be transacted at, nor the purpose of any meeting of stockholders need be specified in any written waiver of notice thereof. Attendance of a stockholder at a meeting, in person or by proxy, shall constitute a waiver of notice of such meeting, except when such stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the notice of such meeting was inadequate or improperly given.

Section 2.05. Postponements and Adjournments. Whenever an annual or special meeting of stockholders is postponed to another date, time or place by the Board, notice need not be given of the postponed meeting if a public announcement of such postponement is made prior to the original date of the meeting. Whenever an annual or special meeting of stockholders is adjourned to another date, time or place, notice need not be given of the adjourned meeting if the date, time and place thereof are announced

at the meeting at which the adjournment is taken. If the postponement or adjournment is for more than thirty (30) days, or if after the postponement or adjournment a new record date is fixed for the postponed or adjourned meeting, a notice of the postponed or adjourned meeting shall be given to each stockholder entitled to vote thereat. At any postponed or adjourned meeting, any business may be transacted which might have been transacted at the original meeting. Notwithstanding the other provisions of these Bylaws or as otherwise required by law, the chairman of the meeting, whether or not a quorum is present, shall have the power to adjourn or recess such meeting at any time and for any reason.

Section 2.06. Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the recordholders of a majority of the shares entitled to vote thereat, present in person or by proxy, shall constitute a quorum for the transaction of business at all meetings of stockholders, whether annual or special. If, however, such quorum shall not be present in person or by proxy at any meeting of stockholders, the chairman of the meeting or the stockholders present and entitled to vote thereat may, by the vote of the recordholders of a majority of the shares held by such present stockholders, adjourn the meeting from time to time in accordance with Section 2.05 hereof until a quorum shall be present in person or by proxy.

Section 2.07. Voting. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, 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, and the vote of the recordholders of a majority of the shares constituting such quorum shall decide any question brought before such meeting.

Section 2.08. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Such proxy shall be filed with the Secretary before such meeting of stockholders, at such time as the Board may require. No proxy shall be voted or acted upon more than three (3) years from its date, unless the proxy provides for a longer period.

Section 2.09. Nominations and Proposals. (a) At any annual meeting of the stockholders, only such nominations of persons for election to the Board and such other business shall be conducted as shall have been properly brought before the meeting.

(b) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting.

(c) To be properly brought before an annual meeting of stockholders, nominations or such other business must be: (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board or any committee thereof, (ii) otherwise properly brought before the meeting by or at the direction of the Board or any committee thereof, or (iii) otherwise properly brought before the meeting by a stockholder who is a stockholder of record of the Corporation at the time notice of such meeting is given, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.09. In addition, any proposal of business (other than the nomination of persons for election to the Board) must be a proper matter for stockholder action.

(d) For business (including, but not limited to, director nominations) to be properly brought before an annual meeting by a stockholder, the stockholder or stockholders of record intending to propose the business (the "Proposing Stockholder") must have given timely and proper notice thereof, in full compliance with this Section 2.09, in writing to the Secretary.

(e) To be timely, a Proposing Stockholder's notice of nominations or other business to be brought before an annual meeting must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation:

(i) With regard to notice of nominations or other business proposed to be brought before an annual meeting of stockholders to be held on a day that is not more than thirty (30) days in advance of the anniversary of the previous year's annual meeting

nor later than seventy (70) days after the anniversary of the previous year's annual meeting, not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred and twentieth (120th) day in advance of the anniversary of the previous year's annual meeting;

(ii) With regard to notice of nominations or other business proposed to be brought before any other annual meeting of stockholders, by the close of business on the tenth (10th) day following the public announcement of the date of such meeting.

In no event shall the public announcement of an adjournment or postponement of a meeting of stockholders commence a new notice time period (or extend any notice time period).

(f) To be proper, a Proposing Stockholder's notice must include:

(i) as to each person whom the stockholder proposes to nominate for election as a director (A) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder, (B) such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected, and (C) the information, written representation and agreement required to be delivered pursuant to Section 2.10;

(ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, 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 these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

(A) the name and address of such stockholder, as they appear on the Corporation's books, and of (1) such beneficial owner (if any) and (2) each Associated Person (as defined below) of each such stockholder and such beneficial owner;

(B) the class or series and number of shares of capital stock of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder and/or such beneficial owner, or by any Associated Person thereof;

(C) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder and/or such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing;

(D) a description of any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to

any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise, and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (each of the foregoing, a “Derivative Instrument”), directly or indirectly owned or held beneficially by such stockholder, such beneficial owner, and/or any Associated Person thereof;

(E) a description of any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder and/or such beneficial owner, and any Associated Person thereof, has a right to vote any shares of any security of the Corporation;

(F) a description of any short interest in any security of the Corporation held by such stockholder and/or such beneficial owner, and any Associated Person thereof (for purposes of this Section 2.09(f), a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security);

(G) a description of any rights to dividends on the shares of the Corporation owned beneficially by such stockholder and/or such beneficial owner, and any Associated Person thereof, that are separated or separable from the underlying shares of the Corporation;

(H) a description of any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company in which such stockholder and/or such beneficial owner, and any Associated Person thereof, is a general partner or manager, or, directly or indirectly, beneficially owns an interest in such general partner or manager;

(I) a description of any performance-related fees (other than an asset-based fee) that such stockholder and/or such beneficial owner, and any Associated Person thereof, is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice;

(J) 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 or nomination;

(K) a representation as to whether the stockholder or the beneficial owner, if any, is or will be 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 or elect the nominee and/or (2) otherwise to solicit proxies from stockholders in support of such proposal or nomination; and

(L) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

With regard to the information required by items (B)-(I) of this Section 2.09(f)(iii), such information shall include, without limitation, any such information with regard to any members of such shareholder's immediate family sharing the same household. The information required by this Section 2.09(f) shall be supplemented by such shareholder and beneficial owner, if any, not later than ten (10) days after the record date for the meeting to disclose such information as of the record date.

For the purposes of this Section 2.09(f), an "Associated Person" of any stockholder or beneficial owner means (1) any affiliate or person acting in concert with such stockholder or beneficial owner in relation to the nomination or proposal, and (2) each director, officer, employee, general partner or manager of such stockholder or beneficial owner or any such affiliate or person with which such stockholder or beneficial owner is acting in concert in relation to the nomination or proposal.

(g) The foregoing notice requirements of Section 2.09(f) shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present a proposal at an annual meeting in compliance with the applicable rules and regulations promulgated under Section 14(a) of the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(h) In addition to the information required by the provisions of this Section 2.09, and the information, written representation and agreement required to be delivered pursuant to Section 2.10, the Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(i) Notwithstanding anything in these Bylaws to the contrary: (i) no nominations shall be made and no business shall be conducted at any meeting of stockholders except in accordance with the procedures set forth in this Section 2.09, and (ii) unless otherwise required by law, if the Proposing Stockholder does not provide the information required under this Section 2.09 to the Corporation (or any such information provided should be found to be materially inaccurate), or the Proposing Stockholder (or a qualified representative of the Proposing Stockholder) does not appear at the meeting to present the proposed business or nominations, such business or nominations shall not be considered, notwithstanding that proxies in respect of such business or nominations may have been received by the Corporation. For purposes of this Section 2.09, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(j) Except as otherwise provided by law, the chairman of any meeting of stockholders shall have the power and duty (i) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.09 and (ii) if any proposed nomination or business was not made or proposed in

compliance with this Section 2.09, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted.

