UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 31, 2016

Or

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

For the transition period to

Commission file number 001- 34481

Mistras Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**22-3341267**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
195 Clarksville Road Princeton Junction, New Jersey	**08550**
(Address of principal executive offices)	(Zip Code)

(609) 716-4000

(Registrant's telephone number, including area code)

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 o 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 o No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes ☒ No

As of October 1, 2016, the registrant had 29,185,036 shares of common stock outstanding.

TABLE OF CONTENTS

PART I—FINANCIAL INFORMATION

ITEM 1. Financial Statements

Mistras Group, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	(unaudited) August 31, 2016	May 31, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 14,940	$ 21,188
Accounts receivable, net	134,138	137,913
Inventories	10,049	9,918
Deferred income taxes	6,096	6,216
Prepaid expenses and other current assets	12,491	12,711
Total current assets	177,714	187,946
Property, plant and equipment, net	76,662	78,676
Intangible assets, net	41,513	43,492
Goodwill	169,195	169,220
Deferred income taxes	975	1,000
Other assets	2,222	2,341
Total assets	$ 468,281	$ 482,675
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 8,669	$ 10,796
Accrued expenses and other current liabilities	60,747	62,983
Current portion of long-term debt	2,089	12,553
Current portion of capital lease obligations	7,041	7,835
Income taxes payable	2,472	2,710
Total current liabilities	81,018	96,877
Long-term debt, net of current portion	68,341	72,456
Obligations under capital leases, net of current portion	11,349	11,932
Deferred income taxes	19,442	18,328
Other long-term liabilities	7,136	6,794
Total liabilities	187,286	206,387
Commitments and contingencies		
Equity		
Preferred stock, 10,000,000 shares authorized	—	—
Common stock, $0.01 par value, 200,000,000 shares authorized	291	290
Additional paid-in capital	215,420	213,737
Retained earnings	88,832	82,235
Accumulated other comprehensive loss	(23,682)	(20,099)
Total Mistras Group, Inc. stockholders' equity	280,861	276,163
Noncontrolling interests	134	125
Total equity	280,995	276,288
Total liabilities and equity	$ 468,281	$ 482,675

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

Mistras Group, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Income
(in thousands, except per share data)

	Three months ended	
	August 31, 2016	August 31, 2015
Revenue	$ 168,443	$ 179,853
Cost of revenue	112,981	123,400
Depreciation	5,406	5,179
Gross profit	50,056	51,274
Selling, general and administrative expenses	35,278	35,836
Research and engineering	632	621
Depreciation and amortization	2,597	2,781
Acquisition-related expense (benefit), net	394	(896)
Income from operations	11,155	12,932
Interest expense	820	1,922
Income before provision for income taxes	10,335	11,010
Provision for income taxes	3,726	4,163
Net income	6,609	6,847
Less: net income (loss) attributable to noncontrolling interests, net of taxes	13	(25)
Net income attributable to Mistras Group, Inc.	$ 6,596	$ 6,872
Earnings per common share		
Basic	$ 0.23	$ 0.24
Diluted	$ 0.22	$ 0.23
Weighted average common shares outstanding:		
Basic	28,976	28,724
Diluted	30,210	29,595

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

Mistras Group, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Comprehensive Income
(in thousands)

	Three months ended	
	August 31, 2016	August 31, 2015
Net income	$ 6,609	$ 6,847
Other comprehensive loss:		
Foreign currency translation adjustments	(3,583)	(652)
Comprehensive income	3,026	6,195
Less: comprehensive loss attributable to noncontrolling interest	(4)	(88)
Comprehensive income attributable to Mistras Group, Inc.	$ 3,030	$ 6,283

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

Mistras Group, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Three months ended	
	August 31, 2016	August 31, 2015
Cash flows from operating activities		
Net income	$ 6,609	$ 6,847
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	8,003	7,960
Deferred income taxes	1,238	1,474
Share-based compensation expense	1,906	1,957
Fair value changes in contingent consideration liabilities	356	(900)
Other	(746)	(784)
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable	3,180	(1,760)
Inventories	(53)	(16)
Prepaid expenses and other current assets	76	2,036
Other assets	118	(108)
Accounts payable	(2,009)	(393)
Accrued expenses and other liabilities	(1,174)	(112)
Income taxes payable	(160)	9
Net cash provided by operating activities	17,344	16,210
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,729)	(4,501)
Purchase of intangible assets	(288)	(66)
Acquisition of businesses, net of cash acquired	(1,188)	—
Proceeds from sale of equipment	230	168
Net cash used in investing activities	(4,975)	(4,399)
Cash flows from financing activities		
Repayment of capital lease obligations	(1,986)	(1,893)
Proceeds from borrowings of long-term debt	113	1,382
Repayment of long-term debt	(10,647)	(12,347)
Proceeds from revolver	18,900	20,100
Repayments of revolver	(23,100)	(16,400)
Payment of contingent consideration for acquisitions	(792)	(113)
Taxes paid related to net share settlement of share-based awards	(1,274)	(953)
Excess tax benefit from share-based compensation	501	(338)
Proceeds from exercise of stock options	438	—
Net cash used in financing activities	(17,847)	(10,562)
Effect of exchange rate changes on cash and cash equivalents	(770)	(118)
Net change in cash and cash equivalents	(6,248)	1,131
Cash and cash equivalents		
Beginning of period	21,188	10,555
End of period	$ 14,940	$ 11,686
Supplemental disclosure of cash paid		
Interest	$ 1,085	$ 1,803
Income taxes	$ 1,900	$ 192
Noncash investing and financing		
Equipment acquired through capital lease obligations	$ 1,142	$ 636
Issuance of notes payable for acquisitions	$ 331	$ —

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

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

1. Description of Business and Basis of Presentation

Description of Business

Mistras Group, Inc. and subsidiaries ("the Company") is a leading “one source” global provider of technology-enabled asset protection solutions used to evaluate the structural integrity and reliability of critical energy, industrial and public infrastructure. The Company combines industry-leading products and technologies, expertise in mechanical integrity (MI) and non-destructive testing (NDT) services and proprietary data analysis software to deliver a comprehensive portfolio of customized solutions, ranging from routine inspections to complex, plant-wide asset integrity assessments and management. These mission critical solutions enhance customers’ ability to extend the useful life of their assets, increase productivity, minimize repair costs, comply with governmental safety and environmental regulations, manage risk and avoid catastrophic disasters. The Company serves a global customer base of companies with asset-intensive infrastructure, including companies in the oil and gas, fossil and nuclear power, alternative and renewable energy, public infrastructure, chemicals, commercial aerospace and defense, transportation, primary metals and metalworking, pharmaceutical/biotechnology and food processing industries and research and engineering institutions.

Basis of Presentation

The condensed consolidated financial statements contained in this report are unaudited. In the opinion of management, the condensed consolidated financial statements include all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods of the fiscal years ending May 31, 2017 and 2016. Reference to a fiscal year means the fiscal year ended May 31. Certain items included in these statements are based on management’s estimates. Actual results may differ from those estimates. The results of operations for any interim period are not necessarily indicative of the results expected for the year. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the notes to the audited consolidated financial statements contained in the Company’s Annual Report on Form 10-K (“2016 Annual Report”) for fiscal 2016, as filed with the Securities and Exchange Commission on August 15, 2016.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Mistras Group, Inc. and its wholly and majority-owned subsidiaries. For subsidiaries in which the Company’s ownership interest is less than 100%, the noncontrolling interests are reported in stockholders’ equity in the accompanying condensed consolidated balance sheets. The noncontrolling interests in net income, net of tax, is classified separately in the accompanying condensed consolidated statements of income.

All significant intercompany accounts and transactions have been eliminated in consolidation. Mistras Group, Inc.’s and its subsidiaries’ fiscal years end on May 31 except for the subsidiaries in the International segment, which end on April 30. Accordingly, the Company’s International segment subsidiaries are consolidated on a one month lag. Therefore, in the quarter and year of acquisition, results of acquired subsidiaries in the International segment are generally included in consolidated results for one less month than the actual number of months from the acquisition date to the end of the reporting period. Management does not believe that any events occurred during the one-month lag period that would have a material effect on the Company’s condensed consolidated financial statements.

Reclassification

Certain amounts in prior periods have been reclassified to conform to the current year presentation. Such reclassifications did not have a material effect on the Company's financial condition or results of operations as previously reported.

Customers

One customer accounted for approximately 14% of our revenues and 13% of accounts receivable in the first quarter of fiscal 2017, which primarily were generated from the Services segment. No customer accounted for 10% or more of our revenues or accounts receivable in the first quarter of fiscal 2016.

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

Significant Accounting Policies

The Company’s significant accounting policies are disclosed in Note 2 — *Summary of Significant Accounting Policies* in the Company's 2016 Annual Report. On an ongoing basis, the Company evaluates its estimates and assumptions, including, among other things those related to revenue recognition, valuations of accounts receivable, long-lived assets, goodwill, deferred tax assets and uncertain tax positions. Since the date of the 2016 Annual Report, there have been no material changes to the Company's significant accounting policies.

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017, as a result of a one year deferral in the standard issued by the FASB in August 2015 with ASU 2015-14, *Revenue from Contracts with Customers - Deferral of the Effective Date.* Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its condensed consolidated financial statements and related disclosures.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments.* This amendment will simplify the accounting for adjustments made to provisional amounts recognized in a business combination and eliminates the requirement to retrospectively account for those adjustments in previous reporting periods. This update will require on the face of the income statement or in the notes to the financial statements the amount recorded in current-period earnings that would have previously been recorded if the adjustment to the provisional amounts had been recognized as of the acquisition date. ASU 2015-16 is effective for fiscal years, and interim periods within those fiscal years beginning after December 15, 2015. The Company adopted this guidance during the first quarter ended August 31, 2016. There was not a material impact on its condensed consolidated financial statements and related disclosures.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes.* This amendment will simplify the presentation of deferred tax assets and liabilities on the balance sheet and require all deferred tax assets and liabilities to be treated as non-current. ASU 2015-17 is effective for fiscal years, and interim periods within those fiscal years beginning after December 15, 2016, with early adoption permitted. The Company does not expect that ASU 2015-17 will have a material impact on its condensed consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* This amendment supersedes previous accounting guidance (*Topic 840)* and requires all leases, with exception of leases with a term of 12 months or less, to be recorded on the balance sheet as lease assets and lease liabilities. ASU 2016-02 is effective for fiscal years, and interim periods within those fiscal years beginning after December 15, 2018, with early adoption permitted. The standard requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is evaluating the effect that ASU 2016-02 will have on its condensed consolidated financial statements and related disclosures.