(k) Notwithstanding the foregoing provisions of this Section 2.09, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 2.09; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 2.09, and compliance with the provisions of this Section 2.09 shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Section 2.09 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act or (ii) of the holders of any series of preferred stock to elect directors as provided for or fixed pursuant to any applicable provision of the Certificate of Incorporation.

Section 2.10. Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under the applicable sections of Section 2.09 above) to the Secretary at the principal executive offices of the Corporation a written and signed questionnaire (in the form customarily used by the Corporation for its directors) with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person:

(a) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment"), except as has been disclosed to the Board, or (ii) any Voting Commitment that could limit or interfere with such persons' ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law;

(b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Corporation, except as has been disclosed to the Board;

(c) is not and will not become a party to any agreement, arrangement or understanding with any person or entity with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of any public company (other than the Corporation), except as has been disclosed to the Board;

(d) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation;

(e) is not and will not serve as a director on the boards of more than two (2) other public companies, unless the Board has determined in advance that such simultaneous service will not impair his ability to effectively serve on the Board; and

(f) will promptly tender his resignation to the Board in the event that, at any time he or she is serving as a director of the Corporation, (i) any of the above representations are found by the Board to have been false at the time such representation was made, or (ii) any of the above representations are found by the Board to have become false thereafter.

ARTICLE III
BOARD

Section 3.01. General. The business and affairs of the Corporation shall be managed by the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, the Certificate of Incorporation or these Bylaws directed or required to be exercised or done by stockholders. Directors need not be stockholders of the Corporation.

Section 3.02. Number. The total number of directors shall be not less than three (3) nor more than nine (9), as such shall be fixed within these limits from time to time by the Board.

Section 3.03. Resignation. Any director may resign at any time by delivering his written resignation to the Board, the Chairman or the Secretary. Such resignation shall take effect at the time specified in such notice or, if the time be not specified, upon receipt thereof by the Board, the Chairman or the Secretary, as the case may be.

Section 3.04. Meetings. (a) Annual Meetings. As soon as practicable after each annual election of directors by the stockholders, the Board shall meet for the purpose of organization and the transaction of other business, unless it shall have transacted all such business by written consent pursuant to Section 3.06 hereof.

(b) Other Meetings. Other meetings of the Board shall be held at such times as the Chairman, the Secretary or a majority of the Board shall from time to time determine.

(c) Notice of Meetings. The Secretary shall give written notice to each director of each meeting of the Board, which notice shall state the place, date, time and purpose of such meeting. Notice of each such meeting shall be given to each director, if by mail, addressed to him at his residence or usual place of business, at least three (3) days before the day on which such meeting is to be held, or shall be sent to him at such place by telecopy, facsimile, electronic mail or other form of recorded communication, or be delivered personally or by an internationally recognized courier service or by telephone not later than the day before the day on which such meeting is to be held. A written waiver of notice, signed by the director entitled to notice, whether before or after the time of the meeting referred to in such waiver, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of any meeting of the Board need be specified in any written waiver of notice thereof. Attendance of a director at a meeting of the Board shall constitute a waiver of notice of such meeting, except as provided by law.

(d) Place of Meetings. The Board may hold its meetings at such place or places within or without the State of Delaware as the Board or the Chairman may from time to time determine, or as shall be designated in the respective notices or waivers of notice of such meetings.

(e) Quorum and Manner of Acting. One-third of the total number of directors then in office shall be present in person at any meeting of the Board in order to constitute a quorum for the transaction of business at such meeting, and the vote of a majority of those directors present at any such meeting at which a quorum is present shall be necessary for the passage of any resolution or act of the Board, except as otherwise expressly required by law, the Certificate of Incorporation or these Bylaws. In the absence of a quorum for any such meeting, a majority of the directors present thereat may adjourn such meeting from time to time until a quorum shall be present.

(f) Organization. At each meeting of the Board, one of the following shall act as chairman of the meeting and preside, in the following order of precedence:

- (1) the Chairman;
- (2) the Chief Executive Officer;
- (3) any director chosen by a majority of the directors present.

The Secretary or, in the case of the Secretary's absence, any person (who shall be an Assistant Secretary (as defined below), if an Assistant Secretary is present) whom the chairman of the meeting shall appoint shall act as secretary of such meeting and keep the minutes thereof.

Section 3.05. Committees of the Board. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member; provided, however, that any director so appointed must be found by such committee to meet the qualifications, if any, for service on such committee, including any requirement of independence. Any committee of the Board, to the extent provided in the resolution of the Board designating such committee, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that no such committee shall have such power or authority in reference to amending the Certificate of Incorporation (except that such a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board as provided in Section 151(a) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation under Sections 251, 252, 254, 255, 256, 257, 258, 263 or 264 of the General Corporation Law, recommending to the stockholders the sale, lease or exchange of all or substantially all the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or the revocation of a dissolution, or amending these Bylaws; provided further, however, that, unless expressly so provided in the resolution of the Board designating such committee, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law. Each committee of the Board shall keep regular minutes of its proceedings and report the same to the Board when so requested by the Board.

Section 3.06. Directors' Consent in Lieu of Meeting. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, without prior notice and without a vote, if a consent in writing or by electronic transmission, setting forth the action so taken, shall be signed by all the members of the Board or such committee and such consent or electronic transmission is filed with the minutes of the proceedings of the Board or such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.07. Action by Means of Telephone or Similar Communications Equipment. Any one or more members of the Board, or of any committee thereof, may participate in a meeting of the Board or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

Section 3.08. Compensation. Unless otherwise restricted by the Certificate of Incorporation, the Board may determine the compensation of directors. In addition, as determined by the Board, directors may be reimbursed by the Corporation for their expenses, if any, in the performance of their duties as directors. No such compensation or reimbursement shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.09. Integration Committee. The Board shall have an integration committee to oversee the integration of the Corporation's business and Quintana Energy Services Inc.'s business (the "Integration Committee"), which shall consist of four members, with Thomas P. McCaffrey serving as chairperson, one additional member designated by the Corporation and two members designated by Quintana Energy Services Inc. The Integration Committee shall act on the affirmative vote of a majority of its members. In the event of a tie vote of the members of the Integration Committee in respect of any matter, such matter shall be decided by the majority of the entire Board. The Integration Committee shall meet as often as necessary to carry out its responsibilities. The Integration Committee's responsibilities shall include (a) overseeing the development of an integration plan for the combined business and management's implementation thereof; (b) overseeing, monitoring and assessing, including key milestones, timelines, organization, cost synergies and the budget for achieving such synergies, as well as the Corporation's progress in achieving its integration plans; (c) together with the compensation committee of the Board, overseeing and monitoring the retention of talent and capabilities and approving any integration performance metric under the Corporation's incentive compensation programs and reviewing the performance results; (d) together with the audit committee of the Board, overseeing and monitoring the Corporation's progress on integrating systems, processes, and controls; (e) providing regular reports to the Board on the progress of the integration; and (f) acting in such other manner as the Board may direct. As the Integration Committee may deem appropriate, it may retain outside advisors to report directly to the Integration Committee. The Integration Committee may request that any officers, employees or outside advisors attend any meeting of the Integration Committee or meet with any of its members.

ARTICLE IV OFFICERS

Section 4.01. Officers. The officers of the Corporation shall be the Chairman, the Chief Executive Officer, the President, the Secretary and the Treasurer. Officers of the Corporation may include one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers (each as defined below) and such other officers as the Board may establish. Any two or more offices may be held by the same person.

Section 4.02. Authority and Duties. All officers shall have such authority and perform such duties in the management of the Corporation as may be provided in these Bylaws or, to the extent not so provided, by resolution of the Board.

Section 4.03. Term of Office, Resignation and Removal. (a) Each officer shall be appointed by the Board and shall hold office for such term as may be determined by the Board. Each officer shall hold office until such officer's successor has been appointed and qualified or such officer's earlier death or resignation or removal in the manner hereinafter provided. The Board may require any officer to give security for the faithful performance of such officer's duties.

(b) Any officer may resign at any time by giving written notice to the Board, the Chairman, the Chief Executive Officer or the Secretary. Such resignation shall take effect at the time specified in such notice or, if the time be not specified, upon receipt thereof by the Board, the Chairman, the Chief Executive Officer or the Secretary, as the case may be.

(c) All officers and agents appointed by the Board shall be subject to removal, with or without cause, at any time by the Board.

Section 4.04. Vacancies. Any vacancy occurring in any office of the Corporation, for any reason, shall be filled by action of the Board. Unless earlier removed pursuant to Section 4.03 hereof, any officer appointed by the Board to fill any such vacancy shall serve only until such time as the unexpired term of such officer's predecessor expires unless reappointed by the Board.

Section 4.05. The Chairman. The Chairman shall have the power to call special meetings of stockholders, to call special meetings of the Board and, if present, to preside at all meetings of stockholders and all meetings of the Board. The Chairman shall perform all duties incident to the office of

Chairman of the Board and all such other duties as may from time to time be assigned to the Chairman by the Board or these Bylaws.

Section 4.06. The Chief Executive Officer. The Chief Executive Officer shall have general and active management and control of the business and affairs of the Corporation, subject to the control of the Board, and shall see that all orders and resolutions of the Board are carried into effect. The Chief Executive Officer shall perform all duties incident to the office of the Chief Executive Officer and all such other duties as may from time to time be assigned to the Chief Executive Officer by the Board or these Bylaws.

Section 4.07. The President. The President, subject to the authority of the Chief Executive Officer, shall have primary responsibility for, and authority with respect to, the management of the day-to-day business affairs of the Corporation, to the extent prescribed by the Chief Executive Officer. The President shall perform all duties incident to the office of President and all such other duties as may from time to time be assigned to the President by the Board, the Chief Executive Officer or these Bylaws.

Section 4.08. Vice Presidents. Vice Presidents of the Corporation ("Vice Presidents"), if any, in order of their seniority or in any other order determined by the Board, shall generally assist the President and perform such other duties as the Board, the Chief Executive Officer or the President shall prescribe, and in the absence or disability of the President, shall perform the duties and exercise the powers of the President.

Section 4.09. The Secretary. The Secretary of the Corporation ("Secretary") shall, to the extent practicable, attend all meetings of the Board and all meetings of stockholders and shall record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform the same duties for any committee of the Board when so requested by such committee. The Secretary shall give or cause to be given notice of all meetings of stockholders and of the Board, shall perform such other duties as may be prescribed by the Board, the Chairman and the Chief Executive Officer, and shall act under the supervision of the Chairman. The Secretary shall keep in safe custody the seal of the Corporation and affix the same to any instrument that requires that the seal be affixed to it and which shall have been duly authorized for signature in the name of the Corporation and, when so affixed, the seal shall be attested by the Secretary's signature or by the signature of the Treasurer of the Corporation (the "Treasurer") or an Assistant Secretary or Assistant Treasurer of the Corporation. The Secretary shall keep in safe custody the certificate books and stockholder records and such other books and records of the Corporation as the Board, the Chairman, or the Chief Executive Officer may direct and shall perform all other duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board, the Chairman, or the Chief Executive Officer.

Section 4.10. Assistant Secretaries. Assistant Secretaries of the Corporation ("Assistant Secretaries"), if any, in order of their seniority or in any other order determined by the Board, shall generally assist the Secretary and perform such other duties as the Board or the Secretary shall prescribe, and, in the absence or disability of the Secretary, shall perform the duties and exercise the powers of the Secretary.

Section 4.11. The Treasurer. The Treasurer shall have the care and custody of all the funds of the Corporation and shall deposit such funds in such banks or other depositories as the Board, or any officer or officers, or any officer and agent jointly, duly authorized by the Board, shall, from time to time, direct or approve. The Treasurer shall disburse the funds of the Corporation under the direction of the Board and the Chief Executive Officer. The Treasurer shall keep a full and accurate account of all moneys received and paid on account of the Corporation and shall render a statement of the Treasurer's accounts whenever the Board, the Chairman, or the Chief Executive Officer shall so request. The Treasurer shall perform all other necessary actions and duties in connection with the administration of the financial affairs of the Corporation and shall generally perform all the duties usually appertaining to the office of treasurer of a corporation. When required by the Board, the Treasurer shall give bonds for the faithful discharge of the Treasurer's duties in such sums and with such sureties as the Board shall approve.

Section 4.12. Assistant Treasurers. Assistant Treasurers of the Corporation (“Assistant Treasurers”), if any, in order of their seniority or in any other order determined by the Board, shall generally assist the Treasurer and perform such other duties as the Board or the Treasurer shall prescribe, and, in the absence or disability of the Treasurer, shall perform the duties and exercise the powers of the Treasurer.

ARTICLE V CHECKS, DRAFTS, NOTES AND PROXIES

Section 5.01. Checks, Drafts and Notes. All checks, drafts and other orders for the payment of money, notes and other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall be determined, from time to time, by resolution of the Board.

Section 5.02. Execution of Proxies. The Chairman, the Chief Executive Officer, the President or any Vice President may authorize, from time to time, the execution and issuance of proxies to vote shares of stock or other securities of other corporations held of record by the Corporation and the execution of consents to action taken or to be taken by any such corporation. All such proxies and consents, unless otherwise authorized by the Board, shall be signed in the name of the Corporation by the Chairman, the Chief Executive Officer, the President or any Vice President.

ARTICLE VI SHARES AND TRANSFERS OF SHARES

Section 6.01. Certificates Evidencing Shares. Shares may be evidenced by certificates in such form or forms as shall be approved by the Board. Certificates shall be issued in consecutive order and shall be numbered in the order of their issue, and shall be signed by the Chairman, the President or any Vice President and by the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer. If such a certificate is manually signed by one such officer, any other signature on the certificate may be a facsimile. In the event any such officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to hold such office or to be employed by the Corporation before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such officer had held such office on the date of issue.

Section 6.02. Stock Ledger. A stock ledger in one or more counterparts shall be kept by the Secretary, in which shall be recorded the name and address of each person, corporation or other entity owning the shares evidenced by each certificate evidencing shares issued by the Corporation, the number of shares evidenced by each such certificate, the date of issuance thereof and, in the case of cancellation, the date of cancellation. Except as otherwise expressly required by law, the person in whose name shares stand on the stock ledger of the Corporation shall be deemed the owner and recordholder of such shares for all purposes.

Section 6.03. Transfers of Shares. Registration of transfers of shares shall be made only in the stock ledger of the Corporation upon request of the registered holder of such shares, or of his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, and upon the surrender of the certificate or certificates evidencing such shares properly endorsed or accompanied by a stock power duly executed, together with such proof of the authenticity of signatures as the Corporation may reasonably require.

Section 6.04. Addresses of Stockholders. Each stockholder shall designate to the Secretary an address at which notices of meetings and all other corporate notices may be served or mailed to such stockholder, and, if any stockholder shall fail to so designate such an address, corporate notices may be served upon such stockholder by mail directed to the mailing address, if any, as the same appears in the stock ledger of the Corporation or at the last known mailing address of such stockholder.