In March 2016, the FASB issues ASU No. 2016-09, *Stock Compensation (Topic 718).* This amendment will simplify certain aspects of accounting for share-based payment transactions, which include accounting for income taxes and the related impact on the statement of cash flows, an option to account for forfeitures when they occur in addition to the existing guidance to estimate the forfeitures of awards, classification of awards as either equity or liabilities and classification on the statement of cash flows for employee taxes paid to tax authorities on shares withheld for vesting. ASU 2016-09 is effective for fiscal years, and interim periods within those fiscal years beginning after December 15, 2016, with early adoption permitted. The Company is evaluating the effect that ASU 2016-09 will have on its condensed consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230).* This amendment will provide guidance on the presentation and classification of specific cash flow items to improve consistency within the statement of cash flows. ASU 2016-15 is effective for fiscal years, and interim periods within those fiscal years beginning after December 15, 2017, with early adoption permitted. The Company is evaluating the effect that ASU 2016-15 will have on its condensed consolidated financial statements and related disclosures.

2. Share-Based Compensation

The Company has share-based incentive awards outstanding to its eligible employees and Directors under two equity incentive plans: (i) the 2007 Stock Option Plan (the 2007 Plan), and (ii) the 2009 Long-Term Incentive Plan (the 2009 Plan). No further awards may be granted under the 2007 Plan, although awards granted under the 2007 Plan remain outstanding in accordance

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

with their terms. Awards granted under the 2009 Plan may be in the form of stock options, restricted stock units and other forms of share-based incentives, including performance restricted stock units, stock appreciation rights and deferred stock rights.

Stock Options

For the three months ended August 31, 2016, the Company did not recognize any share-based compensation expense related to stock option awards. No unrecognized compensation costs remained related to stock option awards as of August 31, 2016.

For the three months ended August 31, 2015, the Company recognized share-based compensation expense related to stock option awards of less than $0.1 million.

No stock options were granted during the three months ended August 31, 2016 and August 31, 2015.

A summary of the stock option activity, weighted average exercise prices and options outstanding as of August 31, 2016 and 2015 is as follows:

	For the three months ended August 31,			
	2016		2015	
	Common Stock Options	Weighted Average Exercise Price	Common Stock Options	Weighted Average Exercise Price
Outstanding at beginning of period:	2,232	$ 13.21	2,287	$ 13.13
Granted	—	$ —	—	$ —
Exercised	(44)	$ 9.89	—	$ —
Expired or forfeited	—	$ —	—	$ —
Outstanding at end of period:	2,188	$ 13.28	2,287	$ 13.13

Restricted Stock Unit Awards

For both the three months ended August 31, 2016 and August 31, 2015, the Company recognized share-based compensation expense related to restricted stock unit awards of $1.1 million. As of August 31, 2016, there was $11.2 million of unrecognized compensation costs, net of estimated forfeitures, related to restricted stock unit awards, which are expected to be recognized over a remaining weighted average period of 2.9 years.

During the first three months of fiscal 2017 and 2016, the Company granted approximately 10,000 and 15,000 shares, respectively, of fully-vested common stock to its five non-employee directors, in connection with its non-employee director compensation plan. These shares had grant date fair values of $0.3 million and $0.2 million, respectively, which was recorded as share-based compensation expense during the three months ended August 31, 2016 and August 31, 2015, respectively.

During the first three months of fiscal 2017 and 2016, approximately 175,000 and 205,000 restricted stock units, respectively, vested. The fair value of these units was $4.4 million and $3.2 million, respectively. Upon vesting, restricted stock units are generally net share-settled to cover the required minimum withholding tax and the remaining amount is converted into an equivalent number of shares of common stock.

A summary of the Company's outstanding, nonvested restricted share units is presented below:

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

	For the three months ended August 31,					
	2016			2015		
	Units		Weighted Average Grant-Date Fair Value	Units		Weighted Average Grant-Date Fair Value
Outstanding at beginning of period:	575	$	18.85	564	$	20.47
Granted	217	$	24.51	174	$	15.51
Released	(175)	$	19.49	(205)	$	20.38
Forfeited	(5)	$	20.31	(6)	$	20.36
Outstanding at end of period:	612	$	20.67	527	$	18.87

Performance Restricted Stock Units

The Company maintains Performance Restricted Stock Units (PRSUs) that have been granted to select executives and senior officers whose ultimate payout is based on the Company's performance over a one-year period based on three metrics, as defined: (1) Operating Income, (2) Adjusted EBITDAS individual performance and (3) Revenue. There is a discretionary portion of the PRSUs based on individual performance, at the discretion of the Compensation Committee (Discretionary PRSUs). PRSUs and Discretionary PRSUs generally vest ratably on each of the first four anniversary dates upon completion of the performance period, for a total requisite service period of five years and have no dividend rights.

PRSUs are equity-classified and compensation costs are initially measured using the fair value of the underlying stock at the date of grant, assuming that the target performance conditions will be achieved. Compensation costs related to the PRSUs are subsequently adjusted for changes in the expected outcomes of the performance conditions.

Discretionary PRSUs are liability-classified and adjusted to fair value (with a corresponding adjustment to compensation expense) based upon the targeted number of shares to be awarded and the fair value of the underlying stock each reporting period until approved by the Compensation Committee, at which point they are classified as equity.

A summary of the Company's Performance Restricted Stock Unit activity is presented below:

	For the three months ended August 31, 2016		
	Units		Weighted Average Grant-Date Fair Value
Outstanding at beginning of period:	328	$	17.02
Granted	105	$	24.90
Performance condition adjustments	19	$	22.91
Released	—	$	—
Forfeited	—	$	—
Outstanding at end of period:	452	$	20.67

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

During the three months ended August 31, 2016, the Compensation Committee approved an additional 19,000 units pertaining to the 2016 Discretionary PRSUs. There was no adjustment to the fiscal 2017 awards during the three months ended August 31, 2016.

As of August 31, 2016, the aggregate liability related to 21,000 outstanding Discretionary PRSUs was less than $0.1 million, and is classified within accrued expenses and other liabilities on the condensed consolidated balance sheet.

For the three months ended August 31, 2016 and August 31, 2015, the Company recognized aggregate share-based compensation expense related to the awards described above of approximately $0.5 million and $0.6 million, respectively. At August 31, 2016, there was $5.7 million of total unrecognized compensation costs related to 452,000 non-vested performance restricted stock units, which are expected to be recognized over a remaining weighted average period of 4.2 years.

3. Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the sum of (1) the weighted-average number of shares of common stock outstanding during the period, and (2) the dilutive effect of assumed conversion of equity awards using the treasury stock method. With respect to the number of weighted-average shares outstanding (denominator), diluted shares reflects: (i) the exercise of options to acquire common stock to the extent that the options' exercise prices are less than the average market price of common shares during the period and (ii) the pro forma vesting of restricted stock units.

The following table sets forth the computations of basic and diluted earnings per share:

	Three months ended	
	August 31, 2016	August 31, 2015
Basic earnings per share		
Numerator:		
Net income attributable to Mistras Group, Inc.	$ 6,596	$ 6,872
Denominator:		
Weighted average common shares outstanding	28,976	28,724
Basic earnings per share	$ 0.23	$ 0.24
Diluted earnings per share:		
Numerator:		
Net income attributable to Mistras Group, Inc.	$ 6,596	$ 6,872
Denominator:		
Weighted average common shares outstanding	28,976	28,724
Dilutive effect of stock options outstanding	827	627
Dilutive effect of restricted stock units outstanding	407	244
	30,210	29,595
Diluted earnings per share	$ 0.22	$ 0.23

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

4. Acquisitions

In the first three months of fiscal 2017, the Company completed two acquisitions. The Company purchased two companies located in Canada that provide NDT services.

In these acquisitions, the Company acquired 100% of the common stock of both acquirees in exchange for aggregate consideration of $1.2 million in cash, $0.3 million of notes payable and contingent consideration estimated to be $0.4 million to be earned based upon the acquired businesses achieving specific performance metrics over their initial three years of operations from their acquisition dates. The Company accounted for these transactions in accordance with the acquisition method of accounting for business combinations.

The assets and liabilities of the businesses acquired in fiscal 2017 were included in the Company's condensed consolidated balance sheet based upon their estimated fair values on the date of acquisition as determined in a preliminary purchase price allocation, using available information and making assumptions management believes are reasonable. The Company is still in the process of completing its valuation of the assets, both tangible and intangible, and liabilities acquired. The results of operations for these acquisitions are included in the Services segment's results from the date of acquisition. The Company's preliminary purchase price allocations are included in the table below, summarizing the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

		Fiscal 2017
Number of Entities		2
Consideration transferred:		
Cash paid	$	1,196
Notes payable		332
Contingent consideration		364
Consideration transferred	$	1,892
Current assets	$	673
Property, plant and equipment		133
Intangible assets		397
Goodwill		1,024
Current liabilities		(219)
Long-term deferred tax liability		(116)
Net assets acquired	$	1,892

Revenues and operating income included in the condensed consolidated statement of operations for fiscal 2017 from these acquisitions for the period subsequent to the closing of these transactions were approximately $0.4 million and $0.1 million, respectively. As these acquisitions are not significant to the Company's 2017 results, no unaudited pro forma financial information has been included in this report.