Section 6.05. Lost, Destroyed and Mutilated Certificates. Each recordholder of shares shall promptly notify the Corporation of any loss, destruction or mutilation of any certificate or certificates evidencing any share or shares of which such recordholder is the recordholder. The Board may, in its discretion, cause the Corporation to issue a new certificate in place of any certificate theretofore issued by it and alleged to have been mutilated, lost, stolen or destroyed, upon the surrender of the mutilated certificate or, in the case of loss, theft or destruction of the certificate, upon satisfactory proof of such loss, theft or destruction, and the Board may, in its discretion, require the recordholder of the shares evidenced by the lost, stolen or destroyed certificate or such recordholder's legal representative to give the Corporation a bond sufficient to indemnify the Corporation against any claim made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 6.06. Regulations. The Board may make such other rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of certificates evidencing shares.

Section 6.07. Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to, or to dissent from, corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action. A determination of the stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any postponement or adjournment of such meeting; provided, however, that the Board may fix a new record date for the postponed or adjourned meeting.

ARTICLE VII SEAL

Section 7.01. Seal. The Board may approve and adopt a corporate seal, which shall be in the form of a circle and shall bear the full name of the Corporation, the year of its incorporation and the words "Corporate Seal Delaware".

ARTICLE VIII FISCAL YEAR

Section 8.01. Fiscal Year. The fiscal year of the Corporation shall end on the thirty-first day of January of each year unless changed by resolution of the Board.

ARTICLE IX FORUM AND VENUE

Section 9.01. Forum and Venue. (a) Forum and Venue of Certain Claims. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall 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 for breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, or (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, the certificate of incorporation or the bylaws of the Corporation, or (iv) any action asserting a claim governed by the internal affairs doctrine; in each case subject to said court having personal jurisdiction over the indispensable parties named as defendants therein. If any action the subject matter of which is within the scope of this Section 9.01(a) is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce this Section 9.01(a)

(an “Enforcement Action”), and (y) having service of process made upon such stockholder in any such Enforcement Action by service upon such stockholder’s counsel in the Foreign Action as agent for such stockholder. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.01(a).

(b) Forum and Venue for Securities Act Claims. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.01(b).

ARTICLE X AMENDMENTS

Section 10.01. Amendments. No Bylaw (including these Bylaws) may be altered, amended or repealed except by the requisite vote of the Board or the stockholders pursuant to the Certificate of Incorporation.

ARTICLE XI CERTAIN DEFINITIONS

Section 11.01. Certain Definitions. As used in these Bylaws, the following terms shall have the meanings indicated in this Section 11.01:

(a) “Public announcement” shall mean an announcement: (i) made by a press release posted on the Corporation’s website or reported by the Dow Jones News Service, Associated Press or other national news service, or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission;

(b) “Business day” shall mean any day other than a Saturday, Sunday or a day on which banking institutions in New York, New York are generally authorized or obligated by law or executive order to close.

(c) “Close of business” on any given date shall mean 5:00 p.m., New York City time on such date, or, if such date is not a business day, 5:00 p.m. New York City time on the next succeeding business day.

EMPLOYMENT AGREEMENT

This Employment Agreement (this **Agreement**) is made as of October 9, 2018, by and between KLX Energy Services Holdings, Inc., a Delaware corporation (the **Company**), and Heather Floyd (the **Executive**). This Agreement shall become effective as of the Effective Date (as defined below).

RECITALS

WHEREAS, on April 30, 2018, KLX Inc., a Delaware corporation (**KLX**), The Boeing Company, a Delaware corporation (**Parent**), and Kelly Merger Sub, Inc., a wholly-owned subsidiary of Parent (**Merger Sub**) entered into that certain Agreement and Plan of Merger (the **Merger Agreement**), pursuant to which Merger Sub will merge with and into KLX, with KLX surviving as a wholly-owned subsidiary of Parent (the **Merger**);

WHEREAS, prior to the consummation of the Merger, KLX will transfer its Energy Services Group business to the Company, followed by a pro rata distribution of common stock representing 100% of the equity interests of KLX Energy Services to KLX stockholders as of the record date of such distribution (the **Spin-Off**);

WHEREAS, after the Spin-Off is completed, the Company will be a separate, publicly held entity that will own and operate the Energy Services Group business;

WHEREAS, on August 24, 2015, KLX and the Executive entered into that certain Employment Agreement (the **Prior Employment Agreement**), pursuant to which, KLX employed the Executive on a full-time basis;

WHEREAS, the Executive, having provided services to KLX since August 24, 2015, has agreed to commence providing services to the Company as of October 9, 2018 (the **Effective Date**), and the Company wishes to procure such services.

WHEREAS, the Company has determined that it is in the best interests of the Company that the Executive become the Vice President — Finance and Corporate Controller of the Company as of the Effective Date;

WHEREAS, concurrently with the execution and delivery of this Agreement, the Executive and the Company are entering into the KLX Energy Services Holdings, Inc. 2018 Proprietary Rights Agreement, (the **2018 Proprietary Rights Agreement**), attached hereto as Exhibit A, and hereby incorporated by reference; and

WHEREAS, by virtue of the Executive's position with the Company, the Executive will have regular access to and use of the Company's confidential information and trade secrets, and the Company has a legitimate interest in protecting its confidential information and trade secrets by prohibiting the Executive from assisting, whether directly or indirectly, a competitor or competing with the Company for a reasonable period after the termination of the Executive's employment.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto, each intending to be legally bound, do hereby agree as follows:

1. Employment. Subject to Section 4 of this Agreement, the Company shall employ the Executive as its Vice President — Finance and Corporate Controller, and the Executive shall perform services for and continue in the employment of the Company commencing on the Effective Date until the third anniversary of the Effective Date, and the Executive's employment hereunder shall automatically be extended on the first anniversary date of the Effective Date and on each subsequent anniversary of the Effective Date for additional one (1) year periods until either the Company or the Executive gives the other party at least thirty (30) days' written notice prior to the anniversary of the Effective Date of any such year of its or her desire to not renew the then current term of this Agreement, unless the Executive's employment is terminated earlier pursuant to this Agreement as hereinafter set forth. For purposes of this Agreement, the term "**Employment Period**" shall mean the initial three (3) year period and all extensions thereof, if any, as aforesaid, provided that the Executive continues to be employed by the Company.
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2. Position and Duties. The Executive shall serve the Company in the capacity of Vice President — Finance and Corporate Controller and shall be accountable to, and shall have such other powers, duties and responsibilities, consistent with this capacity as may from time to time be prescribed by, the Chief Financial Officer of the Company, or his designee. The Executive shall perform and discharge, faithfully, diligently and to the best of her ability, such powers, duties and responsibilities. The Executive shall devote all of her working time and efforts to the business and affairs of the Company.

3. Compensation.

(a) Salary. During the Employment Period, the Executive shall receive a salary (the **Salary**) payable at the rate of Two Hundred Ninety-Six Thousand, One Hundred Twelve Dollars (\$296,112) per annum. The Salary may be adjusted from time to time by the compensation committee of the Company's board of directors (the **Compensation Committee**), provided, however, that it shall at no time be adjusted below the Salary then in effect. The Salary shall be paid biweekly or in accordance with the Company's then current payroll practices, less all required deductions. The Salary shall be pro-rated for any period of service less than a full year.

(b) Incentive Bonus. During the Employment Period, the Executive may receive an incentive target bonus for each fiscal year or portion thereof during which the Executive has been employed hereunder as determined by the Compensation Committee at the end of the applicable fiscal year, with the target annual incentive opportunity to be no less than sixty percent (60%) of the Executive's then current Salary (the **Target Bonus**), in accordance with the Company's executive bonus plan then in effect. The incentive bonus shall be paid in accordance with Company policy, but in no event later than March 15th of the year following the year in which it is earned.

(c) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by her on behalf of the Company in accordance with the Company's then current policies.

(d) Benefits. During the Employment Period, the Executive shall be entitled to participate in or receive benefits under any life or disability insurance, health, pension, retirement, accident, deferred compensation, and other employee benefit plans, programs or arrangements made generally available by the Company to its executives, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements in effect from time to time. In accordance with the Company's policies in effect from time to time, the Executive shall also be entitled to paid vacation in any fiscal year during the Employment Period as well as all paid holidays given by the Company to its executives.

(e) Automobile. During the Employment Period, the Executive shall receive an automobile allowance of \$1,100 per month, payable in accordance with Company policy as established from time to time, but in no event later than March 15th of the year following the year in which it shall accrue.

(f) Equity Awards.

(i) During the Employment Period, the Executive shall be eligible to participate in the Company's Long-Term Incentive Plan (the *LTIP*) (or any successor plan) on the terms set forth by the Compensation Committee in its sole discretion, which program(s) may include restricted stock awards or units (*Equity Awards*). The targeted grant date fair value of the annual Equity Awards shall be one hundred percent (100%) of the Executive's then current Salary (determined in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, or any successor promulgation). The actual grant date fair value of any Equity Award will be determined by the Compensation Committee based on its assessment of the Executive's performance and may be more or less than the target amount. The Equity Awards shall be granted pursuant to the terms of the LTIP and an award agreement to be entered into between the Company and the Executive.

(ii) Notwithstanding any provision in the applicable award documents, the Executive's time-vested Equity Awards shall, subject to applicable law, accelerate and become immediately vested and unrestricted and, as applicable, become immediately exercisable and remain exercisable through the remainder of their term following the occurrence of any of the following events: (A) the termination of the Executive's employment without Cause or for Good Reason pursuant to Section 4(e), (B) the Executive's termination due to Incapacity pursuant to Section 4(c), or "*Disability*" (as defined in the LTIP) (C) the Executive's death, or (D) upon a Change of Control (as defined in Section 4(f), below). Nothing in this Section 3(f)(ii) shall alter the terms of any Equity Awards subject to performance-based vesting.

4. Termination and Compensation Thereon.

(a) Termination Date. Subject to the terms and conditions of this Agreement, the Executive's employment pursuant to this Agreement may be terminated either by the Executive or the Company at any time and for any reason. The term "*Termination Date*" shall mean the date upon which the Executive's employment is terminated (i) by her death, (ii) by her Incapacity (as defined in Section 4(c)), (iii) otherwise in accordance with this Agreement, (iv) upon the occurrence of a Change of Control in accordance with Section 4(f), or (v) for any other reason the Executive incurs a Separation from Service (as defined in Section 12(c)).

(b) Death. The Executive's employment shall terminate upon her death. In such event, the Company shall, within thirty (30) days following the date of death, pay to such person as the Executive shall have designated in a notice filed with the Company, or, if no such person shall have been designated, to the Executive's estate, a lump-sum amount equal to the sum of (A) a prorated portion of 60% of the Executive's then current Salary, with the prorated amount to be determined based on the number of days that the Executive was employed by the Company in the year during which the Termination Date occurs, (B) the Executive's Salary for the remainder of the Employment Period, and (C) two (2) times the Executive's Target Bonus, in the case of each of clauses (B) and (C) at the rates in effect as of the Termination Date (the lump sum amount determined in accordance with this Section 4(b), the *Termination Amount*).

(c) Incapacity. If, in the reasonable judgment of the Company's Chief Financial Officer, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from her full-time duties as described in this Agreement for the entire period of six (6) consecutive months (*Incapacity*), the Executive's employment shall terminate at the end of the six (6)-month period. In such event, upon the Termination Date, the Company shall pay to the Executive a lump sum payment equal to the Termination Amount. The lump sum payment shall be made on the sixtieth (60th) day following the

Termination Date, provided that prior to the payment date the Executive signs a waiver and release agreement in the form provided by the Company and such waiver and release becomes effective and irrevocable in its entirety prior to such date. If the waiver and release does not become effective and irrevocable on or prior to the payment date set forth in the preceding sentence, the Company shall have no further obligations pursuant to Sections 4(c) or 4(g) of this Agreement. Any dispute between the Company's Chief Financial Officer and the Executive with respect to the Executive's Incapacity shall be settled by reference to a competent medical authority mutually agreed to by the Chief Financial Officer and the Executive, whose decision shall be limited to a determination of whether the Company's Chief Financial Officer had exercised reasonable judgment in making a determination of the Executive's Incapacity and shall be binding on all parties, without any right to appeal.

(d) Termination by the Company for Cause; Resignation by the Executive without Good Reason.

(i) If the Executive's employment is terminated by the Company for Cause or the Executive resigns her employment for any reason (other than for Good Reason, as defined below), the Company shall have no further obligations to the Executive hereunder after the Termination Date, except for unpaid Salary and benefits accrued through the Termination Date.

(ii) For purposes of this Agreement, "**Cause**" shall mean (A) the Executive's material failure, refusal or neglect to perform and discharge her powers, duties and responsibilities hereunder (including duties prescribed by the Chief Financial Officer pursuant to Section 2), other material breach of the terms hereof, or breach of any fiduciary duties she may have because of any position she holds with the Company or any subsidiary or affiliate thereof; (B) the willful engaging by the Executive in misconduct which is materially injurious to the Company, monetarily or otherwise; or (C) a felony conviction or a conviction for any crime involving the Executive's personal dishonesty or moral turpitude.

(iii) For purposes of this Agreement, "**Good Reason**" shall mean any of the following events, which continues for more than thirty (30) days after the Executive's written notice to the Company thereof: (A) the Executive's principal office location is moved to, and continues to be, a location more than fifty (50) miles from its current location as of the Effective Date (it being understood that travel shall not be considered a move or relocation); (B) Executive's position, powers, duties and responsibilities under Section 2 above are and continue to be materially reduced without her written agreement, or (C) her compensation and benefits payable are and continue to be eliminated or materially reduced without her written agreement. Unless the Executive gives the Company a written notice setting forth the basis of the occurrence of the Good Reason event in reasonable detail within ninety (90) days of the Executive's knowledge of the event which, after any applicable notice and the lapse of the 30-day cure period set forth above, would constitute Good Reason, such event will cease to be an event constituting Good Reason.

(e) Termination Without Cause; Termination for Good Reason. The Company may terminate the Executive's employment hereunder at any time without Cause, and the Executive may terminate her employment hereunder at any time for Good Reason. In such event, the Company shall pay to the Executive a lump sum payment equal to the Termination Amount. The lump sum payment shall be made on the sixtieth (60th) day following the Termination Date, provided that prior to the payment date the Executive signs a waiver and release agreement in the form provided by the Company and such waiver and release becomes effective and irrevocable in its entirety prior to such date. If the waiver and release does not become effective and irrevocable on or prior to the payment date set forth in the preceding sentence, the Company shall have no further obligations pursuant to Sections 4(e) or 4(g).

(f) Change of Control.

(i) If a Change of Control occurs during the Employment Period Executive's employment shall be terminated, and the Company shall pay to the Executive a lump sum amount equal to the Termination Amount; provided that the Termination Amount shall be calculated using the rates in effect on the Change of Control Date. The lump sum payment shall be made within thirty (30) days following the Change of Control Date without any action by the Executive. For purposes of determining the Company's obligations under this Section 4(f), the date on which a Change of Control is effective shall be referred to as the "**Change of Control Date.**"

(ii) For purposes of this Agreement, a "**Change of Control**" shall mean a "change in control event" within the meaning of the default rules under Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (**Section 409A**). The obligations of the Company pursuant to this Section 4(f) shall survive any termination of this Agreement or the Executive's employment or any resignation of such employment by the Executive pursuant to this Section 4(f).