The Company did not complete any acquisitions in the first three months of fiscal 2016.

Acquisition-Related Expense

During the three month periods ended August 31, 2016 and 2015, the Company incurred acquisition-related costs of less than $0.1 million, respectively, in connection with due diligence, professional fees, and other expenses for its acquisition activities. Additionally, the Company adjusted the fair value of certain previously recorded acquisition-related contingent consideration liabilities. These adjustments resulted in a net (increase) decrease of acquisition-related contingent consideration liabilities and

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

a corresponding (decrease) increase in income from operations of $(0.4) million and $0.9 million, for the three month periods ended August 31, 2016 and 2015, respectively. The Company's aggregate acquisition-related contingent consideration liabilities were $2.0 million and $2.1 million as of August 31, 2016 and May 31, 2016, respectively.

Fair value adjustments to acquisition-related contingent consideration liabilities and acquisition-related transaction costs have been classified as acquisition-related expense, net, in the condensed consolidated statements of income for the three month periods ended August 31, 2016 and August 31, 2015.

5. Accounts Receivable, net

Accounts receivable consisted of the following:

	August 31, 2016	May 31, 2016
Trade accounts receivable	$ 136,952	$ 140,820
Allowance for doubtful accounts	(2,814)	(2,907)
Accounts receivable, net	$ 134,138	$ 137,913

6. Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

	Useful Life (Years)	August 31, 2016	May 31, 2016
Land		$ 1,728	$ 1,735
Buildings and improvements	30-40	19,434	19,364
Office furniture and equipment	5-8	8,780	8,692
Machinery and equipment	5-7	174,821	173,053
		204,763	202,844
Accumulated depreciation and amortization		(128,101)	(124,168)
Property, plant and equipment, net		$ 76,662	$ 78,676

Depreciation expense for the three months ended August 31, 2016 and August 31, 2015 was $5.8 million and $5.6 million, respectively.

7. Goodwill

Changes in the carrying amount of goodwill by segment is shown below:

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

	Services	International	Products and Systems	Total
Balance at May 31, 2015	$ 117,279	$ 35,938	$ 13,197	$ 166,414
Goodwill acquired (disposed) during the year	2,728	(374)	—	2,354
Adjustments to preliminary purchase price allocations	270	—	—	270
Foreign currency translation	(594)	776	—	182
Balance at May 31, 2016	$ 119,683	$ 36,340	$ 13,197	$ 169,220
Goodwill acquired during the year	1,024	—	—	1,024
Adjustments to preliminary purchase price allocations	(19)	—	—	(19)
Foreign currency translation	(52)	(978)	—	(1,030)
Balance at August 31, 2016	$ 120,636	$ 35,362	$ 13,197	$ 169,195

The Company reviews goodwill for impairment on a reporting unit basis on March 1 of each year and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. As of August 31, 2016, the Company did not identify any changes in circumstances that would indicate the carrying value of goodwill may not be recoverable.

The Company's cumulative goodwill impairment as of August 31, 2016, May 31, 2016 and May 31, 2015 was $9.9 million, which is within its International segment.

8. Intangible Assets

The gross amount, accumulated amortization and net carrying amount of intangible assets were as follows:

		August 31, 2016			May 31, 2016		
	Useful Life (Years)	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	5-12	$ 80,764	$ (48,986)	$ 31,778	$ 81,262	$ (47,747)	$ 33,515
Software/Technology	3-15	17,810	(12,168)	5,642	17,539	(11,855)	5,684
Covenants not to compete	2-5	10,881	(9,440)	1,441	10,791	(9,290)	1,501
Other	2-5	7,864	(5,212)	2,652	7,827	(5,035)	2,792
Total		$ 117,319	$ (75,806)	$ 41,513	$ 117,419	$ (73,927)	$ 43,492

Amortization expense for the three months ended August 31, 2016 and August 31, 2015 was $2.2 million and $2.4 million, respectively.

9. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	August 31, 2016	May 31, 2016
Accrued salaries, wages and related employee benefits	$ 27,133	$ 31,566
Contingent consideration, current portion	1,015	1,029
Accrued workers' compensation and health benefits	5,640	4,834
Deferred revenue	3,370	3,332
Legal settlement accrual	6,320	6,320
Other accrued expenses	17,269	15,902
Total accrued expenses and other liabilities	$ 60,747	$ 62,983

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

10. Long-Term Debt

Long-term debt consisted of the following:

	August 31, 2016	May 31, 2016
Senior credit facility	$ 64,780	$ 68,999
Notes payable	328	10,111
Other	5,322	5,899
Total debt	70,430	85,009
Less: Current portion	(2,089)	(12,553)
Long-term debt, net of current portion	$ 68,341	$ 72,456

Senior Credit Facility

On October 31, 2014, the Company entered into a Third Amendment and Modification Agreement of its revolving line of credit, the Third Amended and Restated Credit Agreement ("Credit Agreement"), dated December 21, 2011, with its lending group. The Credit Agreement provides the Company with a $175.0 million revolving line of credit, which, under certain circumstances, the line of credit can be increased to $225.0 million. The Company may borrow up to $30.0 million in non-U.S. Dollar currencies and use up to $10.0 million of the credit limit for the issuance of letters of credit. The Credit Agreement has a maturity date of October 30, 2019. As of August 31, 2016, the Company had borrowings of $64.8 million and a total of $5.2 million of letters of credit outstanding under the Credit Agreement.

Loans under the Credit Agreement bear interest at LIBOR plus an applicable LIBOR margin ranging from 1% to 1.75%, or a base rate less a margin of 1.25% to 0.375%, at the option of the Company, based upon the Company's Funded Debt Leverage Ratio. Funded Debt Leverage Ratio is generally the ratio of (1) all outstanding indebtedness for borrowed money and other interest-bearing indebtedness as of the date of determination to (2) EBITDA (which is (a) net income, less (b) income (or plus loss) from discontinued operations and extraordinary items, plus (c) income tax expenses, plus (d) interest expense, plus (e) depreciation, depletion, and amortization (including non-cash loss on retirement of assets), plus (f) stock compensation expense, less (g) cash expense related to stock compensation, plus or minus certain other adjustments) for the period of four consecutive fiscal quarters immediately preceding the date of determination. The Company has the benefit of the lowest margin if its Funded Debt Leverage Ratio is equal to or less than 0.5 to 1, and the margin increases as the ratio increases, to the maximum margin if the ratio is greater than 2.0 to 1. The Company will also bear additional costs for market disruption, regulatory changes effecting the lenders' funding costs, and default pricing of an additional 2% interest rate margin on any amounts not paid when due. Amounts borrowed under the Credit Agreement are secured by liens on substantially all of the assets of the Company.

The Credit Agreement contains financial covenants requiring that the Company maintain a Funded Debt Leverage Ratio of no greater than 3.25 to 1 and an Interest Coverage Ratio of at least 3.0 to 1. Interest Coverage Ratio means the ratio, as of any date of determination, of (a) EBITDA for the 12 month period immediately preceding the date of determination, to (b) all interest, premium payments, debt discount, fees, charges and related expenses of the Company and its subsidiaries in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, paid during the 12 month period immediately preceding the date of determination. The Credit Agreement also limits the Company's ability to, among other things, create liens, make investments, incur more indebtedness, merge or consolidate, make dispositions of property, pay dividends and make distributions to stockholders, enter into a new line of business, enter into transactions with affiliates and enter into burdensome agreements. The Credit Agreement does not limit the Company's ability to acquire other businesses or companies except that the acquired business or company must be in the Company's line of business, the Company must be in compliance with the financial covenants on a pro forma basis after taking into account the acquisition, and, if the acquired business is a separate subsidiary, in certain circumstances the lenders will receive the benefit of a guaranty of the subsidiary and liens on its assets and a pledge of its stock.

As of August 31, 2016, the Company was in compliance with the terms of the Credit Agreement, and will continuously monitor its compliance with the covenants contained in its credit agreement.

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

Notes Payable and Other

In connection with certain of its acquisitions, the Company issued subordinated notes payable to the sellers. The maturity of the notes that remain outstanding are three years from the date of acquisition and bear interest at the prime rate for Bank of Canada, currently 2.7% as of August 31, 2016. Interest expense is recorded in the condensed consolidated statements of income.

The Company has evaluated current market conditions and borrower credit quality and has determined that the carrying value of its long-term debt approximates fair value. The fair value of the Company's notes payable and capital lease obligations approximates their carrying amounts based on anticipated interest rates which management believes would currently be available to the Company for similar issuances of debt.

11. Fair Value Measurements

The Company performs fair value measurements in accordance with the guidance provided by ASC 820, Fair Value Measurements and Disclosures. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a three level hierarchy that prioritizes the inputs used to measure fair value. The three levels of the hierarchy are defined as follows:

Level 1 — Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 — Observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data.

Level 3 — Unobservable inputs reflecting the Company's own assumptions about inputs that market participants would use in pricing the asset or liability based on the best information available.

In accordance with the fair value hierarchy described above, the following table shows the fair value of the Company's financial liabilities that are required to be remeasured at fair value on a recurring basis:

	August 31, 2016			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent consideration	$ —	$ —	$ 1,975	$ 1,975
Total Liabilities	$ —	$ —	$ 1,975	$ 1,975

	May 31, 2016			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent consideration	$ —	$ —	$ 2,075	$ 2,075
Total Liabilities	$ —	$ —	$ 2,075	$ 2,075

The fair value of contingent consideration liabilities that was classified as Level 3 in the table above was estimated using a discounted cash flow technique with significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement as defined in ASC 820. The significant inputs in the Level 3 measurement not supported by market activity include the probability assessments of expected future cash flows related to the acquisitions, appropriately discounted considering the uncertainties associated with the obligation, and as calculated in accordance with the terms of the applicable acquisition agreements.