(g) Benefit Continuation. If the Executive's employment is terminated pursuant to Sections 4(c), 4(e) or 4(f), the Company shall provide the Executive and her eligible dependents with continued participation in medical, dental and health benefit plans available to the Company's executive officers on similar terms and conditions as active executives, from the Termination Date until the date that is eighteen (18) months following the Termination Date; provided, however, that the continuation of such benefits shall be subject to the respective terms of the applicable plan, in effect from time to time, and the timely payment by the Executive of her applicable share of the applicable premiums in effect from time to time and, except with respect to a termination of employment pursuant to Section 4(f), that the Executive signs a waiver and release agreement in the form provided by the Company and such waiver and release becomes effective and irrevocable in its entirety. The benefit continuation provided pursuant to this Section 4(g) shall satisfy the Company's obligation to provide continuation coverage under COBRA. To the extent that reimbursable medical and dental care expenses constitute deferred compensation for purposes of Section 409A, the Company shall reimburse the medical and dental care expenses as soon as practicable consistent with the Company's practice, but in no event later than the last day of the calendar year next following the calendar year in which such expenses are incurred. This is in addition to, and not in lieu of, any retirement health benefit program to which the Executive may otherwise be entitled.

5. Amendments. No amendment to this Agreement or any Exhibit hereto shall be effective unless it shall be in writing and signed by each party hereto.
6. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally or sent by facsimile at a facsimile number provided in writing by the receiving party or three days after being mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, to it at:

KLX Energy Services Holdings, Inc.
1300 Corporate Center Way
Wellington, FL 33414
Attention: Chief Financial Officer

If to the Executive, to her at:

The address (or to the facsimile number) shown

in the books and records of the Company.

7. Entire Agreement. This Agreement and the 2018 Proprietary Rights Agreement constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties, including, without limitation, the Prior Employment Agreement.
8. Headings. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning of this Agreement.
9. Counterparts. This Agreement may be executed in any number of counterparts which together shall constitute one instrument.
10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida and shall in all respects be interpreted, enforced, and governed under the laws of said State, without regard for, or consideration of, any conflicts of law principles.
11. Withholding. All payment made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.
12. Section 409A.

(a) If any amounts that become due under Section 4 of this Agreement constitute “nonqualified deferred compensation” within the meaning of Section 409A, payment of such amounts shall not commence until the Executive incurs a “Separation from Service” (as defined in Section 12(c), below) if and only if necessary to avoid accelerated taxation or tax penalties in respect of such amounts.

(b) Notwithstanding any provision of this Agreement to the contrary, if the Executive is a “Specified Employee” (as defined in Section 12(c), below) she shall not be entitled to any payments upon a Separation from Service until the earlier of (i) the date which is the first (1st) business day following the date that is six (6) months after the Executive’s Separation from Service for any reason other than death or (ii) the Executive’s date of death. The provisions of this Section 12(b) shall only apply if required to comply with Section 409A.

(c) For purposes of this Agreement, “**Separation from Service**” shall have the meaning set forth in Section 409A(a)(2)(A)(i) and determined in accordance with the default rules under Section 409A. “**Specified Employee**” shall have the meaning set forth in Section 409A(a)(2)(B)(i), as determined in accordance with the uniform methodology and procedures adopted by the Company and then in effect.

(d) It is intended that the terms and conditions of this Agreement comply with Section 409A. If any provision of this Agreement contravenes any regulations or Treasury guidance promulgated under Section 409A, or could cause any amounts or benefits hereunder to be subject to taxes, interest and penalties under Section 409A, the Company may, in its sole discretion and without the Executive’s consent, modify the Agreement to: (i) comply with, or avoid being subject to, Section 409A, (ii) avoid the imposition of taxes, interest and penalties under Section 409A, and/or (iii) maintain, to the maximum extent practicable, the original intent of the applicable provision without contravening the provisions of Section 409A. This Section 12(d) does not create an obligation on the part of the Company to modify this Agreement and does not guarantee that the amounts or benefits owed under this Agreement will not be subject to interest and penalties under Section 409A.

(e) Anything in this Agreement to the contrary notwithstanding, no reimbursement payable to the Executive pursuant to any provisions of this Agreement or pursuant to any plan

or arrangement of the Company Group covered by this Agreement shall be paid later than the last day of the calendar year following the calendar year in which the related expense was incurred, except to the extent that the right to reimbursement does not provide for a “deferral of compensation” within the meaning of Section 409A. No amount reimbursed during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year.

13. Enforceability; Waiver. The invalidity and unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other term or provision of this Agreement. The Executive’s or the Company’s failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right that the Executive or the Company may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Similarly, the waiver by any party hereto of a breach of any provision of this Agreement by the other party will not operate or be construed as a waiver of any other or subsequent breach by such other party.
14. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns. This Agreement may be assigned by the Company. The Executive may not assign or delegate her duties under this Agreement without the Company’s prior written approval.
15. Survival. The obligations of the Executive pursuant to the 2018 Proprietary Rights Agreement (where applicable) and the entitlements of the Executive and obligations of the Company pursuant to Section 4 of this Agreement, shall each survive any termination or expiration of this Agreement, or any termination or resignation of the Executive’s employment, as the case may be.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

EXECUTIVE

/s/Heather Floyd
Heather Floyd

KLX ENERGY SERVICES HOLDINGS, INC.

/s/ Thomas McCaffrey
Name: Thomas McCaffrey
Title: SVP & CFO

[Signature Page to Floyd Employment Agreement]

EXHIBIT A

KLX ENERGY SERVICES HOLDINGS, INC. 2018 PROPRIETARY RIGHTS AGREEMENT

This Proprietary Rights Agreement (“**Agreement**”) is intended to set forth in writing my responsibility to KLX Energy Services Holdings, Inc. and/or any of its subsidiaries or affiliated businesses (collectively the “**Company**”) during my employment, consultancy, and/or tenure as an independent contractor with the Company and thereafter. I recognize that the Company is engaged in a continuous program of research, development and production respecting its business, present and future. As part of my employment, consultancy, and/or tenure as an independent contractor with the Company, I have certain obligations relating to business, confidential and/or proprietary information of the Company, as well as to inventions which I may develop during my employment, consultancy, and/or tenure as an independent contractor with the Company.

I acknowledge and agree that:

1. Agreement and Effective Date

This Agreement shall be effective on, the first day of my employment, consultancy, and/or tenure as an independent contractor with the Company and shall continue in effect throughout my employment, consultancy, and/or tenure as an independent contractor (the “**Agreement Period**”). As an inducement to, and in consideration of, my acceptance and/or continuation of employment, consultancy, and/or tenure as an independent contractor with the Company, and the Company’s compensating me for services and extending to me certain other benefits of a compensatory nature, but without any obligation on the Company’s part to continue such employment, compensation or benefits for any specified period whatsoever, I agree to protect, safeguard and maintain the integrity and confidentiality of the Company’s valuable assets and legitimate business interests in accordance with the terms and conditions set forth in this Agreement.

2. Confidentiality

2.1 Permitted Use. I will maintain in confidence and will not disclose or use, either during or after the Agreement Period, any “**Proprietary Information**”, whether or not in written form, except to the extent required to perform my duties on behalf of the Company.

2.2 Definition of Proprietary Information. As used in this Agreement, Proprietary Information means all of the following materials and information that I use, receive, have access to, conceive or develop or have used, received, conceived or developed, in whole or in part, in connection with my employment, consultancy and/or tenure as an independent contractor with the Company:

- (i) Written materials of the Company;

The names and information relating to customers and prospective customers of the Company and/or persons, firms, corporations or other entities with whom the Company has provided goods or services at any time, including contact persons, addresses and phone numbers, their characteristics and preferences and types of

services provided to or received from those customers and prospective customers;

- (ii) The terms of various agreements between the Company and any third parties, including without limitation, the terms of customer agreements, vendor or supplier agreements, lease agreements, advertising agreements, fee arrangements, terms of dealing and the like;
- (iii) Any data or database, trading algorithms or processes, or other information compiled by the Company, including, but not limited to, customer lists, customer information, information concerning the Company, or any business in which the Company is engaged or contemplates becoming engaged, any company with which the Company engages in business, any customer, prospective customer or other person, firm or corporation to whom or which the Company has provided goods or services or to whom or which any employee of the Company has provided goods or services on behalf of the Company, or any compilation, analysis, evaluation or report concerning or deriving from any data or database, or any other information;
- (iv) All policies, procedures, strategies and techniques regarding the services performed or products supplied by the Company or regarding the training, marketing and sales of the Company, either oral or written. The Company's internal corporate policies and practices related to its services, price lists, fee arrangements and terms of dealings with customers or potential customers or vendors. Information relating to formulas, records, research and development data, trade secrets, processes, other methods of doing business, forecasts and business and marketing plans;
- (v) Any other information, data, know-how or knowledge of a confidential or proprietary nature observed, used, received, conceived or developed by me in connection with my employment, consultancy, and/or tenure as an independent contractor by the Company, including but not limited to the Company's methodologies, price strategies, price lists, costs and quantities sold, financial and sales information, including, but not limited to, the Company's financial condition, business interests, initiatives, objectives, plans or strategies; internal information regarding personnel identity, skills, compensation, organizational charts, budgets or costs of individual departments, and the compensation paid to those working for or who provide services to the Company; and performance of investments, acquired companies, companies targeted for acquisition, funds or portfolio companies, including any "track record" or other financial performance information or results;
- (vi) All other non-public information regarding the amount and nature of the capital and assets owned or controlled by, or net worth of, the Company and/or any of the Company's shareholders, members, partners,

employees or investors; the investments made, directly or indirectly, by the Company (including, but not limited to, any partnerships, corporations or other entities in which the Company may invest and the assets which any of those entities acquires); the expected or actual rates of return or holding periods of any investment by the Company; the respective interest in any investment of any of its shareholders, members, partners or investors or the manner in which those interests are held; the identities of the other persons or entities who participate in any investment made by the Company; and financial statements, projections, budgets and market information;

- (vii) All discoveries, software (including, without limitation, both source code and object code), models, drawings, photographs, specifications, trademarks, formulas, patterns, devices, compilations and all other proprietary know-how and technology, whether or not patentable or copyrightable, and all copies and tangible embodiments of any of the foregoing, and that have been or will be created for the Company by me, whether alone or with others;
- (viii) The Company's inventions, products, research and development, production processes, manufacturing and engineering processes, machines and equipment, finances, customers, marketing, and production and future business plans, information belonging to customers or suppliers of the Company disclosed incidental to my employment, consultancy, and/or tenure as an independent contractor and any other information which is identified as confidential by the Company; and
- (ix) "**Trade Secrets**", which shall include, but not be limited to, information regarding formulas, processes or methods that: (a) derive independent economic value, actual or potential, from not being generally known to or readily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use; and (b) is the subject of reasonable efforts by the Company to maintain its secrecy. "Trade Secrets" shall also include all other information or data that qualifies as a trade secret under applicable law.

3. Inventions

- 3.1 Definition of Inventions. As used in this Agreement the term "**Invention**" means any new or useful art, discovery, contribution, finding or improvement, whether or not patentable or copyrightable, and all related know-how. Inventions include, but are not limited to, all designs, discoveries, formulas, processes, manufacturing techniques, semiconductor designs, computer software, inventions, improvements and ideas.

3.2 **Disclosure and Assignment of Inventions.**

- (i) I will promptly disclose and describe to the Company all Inventions which I may solely or jointly conceive, develop, or reduce to practice during the Agreement Period (i) which relate, at the time of conception, development or reduction to practice of the Invention, to the Company's business or actual or demonstrably anticipated research or development, (ii) which were developed, in whole or in part, on the Company's time or with the use of any of the Company's equipment, supplies, facilities or Trade Secrets, or (iii) which resulted from any work I performed for the Company (the "**Company Inventions**"). I assign all my right, title and interest worldwide in the Company Inventions and in all intellectual property rights based upon the Company Inventions. However, I do not assign or agree to assign any Inventions relating in any way to the Company business or demonstrably anticipated research and development which were made by me prior to my employment, consultancy, and/or tenure as an independent contractor with the Company, which Inventions, if any, are identified on Appendix "A" to this Agreement. Appendix "A" contains no confidential information. I have no rights in any Inventions other than the inventions specified in Appendix "A". If no such list is attached, I have no such Inventions or I grant an irrevocable, nonexclusive, royalty-free, worldwide license to the Company to make, use and sell Inventions developed by me prior to my employment, consultancy, and/or tenure as an independent contractor with the Company.
- (ii) I recognize that Inventions relating to my activities while working for the Company and conceived or made by me, along or with others, within one (1) year after termination of the Agreement Period may have been conceived in significant part while I was retained by the Company. Accordingly, I agree that such Inventions shall be presumed to have been conceived during my employment, consultancy, and/or tenure as an independent contractor with the Company and assign such Inventions to the Company as a Company Invention unless and until I have established the contrary. I agree to disclose promptly in writing to the Company all Inventions made or conceived by me for one (1) year after the Agreement Period, whether or not I believe such Inventions are subject to this Agreement, to permit a determination by the Company as to whether or not the Inventions should be the property of the Company. Any such information will be received in confidence by the Company.

3.3 **Nonassignable Inventions.** This Agreement does not apply to an invention which qualifies fully as a nonassignable invention under the laws of the State of Florida.

4. **Trade Secrets**

4.1 **Use and Return of Proprietary Information and Trade Secrets:**

- (i) I agree that under no circumstance and at no time shall any of the Proprietary Information and Trade Secrets be taken from the Company's premises unless critical to the performance of my duties as an employee, consultant or independent contractor, as applicable, during the

Agreement Period and that under no circumstances and at no time shall any of the Proprietary Information and Trade Secrets be duplicated, in whole or in part, without the express written permission of the Company, which permission may be granted or denied in the Company's sole and absolute discretion;