12. Commitments and Contingencies

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

Legal Proceedings and Government Investigations

The Company is subject to periodic lawsuits, investigations and claims that arise in the ordinary course of business. The Company cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against it. Except for the matters described below, the Company does not believe that any currently pending legal proceeding to which the Company is a party will have a material adverse effect on its business, results of operations, cash flows or financial condition. The costs of defense and amounts that may be recovered against the Company may be covered by insurance for certain matters.

Litigation and Commercial Claims

The Company is currently a defendant in a consolidated purported class and collective action, *Edgar Viceral and David Kruger v Mistras Group, et al*, pending in the U.S. District Court for the Northern District of California. This matter results from the consolidation of two cases originally filed in California state court in April 2015. The consolidated case alleges violations of California statutes, primarily the California Labor Code, and seeks to proceed as a collective action under the U.S. Fair Labor Standards Act. The case is predicated on claims for allegedly missed rest and meal periods, inaccurate wage statements, and failure to pay all wages due, as well as related unfair business practices, and is requesting payment of all damages, including unpaid wages, and various fines and penalties available under California and Federal law.

The parties have reached a settlement of the case, whereby the Company agreed to pay $6 million to resolve the allegations and avoid further distraction that would result if the litigation continued. The settlement is subject to court approval, and a hearing for preliminary approval was held on August 18, 2016, but a ruling has not yet been issued. The Company recorded a pre-tax charge of $6.3 million in the fourth quarter of fiscal 2016 for the settlement and payment of payroll taxes and other costs related to the settlement. The settlement will cover claims dating back to April 2011 in some cases and involves approximately 4,900 current and former employees.

During fiscal 2013, the Company performed radiography work on the construction of a pipeline project in the U.S. The owner of the pipeline project contends that certain of the radiography images the Company's technicians prepared regarding the project did not meet the code quality interpretation standards required by the American Petroleum Institute. The project owner is claiming damages as a result of the alleged quality defects of the Company's radiography images. No lawsuit has been filed at this time, but the Company received a demand for damages of approximately $6 million. The Company is currently unable to determine the likely outcome or reasonably estimate the amount or range of potential liability related to this matter, and accordingly, has not established any reserves for this matter.

The Company's subsidiary in France has been involved in a dispute with a former owner of a business in France purchased by the Company's French subsidiary. The former owner received a judgment in his favor in the amount of approximately $0.4 million for payment of the contingent consideration portion of the purchase price for the business. The judgment is being appealed, but the Company recorded a reserve for the full amount of the judgment in the fourth quarter of fiscal 2016.

Government Investigations

In May 2015, the Company received a notice from the U.S. Environmental Protection Agency ("EPA") that it performed a preliminary assessment at a leased facility the Company operates in Cudahy, California. Based upon the preliminary assessment, the EPA is conducting an investigation of the site, which includes taking groundwater and soil samples. The purpose of the investigation is to determine whether any hazardous materials were released from the facility. The Company has been informed that certain hazardous materials and pollutants have been found in the ground water in the general vicinity of the site and the EPA is attempting to ascertain the origination or source of these materials and pollutants. Given the historic industrial use of the site, the EPA determined that the site of the Cudahy facility should be examined, along with numerous other sites in the vicinity. At this time, the Company is unable to determine whether it has any liability in connection with this matter and if so, the amount or range of any such liability, and accordingly, has not established any reserves for this matter.

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

Acquisition-related contingencies

The Company is liable for contingent consideration in connection with certain of its acquisitions. As of August 31, 2016, total potential acquisition-related contingent consideration ranged from zero to approximately $15.4 million and would be payable upon the achievement of specific performance metrics by certain of the acquired companies over the next 2.8 years of operations. See Note 4 - *Acquisitions* to these condensed consolidated financial statements for further discussion of the Company's acquisitions.

13. Segment Disclosure

The Company's three operating segments are:

- *Services.* This segment provides asset protection solutions primarily in North America with the largest concentration in the United States and the Canadian services business, consisting primarily of non-destructive testing and inspection and engineering services that are used to evaluate the structural integrity and reliability of critical energy, industrial and public infrastructure.

- *International.* This segment offers services, products and systems similar to those of the Company's other two segments to global markets, principally in Europe, the Middle East, Africa, Asia and South America, but not to customers in China and South Korea, which are served by the Products and Systems segment.

- *Products and Systems.* This segment designs, manufactures, sells, installs and services the Company's asset protection products and systems, including equipment and instrumentation, predominantly in the United States.

Costs incurred for general corporate services, including finance, legal, and certain other costs that are provided to the segments are reported within Corporate and eliminations. Sales to the International segment from the Products and Systems segment and subsequent sales by the International segment of the same items are recorded and reflected in the operating performance of both segments. Additionally, engineering charges and royalty fees charged to the Services and International segments by the Products and Systems segment are reflected in the operating performance of each segment. All such intersegment transactions are eliminated in the Company's consolidated financial reporting.

Selected consolidated financial information by segment for the periods shown was as follows (intercompany transactions are eliminated in Corporate and eliminations):

	Three months ended	
	August 31, 2016	August 31, 2015
Revenues		
Services	$ 126,690	$ 137,405
International	37,518	36,859
Products and Systems	6,166	8,686
Corporate and eliminations	(1,931)	(3,097)
	$ 168,443	$ 179,853

	Three months ended	
	August 31, 2016	August 31, 2015
Gross profit		
Services	$ 34,445	$ 36,569
International	12,387	10,780
Products and Systems	3,096	3,922
Corporate and eliminations	128	3
	$ 50,056	$ 51,274

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

	Three months ended	
	August 31, 2016	August 31, 2015
Income (loss) from operations		
Services	$ 12,468	$ 15,398
International	4,659	1,818
Products and Systems	137	1,184
Corporate and eliminations	(6,109)	(5,468)
	$ 11,155	$ 12,932

Income (loss) by operating segment includes intercompany transactions, which are eliminated in Corporate and eliminations.

	Three months ended	
	August 31, 2016	August 31, 2015
Depreciation and amortization		
Services	$ 5,604	$ 5,522
International	1,957	1,972
Products and Systems	549	563
Corporate and eliminations	(107)	(97)
	$ 8,003	$ 7,960

	August 31, 2016	May 31, 2016
Intangible assets, net		
Services	$ 18,250	$ 19,022
International	16,681	17,703
Products and Systems	5,800	6,054
Corporate and eliminations	782	713
	$ 41,513	$ 43,492

	August 31, 2016	May 31, 2016
Total assets		
Services	$ 292,345	$ 301,678
International	132,523	132,643
Products and Systems	32,496	31,596
Corporate and eliminations	10,917	16,758
	$ 468,281	$ 482,675

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

Revenues by geographic area for the three months ended August 31, 2016 and 2015, respectively, were as follows:

	Three months ended	
	August 31, 2016	August 31, 2015
Revenues		
United States	$ 116,195	$ 130,344
Other Americas	14,978	11,529
Europe	33,591	34,884
Asia-Pacific	3,679	3,096
	$ 168,443	$ 179,853

Mistras Group, Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
(tabular dollars and shares in thousands, except per share data)

14. Subsequent Event

Subsequent to August 31, 2016, the Company completed an acquisition of an asset protection business for $7.0 million in cash upon closing. In addition to the cash consideration, the acquisition provides for possible contingent consideration up to $2.0 million to be earned based upon the achievement of specific performance metrics over the next three years of operations. The Company is in the process of completing the preliminary purchase price allocation. This acquisition was not significant and no pro forma information has been included.

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

The following Management's Discussion and Analysis ("MD&A") includes a narrative explanation and analysis of our results of operations and financial condition for the three months ended August 31, 2016 and August 31, 2015. The MD&A should be read together with our condensed consolidated financial statements and related notes included in Item 1 in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for fiscal 2016 filed August 15, 2016 ("2016 Annual Report"). In this quarterly report, our fiscal years, which end on May 31, are identified according to the calendar year in which they end (e.g., the fiscal year ending May 31, 2017 is referred to as "fiscal 2017"), and unless otherwise specified or the context otherwise requires, "Mistras," "the Company," "we," "us" and "our" refer to Mistras Group, Inc. and its consolidated subsidiaries. The MD&A includes disclosure in the following areas:

- Forward-Looking Statements
- Overview
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates

Forward-Looking Statements

This report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). Such forward-looking statements include those that express plans, anticipation, intent, contingency, goals, targets or future development and/or otherwise are not statements of historical fact. These forward-looking statements are based on our current expectations and projections about future events and they are subject to risks and uncertainties known and unknown that could cause actual results and developments to differ materially from those expressed or implied in such statements.

In some cases, you can identify forward-looking statements by terminology, such as "goals," or "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "may," "could," "should," "would," "predicts," "appears," "projects," or the negative of such terms or other similar expressions. You are urged not to place undue reliance on any such forward-looking statements, any of which may turn out to be wrong due to inaccurate assumptions, various risks, uncertainties or other factors known and unknown. Factors that could cause or contribute to differences in results and outcomes from those in our forward-looking statements include, without limitation, those discussed in the "Business—Forward-Looking Statements," and "Risk Factors" sections of our 2016 Annual Report as well as those discussed in our other filings with the Securities and Exchange Commission ("SEC").

Overview

We offer our customers "one source for asset protection solutions"® and are a leading global provider of technology-enabled asset protection solutions used to evaluate the structural integrity and reliability of critical energy, industrial and public infrastructure. We combine industry-leading products and technologies, expertise in mechanical integrity (MI), Non-Destructive Testing (NDT), Destructive Testing (DT) and predictive maintenance (PdM) services, process and fixed asset engineering and consulting services, proprietary data analysis and our world class enterprise inspection database management and analysis software, PCMS, to deliver a comprehensive portfolio of customized solutions, ranging from routine inspections to complex, plant-wide asset integrity management and assessments. These mission critical solutions enhance our customers' ability to comply with governmental safety and environmental regulations, extend the useful life of their assets, increase productivity, minimize repair costs, manage risk and avoid catastrophic disasters. Our operations consist of three reportable segments: Services, International and Products and Systems.