- (ii) I agree that, upon termination of my employment (if applicable) and/or tenure as an independent contractor with the Company for any reason (regardless of whether or not the Company retains me as a consultant) or at any other time upon the Company's request, I shall return to Company, without retaining any copies, all Proprietary Information and Trade Secrets, as well as all other Company's documents and other materials, which are in my possession regardless of the form in which any such materials are kept;
- (iii) I covenant and agree that all right, title and interest in any Proprietary Information and Trade Secrets shall be and shall remain the exclusive property of the Company and shall be and hereby are vested and assigned by me to the Company. I agree to promptly disclose to the Company all Proprietary information and Trade Secrets developed in whole or in part by me within the scope of this Agreement. In relation to my employment, consultancy, and/or tenure as an independent contractor or the performance of this Agreement, I have created or may create certain work product for the Company that may be copyrighted or copyrightable under the laws of the United States. To the extent that any such work product is created, I will be considered to have created a Work Made for Hire as defined in 17 U.S.C. § 101, and the Company shall have the sole right to the copyright. In the event that any such work product created by me does not qualify as a Work Made for Hire, I hereby assign the copyright and all rights, throughout the world, in and to the work product to the Company, as provided for in paragraph (v) below. I agree to turn over to the Company all physical manifestations of the Proprietary Information and Trade Secrets in my possession or under my control at the request of the Company;
- (iv) I acknowledge that all documents, in hard copy or electronic form, received, created or used by me in connection with my employment, consultancy, and/or tenure as an independent contractor with the Company are and will remain the property of the Company. I agree to return all such documents (including all copies) promptly upon the termination of my employment, consultancy, and/or tenure as an independent contractor, certify that no other documents remain, and agree that, during or after my employment, consultancy, and/or tenure as an independent contractor, I will not, under any circumstances, without the written consent of the Company, disclose those documents to anyone outside the Company or use those documents for any purpose other than the advancement of the Company's interests;

- (v) I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the work product (including Proprietary Information and/or Trade Secrets) and any rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem proper or necessary in order to apply for, register, obtain, maintain, defend, and enforce such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such work product and any rights relating thereto, and testifying in a suit or other proceeding relating to such work product and any rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. In connection with my execution of this Agreement, I hereby irrevocably grant to the Company an irrevocable power of attorney designating and appointing the Company's duly authorized officer as my agent and attorney in fact, should I become unable because of my mental or physical incapacity or for any other reason, to sign any documents with respect to any work product including, without limitation, permitting the Company to apply for or pursue any application for any United States or foreign patents or copyright registrations covering such work product. In connection with such power of attorney, I permit the agent to act for and on my behalf and stead to execute and file any papers, oaths and to do all other lawfully permitted acts with respect to such work product with the same legal force and effect as if executed or done by me.

- 4.2 Defense of Trade Secrets Act. Notwithstanding anything to the contrary, I understand and acknowledge that the Company has informed me that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for (i) the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal. Additionally, notwithstanding anything to the contrary, I understand and acknowledge that the Company has informed me that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to a court order.

5. Competitive Employment

- 5.1 Prohibited Competitive Activities. During the Agreement Period, including any extensions thereof (as applicable), I agree that I will not directly or indirectly own, manage, work for, provide services to, obtain financial interest in, control or participate in

the ownership, management or control of, or be employed or engaged by or otherwise affiliated or associated as a consultant, director, agent, independent contractor or otherwise with any other corporation, partnership, proprietorship, firm, association or other entity that is engaged in any manner in the business of the Company.

5.2 **Other Prohibited Activities.** I further agree that during the same period I will not directly or indirectly own, manage, work for, provide services to, obtain financial interest in, control or participate in the ownership, management or control of, or be employed or engaged by or otherwise affiliated or associated as a consultant, director, agent, independent contractor or otherwise with any business entity that is not engaged in the business of the Company in any market in which the Company conducts business or provides services where such other business entity could utilize or gain a business or economic advantage through the use of Proprietary Information, Trade Secrets, my training by the Company, my relationship with the Company's customers, suppliers, vendors, clients or investors or prospective customers, suppliers, vendors, clients or investors or the Company's goodwill.

5.3 **Permitted Investment Activity.** I may make passive investments in publicly traded entities not to exceed 3% of the outstanding voting securities of such public entity, provided, however, that such investment do not prevent me from abiding by this Agreement, including this Paragraph 5.

6. Non-solicitation

During the Agreement Period and for a period of two (2) years thereafter, I will not solicit or encourage, or cause others to solicit or encourage, any employees, suppliers, vendors, or consultants of/to the Company to terminate their employment or other relationship, as applicable, with the Company.

7. Acts to Secure Proprietary Rights

I agree to perform, during and after the Agreement Period, all acts deemed necessary or desirable by the Company to permit and assist it, at the Company's expense, in perfecting and enforcing the full benefits, enjoyment, rights and title throughout the world in the Company Inventions. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in the registration and enforcement of applicable patents and copyrights or other legal proceedings.

8. No Conflicting Obligations

My performance of this Agreement does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by me prior to my employment, consultancy, and/or tenure as an independent contractor with the Company. I will not disclose, induce, or permit the Company to, either directly or indirectly, use, any confidential or proprietary information or material belonging to any previous employer or other person or entity. I am not a party to any other agreement that will interfere with my full compliance with this Agreement. I will not enter into any agreement, whether written or oral, conflicting with the provisions of this Agreement.

9. Whistleblowing

Nothing in this Agreement or any other agreement between you and the Company shall be interpreted to limit or interfere with your right to report good faith suspected violations of law to applicable government agencies, including the Equal Employment Opportunity Commission, National Labor Relation Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other applicable federal, state or local governmental agency, in accordance with the provisions of any “whistleblower” or similar provisions of local, state or federal law. You may report such suspected violations of law, even if such action would require you to share the Company’s Proprietary Information or Trade Secrets with the government agency, provided that any such Proprietary Information is protected to the maximum extent permissible and any such information constituting Trade Secrets is filed only under seal in connection with any court proceeding. Lastly, nothing in this Agreement or any other agreement between you and the Company will be interpreted to prohibit you from collecting any financial incentives in connection with making such reports nor to require you to notify or obtain approval by the Company prior to making such reports to a government agency.

10. Survival

Notwithstanding the termination of the Agreement Period, this Agreement shall survive such termination and continue in accordance with its terms and conditions. Unless provided otherwise in a written contract with the Company, this Agreement does not in any way restrict my right or the right of the Company to terminate my employment, consultancy, and/or tenure as an independent contractor at any time, for any reason or for no reason.

11. Specific Performance

A breach of any of the promises or agreements contained herein will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law, and the Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages, if appropriate).

12. Waiver

The waiver by the Company of a breach of any provision of this Agreement by me will not operate or be construed as a waiver of any other or subsequent breach by me.

13. Severability

If any part of this Agreement is found invalid or unenforceable, that part will be amended to achieve as nearly as possible the same economic effect as the original provision and the remainder of this Agreement will remain in full force.

14. Governing Law

This Agreement will be governed by and construed in accordance with the laws (other than the conflict of laws rules) of the State of Florida.

15. Entire Agreement

Except for any employment agreement between the Company and me, if applicable this Agreement and the Exhibits to this Agreement constitute the entire agreement between the parties relating to this subject matter and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral, except for prior proprietary rights agreements which shall for the period prior to the effective date of this agreement be deemed to be in addition to, and not in lieu of, this Agreement for such prior period. This Agreement may be amended or modified only with the written consent of both me and the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

16. Assignment

This Agreement may be assigned by the Company. I may not assign or delegate my duties under this Agreement without the Company's prior written approval. This Agreement shall be binding upon my heirs, successors and permitted assignees.

Date: 10/10/2018

EMPLOYEE

/s/ Heather Floyd
(Name)

Heather Floyd
(Printed Name)

Signature Page to the Proprietary Rights Agreement

KLX ENERGY SERVICES HOLDINGS, INC.

By: /s/ Thomas McCaffrey

Title: SVP & CFO

Signature Page to the Proprietary Rights Agreement

**KLX ENERGY SERVICES HOLDINGS, INC.
CERTIFICATIONS**

I, Thomas P. McCaffrey, certify that:

1. I have reviewed this Amendment No. 1 to the annual report on Form 10-K of KLX Energy Services Holdings, Inc.; and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: May 29, 2020

By: /s/ THOMAS P. MCCAFFREY
Thomas P. McCaffrey
President, Chief Executive Officer and Chief Financial Officer