- *Services* provides asset protection solutions predominantly in North America with the largest concentration in the United States along with a growing Canadian business, consisting primarily of NDT, inspection and engineering services that are used to evaluate the structural integrity and reliability of critical energy, industrial and public infrastructure.

- *International* offers services, products and systems similar to those of the other segments to global markets, principally in Europe, the Middle East, Africa, Asia and South America, but not to customers in China and South Korea, which are served by the Products and Systems segment. South America consists of our Brazil operations.

- *Products and Systems* designs, manufactures, sells, installs and services the Company's asset protection products and systems, including equipment and instrumentation, predominantly in the United States.

Given the role our solutions play in ensuring the safe and efficient operation of infrastructure, we provide a majority of our services to our customers on a regular, recurring basis. We serve a global customer base of companies with asset-intensive infrastructure, including companies in the oil and gas (downstream, midstream, upstream and petrochemical), power generation (natural gas, fossil, nuclear, alternative, renewable, and transmission and distribution), public infrastructure, chemicals, commercial aerospace and defense, transportation, primary metals and metalworking, pharmaceutical/biotechnology and food processing industries and research and engineering institutions. We have established long-term relationships as a critical solutions provider to many of the leading companies in our target markets.

We have focused on introducing our advanced asset protection solutions to our customers using proprietary, technology-enabled software and testing instruments, including those developed by our Products and Systems segment. We have made a number of acquisitions in an effort to grow our base of experienced, certified personnel, expand our product and technical capabilities, increase our geographical reach and leverage our fixed costs. We have increased our capabilities and the size of our customer base through the development of applied technologies and managed support services, organic growth and the integration of acquired companies. These acquisitions have provided us with additional products, technologies, resources and customers that we believe will enhance our advantages over our competition.

Demand for outsourced asset protection solutions has generally increased over the last ten years, creating demand from which our entire industry has benefited. We believe continued growth can be realized in all of our target markets. However, current market conditions are soft, driven by lower oil prices which have driven many of the Company's customers to curtail spending.

Global financial markets continue to experience uncertainty, including tight liquidity and credit availability, relatively low consumer confidence, slow economic growth, fluctuating oil prices and volatile currency exchange rates. However, we believe these conditions have allowed us to selectively hire new talented individuals that otherwise might not have been available to us, and to make acquisitions of complementary businesses at reasonable valuations.

Results of Operations

Condensed consolidated results of operations for the three months ended August 31, 2016 and August 31, 2015 were as follows:

	Three months ended	
	August 31, 2016	August 31, 2015
	($ in thousands)	
Revenues	$ 168,443	$ 179,853
Gross profit	50,056	51,274
Gross profit as a % of Revenue	30%	29%
Total operating expenses	38,901	38,342
Operating expenses as a % of Revenue	23%	21%
Income from operations	11,155	12,932
Income from Operations as a % of Revenue	7%	7%
Interest expense	820	1,922
Income before provision for income taxes	10,335	11,010
Provision for income taxes	3,726	4,163
Net income	6,609	6,847
Less: net income (loss) attributable to noncontrolling interests, net of taxes	$ 13	(25)
Net income attributable to Mistras Group, Inc.	$ 6,596	$ 6,872

The Company uses Adjusted EBITDA, a non-GAAP metric, to measure its consolidated operating performance and assist in comparing performance from period to period on a consistent basis. A reconciliation of Adjusted EBITDA to net income is provided below for the three months ended August 31, 2016 and August 31, 2015:

	Three months ended	
	August 31, 2016	August 31, 2015
	($ in thousands)	
EBITDA and Adjusted EBITDA data		
Net income attributable to Mistras Group, Inc.	$ 6,596	$ 6,872
Interest expense	820	1,922
Provision for income taxes	3,726	4,163
Depreciation and amortization	8,003	7,960
Share-based compensation expense	1,906	1,957
Acquisition-related expense (benefit), net	394	(896)
Severance	265	60
Foreign exchange (gain) loss	(525)	292
Adjusted EBITDA	$ 21,185	$ 22,330

Note About Non-GAAP Measures

Adjusted EBITDA is a performance measure used by management that is not calculated in accordance with U.S. generally accepted accounting principles (GAAP). Adjusted EBITDA is defined in this Report as net income attributable to Mistras Group, Inc. plus: interest expense, provision for income taxes, depreciation and amortization, share-based compensation expense, and certain acquisition-related costs (including transaction due diligence costs and adjustments to the fair value of contingent consideration), foreign exchange (gain) loss and, if applicable, certain special items which are noted.

Management uses Adjusted EBITDA as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations. Adjusted EBITDA is also used as the basis for a performance evaluation metric for certain of our executive and employee incentive compensation programs.

Later in this MD&A under the heading "Income from Operations", the non-GAAP financial performance measure "Income from operations before special items" is used for each of our three segments and the "Total Company", with tables reconciling the measure to a financial measure under GAAP. This non-GAAP measure excludes from the GAAP measure "Income from Operations" (a) transaction expenses related to acquisitions, such as professional fees and due diligence costs, (b) the net

changes in the fair value of acquisition-related contingent consideration liabilities and (c) certain non-recurring items. These items have been excluded from the GAAP measure because these expenses and credits are not related to the Company's or Segment's core business operations. The acquisition related costs and special items can be a net expense or credit in any given period.

In the MD&A section "Liquidity and Capital Resources", we use the term free cash flow, a non-GAAP measurement. We define free cash flow as cash provided by operating activities less capital expenditures (which are purchases of property, plant and equipment and of intangible assets and classified as an investing activity). Free cash flow, which does not represent residual cash flow available for discretionary expenditures since items such as debt repayments are not deducted in determing such measures, was $13.3 million for the first three months of fiscal 2017, consisting of $17.3 million of operating cash flow less $4.0 million of capital expenditures. For the comparable period in fiscal 2016, free cash flow was $11.6 million consisting of $16.2 million of operating cash flow less $4.6 million of capital expenditures.

Revenue

Revenues for the three months ended August 31, 2016 were $168.4 million, a decrease of $11.4 million, or 6.3%, compared with the prior year.

Revenues by segment for the three months ended August 31, 2016 and August 31, 2015 were as follows:

	Three months ended	
	August 31, 2016	August 31, 2015
	($ in thousands)	
Revenues		
Services	$ 126,690	$ 137,405
International	37,518	36,859
Products and Systems	6,166	8,686
Corporate and eliminations	(1,931)	(3,097)
	$ 168,443	$ 179,853

Three Months

In the first quarter of fiscal 2017, Services segment revenues decreased 8% due to a combination of high single digit organic decline and low single digit adverse impact of foreign exchange rates, offset by a small amount of acquisition growth. Products and Systems segment revenues decreased by 29% driven by lower sales volume. International segment revenues increased by 2%, driven by mid single digit organic growth, offset by a low single digit unfavorable impact of foreign exchange rates and the low single digit impact of revenues from prior year dispositions.

Oil and gas revenues decreased by approximately 1%, driven by many of the Company's customers to curtail spending, but remained the Company's most significant vertical market, comprising approximately 55% of total Company revenues in the first quarter of fiscal 2017, compared with 56% in the first quarter of fiscal 2016. The Company's top ten customers comprised approximately 36% of total revenues in both the first quarter of fiscal 2017 and fiscal 2016. One customer, BP plc., accounted for approximately 13% of our total revenues for the first quarter of fiscal 2017. No customer accounted for more than 10% of our revenues in the first quarter of fiscal 2016.

Gross Profit

Gross profit decreased by $1.2 million, or 2.4%, in the first quarter of fiscal 2017, on a sales decline of 6.3%.

Gross profit by segment for the three months ended August 31, 2016 and August 31, 2015 was as follows:

	Three months ended	
	August 31, 2016	August 31, 2015
	($ in thousands)	
Gross profit		
Services	$ 34,445	$ 36,569
% of segment revenue	*27.2%*	*26.6%*
International	12,387	10,780
% of segment revenue	*33.0%*	*29.2%*
Products and Systems	3,096	3,922
% of segment revenue	*50.2%*	*45.2%*
Corporate and eliminations	128	3
	$ 50,056	$ 51,274
% of total revenue	*29.7%*	*28.5%*

Three months

As a percentage of revenues, gross profit was 29.7% and 28.5% for the first quarters of fiscal 2017 and 2016, respectively. Service segment gross profit margins increased to 27.2% in the first quarter of fiscal 2017 compared to 26.6% in the first quarter of fiscal 2016. The 60 basis point increase was primarily driven by improved sales mix. International segment gross margins increased to 33.0% in the first quarter of fiscal 2017 compared with 29.2% in the prior year. The 380 basis point increase was due to improvement across our largest country locations, driven by improvements in technical labor utilization, sales mix and overhead utilization. Products and Systems segment gross margin improved by 500 basis points to 50.2% compared with 45.2% in the prior year, driven by improved sales mix.

Income from Operations

The following table shows a reconciliation of the income from operations to income before special items for each of the Company's three segments and for the Company in total:

	Three months ended	
	August 31, 2016	August 31, 2015
	($ in thousands)	
Services:		
Income from operations	$ 12,468	$ 15,398
Severance costs	176	—
Acquisition-related expense (benefit), net	345	(930)
Income before special items	12,989	14,468
International:		
Income from operations	4,659	1,818
Severance costs	89	60
Acquisition-related expense (benefit), net	11	30
Income before special items	4,759	1,908
Products and Systems:		
Income from operations	137	1,184
Acquisition-related expense (benefit), net	—	—
Income before special items	137	1,184
Corporate and Eliminations:		
Loss from operations	(6,109)	(5,468)
Acquisition-related expense (benefit), net	38	4
Loss before special items	(6,071)	(5,464)
Total Company		
Income from operations	$ 11,155	$ 12,932
Severance costs	$ 265	$ 60
Acquisition-related expense (benefit), net	$ 394	$ (896)
Income before special items	$ 11,814	$ 12,096

Three months

For the three months ended August 31, 2016, income from operations (GAAP) decreased $1.8 million, or 14%, compared with the prior year's first quarter and income before special items (non-GAAP) decreased $0.3 million, or 2%. As a percentage of revenues, income before special items improved by 30 basis points to 7.0% in the first quarter of fiscal 2017 from 6.7% in the first quarter of fiscal 2016.

Operating expenses increased $0.6 million compared with the prior year's first quarter, driven by an increase in acquisition-related expense from the Services segment of $1.3 million, offset by a $0.9 million decline in recurring expenses. The recurring expense decrease was driven by the International segment, which decreased $1.2 million, primarily due to foreign currency gains and the disposal of subsidiaries in fiscal 2016, offset by a $0.7 million increase in professional fees for the Corporate segment. Products and Systems segment was flat from the first quarter of fiscal 2017 to fiscal 2016.

Interest Expense

Interest expense was approximately $0.8 million and $1.9 million for the first quarters of fiscal 2017 and 2016, respectively. The decrease was primarily related to the payment of seller notes related to acquisitions and the net paydown of the Company's line of credit under its Credit Agreement.

Income Taxes

The Company’s effective income tax rate was approximately 36% and 38% for the first quarters of fiscal 2017 and 2016, respectively. The decrease was primarily due to lower discrete items and lower expected annual effective tax rate in fiscal 2017, due to a larger portion of income expected to be generated by the International segment, which generally has lower statutory tax rates.

Liquidity and Capital Resources

Cash Flows Table

Cash flows are summarized in the table below:

	Three months ended	
	August 31, 2016	August 31, 2015
	($ in thousands)	
Net cash provided by (used in):		
Operating activities	$ 17,344	$ 16,210
Investing activities	(4,975)	(4,399)
Financing activities	(17,847)	(10,562)
Effect of exchange rate changes on cash	(770)	(118)
Net change in cash and cash equivalents	$ (6,248)	$ 1,131

Cash Flows from Operating Activities

During the three months ended August 31, 2016, cash provided by operating activities was $17.3 million, an increase of $1.1 million, or 7%. The improvement was primarily attributable to the timing of collections, offset by payments of accrued expenses.

Cash Flows from Investing Activities

During the three months ended August 31, 2016, cash used in investing activities was $5.0 million, compared with a cash outflow of $4.4 million in the comparable period of the prior year. The first three months of fiscal 2017 included $1.2 million outflow related to acquisitions, compared with no acquisition activity for the comparable period in fiscal 2016. Cash used for capital expenditures was $4.0 million and $4.6 million in the first three months of fiscal 2017 and 2016, respectively.

Cash Flows from Financing Activities

Net cash used by financing activities was $17.8 million for the three months ended August 31, 2016. The Company utilized the $13.3 million of free cash flow generated in the first three months of fiscal 2017 to reduce its debt and capital lease obligations by $16.7 million. For the comparable period in fiscal 2016, the Company utilized most of the $11.6 million of free cash flow to reduce its debt and capital lease obligations by $9.2 million.

Effect of Exchange Rate Changes on Cash and Cash Equivalents

The effect of exchange rate changes on our cash and cash equivalents was a net reduction of $0.8 million in the first three months of fiscal 2017, compared to $0.1 million for the first three months of fiscal 2016, primarily driven by exchange rates for fiscal 2017, notably the impact of the United Kingdom's exit from the European Union.

Cash Balance and Credit Facility Borrowings

The terms of our Credit Agreement have not changed from those set forth in Part II, Item 7 of our 2016 Annual Report under the Section “Liquidity and Capital Resources”, under the heading “Cash Balance and Credit Facility Borrowings,” and Note 10

- *Long-Term Debt* to these condensed consolidated financial statements in this report, under the heading “Senior Credit Facility.”

As of August 31, 2016, we had cash and cash equivalents totaling $14.9 million and available borrowing capacity of $105.0 million under our Credit Agreement with borrowings of $64.8 million and $5.2 million of letters of credit outstanding. We finance operations primarily through our existing cash balances, cash collected from operations, bank borrowings and capital lease financing. We believe these sources are sufficient to fund our operations for the foreseeable future.

As of August 31, 2016, we were in compliance with the terms of the Credit Agreement, and we will continuously monitor our compliance with the covenants contained in our Credit Agreement.

Contractual Obligations

Other than the amendment to the Credit Agreement, discussed above under “Liquidity and Capital Resources- Cash Balance and Credit Facility Borrowings”, there have been no significant changes in our contractual obligations and outstanding indebtedness as disclosed in the 2016 Annual Report.

Off-balance Sheet Arrangements

During the three months ended August 31, 2016, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

There have been no significant changes to our critical accounting policies and estimates from the information provided in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in the 2016 Annual Report.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes to the Company’s quantitative and qualitative disclosures about market risk as discussed in Part II, Item 7A “Quantitative and Qualitative Disclosures About Market Risk,” included in the 2016 Annual Report.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of August 31, 2016, the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and the Company’s Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Exchange Act. Based on the evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company’s internal control over financial reporting that occurred during the Company’s quarter ended August 31, 2016 that has materially affected, or is reasonably likely to materially affect, such internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. Legal Proceedings

There have been no material developments with regard to any matters disclosed under Part I, Item 3 “Legal Proceedings” in our 2016 Annual Report.

See Note 12 - *Commitments and Contingencies* to the condensed consolidated financial statements included in this report for a description of our legal proceedings.

ITEM 1.A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed under the “Risk Factors” section included in our 2016 Annual Report. There have been no material changes to the risk factors previously disclosed in the 2016 Annual Report.

ITEM 2. Unregistered Sale of Equity Securities and Use of Proceeds

(a) Sales of Unregistered Securities

None.

(b) Use of Proceeds from Public Offering of Common Stock

None.

(c) *Repurchases of Our Equity Securities*

The following table sets forth the shares of our common stock we acquired during the quarter pursuant to the surrender of shares by employees to satisfy the minimum tax withholding obligations in connection with the vesting of restricted stock units.

Fiscal Month Ending	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)
June 30, 2016	266	$ 24.00
July 31, 2016	—	$ —
August 31, 2016	50,420	$ 25.16

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

Exhibit No.	Description
3.1	Amended and Restated Bylaws
10.1	Agreement, dated August 17, 2016, between registrant and Sotirios Vahaviolos
10.2	Joint stipulation of settlement and release between Registrant and Plantiffs, with respect to *Viceral and Kruger, et al. v. Mistras Group, Inc., et al.*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	XBRL Definition Linkbase Document

Signatures

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

MISTRAS GROUP, INC.

By: /s/ Jonathan H. Wolk

Jonathan H. Wolk
Senior Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer and duly authorized officer)

Date: October 7, 2016

AMENDED AND RESTATED BYLAWS

OF

MISTRAS GROUP, INC.

Revised July 20, 2016

TABLE OF CONTENTS

Page

BYLAWS
OF
MISTRAS GROUP, INC.

ARTICLE I

CORPORATE OFFICES

1.1 REGISTERED OFFICE.

The registered office of Mistras Group, Inc. (the "***Company***") shall be fixed in the Company's certificate of incorporation, as the same may be amended and/or restated from time to time (as so amended and/or restated, the "***Certificate***").

1.2 OTHER OFFICES.

The Company's Board of Directors (the "***Board***") may at any time establish other offices at any place or places where the Company is qualified to do business.

ARTICLE II

MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS.

Meetings of stockholders shall be held at any place within or outside the State of Delaware as designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the "***DGCL***"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Company's principal place of business.

2.2 ANNUAL MEETING.

The annual meeting of stockholders shall be held each year on a date and at a time designated by the Board. At the annual meeting, directors shall be elected and any other proper business may be transacted.

2.3 SPECIAL MEETING.

(A) General. Unless otherwise required by law or the Certificate, special meetings of the stockholders may be called at any time, for any purpose or purposes, only by (i) the Chairperson of the Board, (ii) the Chief Executive Officer or (iii) by the Board acting pursuant to a resolution adopted by a majority of the Board. Subject to **Section 2.3(B)**, a special meeting of stockholders shall also be called by the secretary of the Company upon the written request of one or more stockholders entitled to cast not less than thirty-five percent (35%) of all of the votes entitled to be cast at that meeting.

(B) Stockholder Requested Special Meetings. (1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the "***Record Date Request Notice***") by registered mail, return receipt requested, request the

Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "***Request Record Date***"). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature of each such stockholder (or such agent) and shall set forth all information relating to each such stockholder that must be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten (10) days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten (10) days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth (10th) day after the first date on which the Record Date Request Notice is received by the secretary.

(2) In order for any stockholder to request a special meeting, one or more written requests for a special meeting signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than thirty-five percent (35%) (the "***Special Meeting Percentage***") of all of the votes entitled to be cast at such meeting (the "***Special Meeting Request***") shall be delivered to the secretary. In addition, the Special Meeting Request (a) shall set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the secretary), (b) shall bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (c) shall set forth the name and address, as they appear in the Company's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed) and the class, series and number of all shares of stock of the Company which are owned by each such stockholder, and the nominee holder for, and number of, shares owned by such stockholder beneficially but not of record, (d) shall be sent to the secretary by registered mail, return receipt requested, and (e) shall be received by the secretary within sixty (60) days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation or the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the secretary.

(3) The secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including the Company's proxy materials). The secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this **Section 2.3(B)**, the secretary receives payment of such reasonably estimated cost prior to the mailing of any notice of the meeting.

(4) Except as provided in the next sentence, any special meeting shall be held at such place, date and time as may be designated by the Chairperson of the Board, the Chief Executive Officer or the Board of Directors, whoever has called the meeting. In the case of any special meeting called by the secretary upon the request of stockholders (a "***Stockholder Requested Meeting***"), such meeting shall be held at such place, date and time as may be

designated by the Board of Directors; provided, however, that the date of any Stockholder Requested Meeting shall be not more than 60 days after the record date for such meeting (the "***Meeting Record Date***"); and provided further that if the Board of Directors fails to designate, within ten (10) days after the date that a valid Special Meeting Request is actually received by the secretary (the "***Delivery Date***"), a date and time for a Stockholder Requested Meeting, then such meeting shall be held at 2:00 p.m. local time on the 60th day after the Meeting Record Date or, if such 60th day is not a Business Day (as defined below), on the first preceding Business Day; and provided further that in the event that the Board of Directors fails to designate a place for a Stockholder Requested Meeting within ten (10) days after the Delivery Date, then such meeting shall be held at the principal executive office of the Company. In fixing a date for any special meeting, the Chairperson of the Board, the Chief Executive Officer or the Board of Directors may consider such factors as he, she or it deems relevant within the good faith exercise of business judgment, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this **Section 2.3(B)**.

(5) If written revocations of requests for the special meeting have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting to the secretary, the secretary shall: (i) if the notice of meeting has not already been mailed, refrain from mailing the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for the special meeting, or (ii) if the notice of meeting has been mailed, send to all requesting stockholders who have not revoked requests for a special meeting written notice of any revocation of a request for the special meeting and the secretary's intention to revoke the notice of the meeting, and then revoke the notice of the meeting at any time before ten (10) days before the commencement of the meeting. Any request for a special meeting received after a revocation by the secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) The Board of Directors, the Chairperson of the Board or the Chief Executive Officer may appoint independent inspectors of elections to act as the agent of the Company for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported request shall be deemed to have been delivered to the secretary until the earlier of (i) five Business Days after receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Company that the valid requests received by the secretary represent at least the Special Meeting Percentage. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Company or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) For purposes of these bylaws, “Business Day” shall mean any day other than a Saturday, a Sunday or other day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

2.4 NOTICE OF STOCKHOLDERS’ MEETINGS.

All notices of meetings of stockholders shall be sent or otherwise given in accordance with either **Section 2.5** or **Section 8.1** of these bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, except as otherwise required by applicable law. The notice shall specify the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purposes for which the meeting is called. Any previously scheduled meeting of stockholders may be postponed, and, unless the Certificate provides otherwise, any special meeting of the stockholders may be cancelled by resolution duly adopted by a majority of the Board members then in office upon public notice given prior to the date previously scheduled for such meeting of stockholders.

Whenever notice is required to be given, under the DGCL, the Certificate or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or
agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Company is such as to require the filing of a certificate with the Secretary of State of Delaware, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

Whenever notice is required to be given, under any provision of the DGCL, the Certificate or these bylaws, to any stockholder to whom (A) notice of two (2) consecutive annual meetings or (B) all, and at least two (2), payments (if sent by first-class mail) of dividends or interest on securities during a 12-month period, have been mailed addressed to such person at such person’s address as shown on the records of the Company and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting which shall be taken or held without notice to such person shall have the same force and effect as if such notice had been duly given. If any such person shall deliver to the Company a written notice setting forth such person’s then current address, the requirement that notice be given to such person shall be reinstated. In the event that the action taken by the Company is such as to require the filing of a certificate with the Secretary of State of Delaware, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to Section 230(b) of the DGCL.

The exception in **subsection (A)** of the above paragraph to the requirement that notice be given shall not be applicable to any notice returned as undeliverable if the notice was given by electronic transmission.

2.5 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE.

Notice of any meeting of stockholders shall be given:

(A) if mailed, when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder’s address as it appears on the Company’s records;

(B) if electronically transmitted, as provided in **Section 8.1** of these bylaws; or

(C) otherwise, when delivered.

An affidavit of the secretary or an assistant secretary of the Company or of the transfer agent or any other agent of the Company that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Notice may be waived in accordance with **Section 7.12** of these bylaws.

2.6 QUORUM.

The holders of a majority of the voting power of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.7 ADJOURNED MEETING; NOTICE.

When a meeting is adjourned to another time or place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place if any thereof, and the means of remote communications if any by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the continuation of the adjourned meeting, the Company may transact any business that was permitted to have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting in accordance with the provisions of **Section 2.4** and **Section 2.5** of these bylaws.

2.8 ADMINISTRATION OF THE MEETING.

Meetings of stockholders shall be presided over by the Chairperson of the Board, or in the absence of the Chairperson of the Board, the Chief Executive Officer of the Company. If both the Chairperson of the Board and the Chief Executive Officer will not be present at a meeting of stockholders, such meeting shall be presided over by such chairperson as the Board shall appoint, or, in the event that the Board shall fail to make such appointment, any officer of the Company appointed by the Board. The secretary of the meeting shall be the secretary of the Company, or, in the absence of the secretary of the Company, such person as the chairperson of the meeting appoints.

The Board shall, in advance of any meeting of stockholders, appoint one (1) or more inspector(s), who may include individual(s) who serve the Company in other capacities, including without limitation as officers, employees or agents, to act at the meeting of stockholders and make a written report thereof. The Board may designate one (1) or more persons as alternate inspector(s) to replace any inspector who fails to act. If no inspector or alternate has been appointed or is able to act at a meeting of stockholders, the chairperson of the meeting shall appoint one (1) or more inspector(s) to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath to faithfully execute the duties of inspector with

strict impartiality and according to the best of his or her ability. The inspector(s) or alternate(s) shall have the duties prescribed pursuant to Section 231 of the DGCL and other applicable law.

The Board shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations, if any, the chairman of the meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including without limitation establishing an agenda of business of the meeting, rules or regulations to maintain order and the safety of those present, limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine, restrictions on entry to the meeting after the time fixed for commencement thereof, limitations on the time allotted to questions or comments by participants and the fixing of the date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting (and shall announce such at the meeting). The chairman of the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if the chairman of the meeting should so determine, the chairman shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

2.9 VOTING.

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of **Section 2.11** of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as otherwise provided in the Certificate and subject to the provisions of Section 213 of the DGCL and **Section 2.11** of these bylaws (relating to the fixing of a date for determination of stockholders of record), each stockholder shall be entitled to that number of votes for each share of capital stock held by such stockholder as set forth in the Certificate, or in the case of shares of preferred stock of the Company ("***Preferred Stock***"), by resolution of the Board, or in the Certificate, as the case may be.

In all matters, other than the election of directors and except as otherwise required by law, the Certificate or these bylaws or the rules or regulations of any stock exchange applicable to the Company, or pursuant to any regulation applicable to the Company or its securities, the affirmative vote of a majority of the voting power of the shares present or represented by proxy and entitled to vote on the subject matter at a meeting at which a quorum is present shall be the act of the stockholders. Directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy and entitled to vote on the election of directors at a meeting at which a quorum is present. Voting at meetings of stockholders need not be by written ballot.

The stockholders of the Company shall not have the right to cumulate their votes for the election of directors of the Company.

2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing by such stockholders.

2.11 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS.

In order that the Company may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, 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 record date shall not precede the date on which the resolution fixing the record date is adopted and 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.

If the Board does not fix a record date in accordance with these bylaws and applicable law:

(A) Except as provided in Section 2.3(B)(4) of these bylaws, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(B) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the Board may fix a new record date for the adjourned meeting.

2.12 PROXIES.

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law and filed with the secretary of the Company, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A stockholder may also authorize another person or persons to act for him, her or it as proxy in the manner(s) provided under Section 212(c) of the DGCL or as otherwise provided under Delaware law. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

2.13 LIST OF STOCKHOLDERS ENTITLED TO VOTE.

The officer who has charge of the stock ledger of the Company shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Company shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting or (b) during ordinary business hours, at the Company’s principal place of business.

In the event that the Company determines to make the list available on an electronic network, the Company may take reasonable steps to ensure that such information is available only to stockholders of the Company. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

2.14 NOTICE OF STOCKHOLDER BUSINESS AND NOMINATIONS.

(A) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the Company's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board, or (c) by any stockholder of the Company who (i) was a stockholder of record of the Company at the time the notice provided for in this **Section 2.14** is delivered to the Secretary of the Company, (ii) shall be entitled to vote at such meeting, and (iii) complies with the notice procedures set forth in this **Section 2.14** as to such nomination or business. Clause (c) shall be the exclusive means for a stockholder to (x) submit business (other than matters properly brought under Rule 14a-8 (or any successor thereto) under the Exchange Act and set forth in the Company's notice of meeting) or (y) make nominations before an annual meeting of stockholders.

(2) Without qualification, for nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to **Section 2.14(A)(1)(c)**, the stockholder, in addition to any other applicable requirements, must have given timely notice thereof in writing to the Secretary of the Company and any such proposed business must constitute a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary of the Company at the principal executive offices of the Company not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is more than thirty days before or more than sixty (60) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Company). In no event shall the public announcement of an adjournment or postponement of the annual meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper form, a stockholder's notice to the Secretary (whether pursuant to this **Section 2.14(A)(2)** or **Section 2.14(B)**) shall set forth:

(a) as to each person, if any, whom the stockholder proposes to nominate for election as a director (i) 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 of the Exchange Act and the rules and regulations promulgated thereunder, (ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, (iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between

or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and (iv) with respect to each nominee for election or reelection to the Board, include a completed and signed questionnaire, representation and agreement required by **Section 2.15**;

(b) if the notice relates to any business (other than the nomination of persons for election as directors) that the stockholder proposes to bring before the meeting, (i) a brief description of the business desired to be brought before the annual meeting, (ii) the reasons for conducting such business at the annual meeting, (iii) 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), (iv) any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made, and (v) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; and

(c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Company's books, and of such beneficial owner, if any, (ii)(A) the class or series and number of shares of capital stock of the Company that are, directly or indirectly, owned beneficially and of record by such stockholder and by such beneficial owner, (B) 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 capital stock of the Company, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Company or otherwise (a "***Derivative Instrument***") directly or indirectly owned beneficially by such stockholder and by such beneficial owner, if any, and any other direct or indirect opportunity held or owned beneficially by such stockholder and by such beneficial owner, if any, to profit or share in any profit derived from any increase or decrease in the value of shares of the Company, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder or beneficial owner, if any, has a right to vote any shares of any security of the Company, (D) any short interest in any security of the Company (for purposes of this **Section 2.14**, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through a contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any right to dividends on the shares of capital stock of the Company owned beneficially by such stockholder or such beneficial owner, if any, which right is separated or separable from the underlying shares, (F) any proportionate interest in shares of capital stock of the Company or Derivative Instrument held, directly or indirectly, by a general or limited partnership in which such stockholder or such beneficial owner, if any, is a general partner or with respect to which such stockholder or such beneficial owner, if any, directly or indirectly, beneficially owns an interest in a general partner, and (G) any performance-related fees (other

than an asset-based fee) to which such stockholder or such beneficial owner, if any, is entitled to based on any increase or decrease in the value of shares of the Company or Derivative Instruments, if any, in each case with respect to the information required to be included in the notice pursuant to (A) through (G) above, as of the date of such notice and including, without limitation, any such interests held by members of such stockholder's or such beneficial owner's immediate family sharing the same household (which information shall be supplemented by such stockholder and such beneficial owner, if any, (y) not later than ten (10) days after the record date for the annual meeting to disclose such ownership as of the record date and (z) ten (10) days before the annual meeting date), (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (iv) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, and (v) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group that intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to approve or adopt the proposal or elect the nominee or (b) otherwise to solicit proxies or votes from stockholders in support of such proposal or nomination.

The Company may require any proposed nominee to furnish such other information as it may reasonably require (i) to determine the eligibility of such proposed nominee to serve as a director of the Company, including with respect to qualifications established by any committee of the Board (ii) to determine whether such nominee qualifies as an "independent director" or "audit committee financial expert" under applicable law, securities exchange rule or regulation, or any publicly-disclosed corporate governance guideline or committee charter of the Company; and (iii) that could be material to a reasonable stockholder's understanding of the independence and qualifications, or lack thereof, of such nominee.

(3) Notwithstanding anything in the second sentence of **Section 2.14(A)(2)** to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting is increased effective after the time period for which nominations would otherwise be due under paragraph (A)(2) of this **Section 2.14** and there is no public announcement by the Company naming all of the nominees for director or specifying the size of the increased Board at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this **Section 2.14** shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Company at the principal executive offices of the Company not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Company.

(B) Special Meetings of Stockholders.

Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Company's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Company's notice of meeting (1) by or at the direction of the Board or (2) provided that the Board has determined that the directors shall be elected at such meeting, by any stockholder of the Company who is a stockholder of record at the time the notice provided for in this **Section 2.14** is delivered to the Secretary of the Company and at the time of the special meeting, who is entitled to vote at the meeting and upon such election, and who complies with the notice procedures set forth in this **Section 2.14**. In the event the Company

calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Company's notice of meeting, if the stockholder's notice in the same form as required by **Section 2.14(A)(2)** with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by **Section 2.15**) shall be delivered to the Secretary at the principal executive offices of the Company not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(C) General.

(1) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this **Section 2.14** shall be eligible to be elected at an annual or special meeting of stockholders of the Company to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this **Section 2.14**. Except as otherwise provided by law, the Certificate or these bylaws, the chairperson of the meeting shall have the power and duty (a) 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 2.14** and (b) if any proposed nomination or business was not made or proposed in compliance with this **Section 2.14**, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this **Section 2.14**, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Company to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Company. For purposes of this **Section 2.14**, 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 the stockholders.

(2) For purpose of this **Section 2.14**, "public announcement" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press, or comparable national news service or in a document publicly filed by the Company with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Nothing in this **Section 2.14**, shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals or nominations in the Company's proxy statement pursuant to Rule 14a-8 (or any successor thereto) promulgated under the Exchange Act or (b) of the holders of any series of Preferred Stock to nominate and elect directors pursuant to and to the extent provided in any applicable provisions of the Certificate.

2.15 SUBMISSION OF QUESTIONNAIRE, REPRESENTATION AND AGREEMENT.

To be eligible to be a nominee for election or reelection as a director of the Company, a person must deliver (in accordance with the time periods prescribed for delivery of notice under **Section 2.14** of these bylaws) to the Secretary at the principal executive offices of the Company a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire 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 (1) 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 Company, will act or vote on any issue or question (a "***Voting Commitment***") that has not been disclosed to the Company or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Company, 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 Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Company, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock trading policies and guidelines of the Company.

ARTICLE III

DIRECTORS

3.1 POWERS.

Subject to the provisions of the DGCL and any limitations in the Certificate, the business and affairs of the Company shall be managed and all corporate powers shall be exercised by or under the direction of the Board.

3.2 NUMBER OF DIRECTORS.

The Board shall consist of one or more members, each of whom shall be a natural person. The authorized number of directors shall be determined from time to time by resolution of the Board, provided the Board shall consist of at least one (1) member. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS.

Directors need not be stockholders unless so required by the Certificate or these bylaws. The Certificate or these bylaws may prescribe other qualifications for directors. Each director, including a director elected to fill a vacancy, shall hold office until such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

3.4 RESIGNATION AND VACANCIES.

Any director may resign at any time upon written notice or by electronic transmission to the Company.

Unless otherwise provided by law or the Certificate, vacancies occurring on the Board for any reason and newly created directorships, resulting from an increase in the authorized number of directors may be filled only by a vote of a majority of the remaining members of the Board, although less than a quorum, or

by a sole remaining director. A person so elected by the Board to fill a vacancy or newly created directorship shall hold office until the next annual meeting of stockholders and until his or her successor shall be duly elected and qualified.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE.

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the Certificate or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS.

Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

3.7 SPECIAL MEETINGS; NOTICE.

Special meetings of the Board for any purpose or purposes may be called at any time by the Chairperson of the Board, the Chief Executive Officer, at any time when there is no Chairperson of the Board or Chief Executive Officer, the President, or a majority of the authorized number of directors. The person(s) authorized to call special meetings of the Board may fix the place and time of the meeting.

Notice of the time and place of special meetings shall be:

(A) delivered personally by hand, by courier or by telephone;

(B) sent by United States first-class mail, postage prepaid;

(C) sent by facsimile; or

(D) sent by electronic mail,

directed to each director at that director’s address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the Company’s records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered or sent at least 24 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. Any oral notice may be communicated either to the director or to a person at the office of the director who the person giving notice has reason to believe will promptly communicate such notice to the director. The notice need not specify the place of the meeting if the meeting is to be held at the Company’s principal executive office nor the purpose of the meeting.

3.8 QUORUM.

Except as otherwise required by law or the Certificate, at all meetings of the Board, a majority of the authorized number of directors (as determined pursuant to **Section 3.2** of these bylaws) shall constitute a quorum for the transaction of business, except to adjourn as provided in **Section 3.11** of these bylaws. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the Certificate or these bylaws.

3.9 WAIVER OF NOTICE.

Whenever notice is required to be given under any provisions of the DGCL, the Certificate or these bylaws, a written waiver thereof, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting solely for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors, or members of a committee of directors, need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate or these bylaws.

3.10 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING.

Unless otherwise restricted by the Certificate or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or 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.

3.11 ADJOURNED MEETING; NOTICE.

If a quorum is not present at any meeting of the Board, then a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.12 FEES AND COMPENSATION OF DIRECTORS.

Unless otherwise restricted by the Certificate or these bylaws, the Board shall have the authority to fix the compensation of directors.

3.13 REMOVAL OF DIRECTORS.

Any director may be removed from the Board by the stockholders of the Company with or without cause by the affirmative vote of the holders of at least a majority of the voting power of the issued and outstanding shares of capital stock of the Company then entitled to vote in the election of directors.

ARTICLE IV

COMMITTEES

4.1 COMMITTEES OF DIRECTORS.

The Board may designate one or more committees, each committee to consist of one or more of the directors of the Company. 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 the 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 member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise such lawfully delegable powers and duties as the Board may confer.

4.2 COMMITTEE MINUTES.

Each committee shall keep regular minutes of its meetings and report to the Board when required.

4.3 MEETINGS AND ACTION OF COMMITTEES.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(A) Section 3.5 (relating to place of meetings and meetings by telephone);

(B) Section 3.6 (relating to regular meetings);

(C) Section 3.7 (relating to special meetings and notice);

(D) Section 3.8 (relating to quorum);

(E) Section 3.9 (relating to waiver of notice);

(F) Section 3.10 (relating to action without a meeting); and

(G) Section 3.11 (relating to adjournment and notice of adjournment)

of these bylaws, with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members.

Notwithstanding the foregoing:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board or by resolution of the committee; and

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE V

OFFICERS

5.1 OFFICERS.

The officers of the Company shall be a Chief Executive Officer, President, Chief Financial Officer and a Secretary. The Company may also have, at the discretion of the Board, a chairperson of the Board, a vice chairperson of the Board, a Treasurer, one or more vice presidents, one or more assistant vice presidents, one or more assistant treasurers, one or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws.

Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS.

The Board shall appoint the officers of the Company, except such officers as may be appointed in accordance with the provisions of **Section 5.3** of these bylaws, subject to the rights, if any, of an officer under any contract of employment. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. A failure to elect officers shall not dissolve or otherwise affect the Company.

5.3 SUBORDINATE OFFICERS.

The Board may appoint, or empower the Chief Executive Officer or, in the absence of a Chief Executive Officer, the President of the Company to appoint, such other officers and agents as the business of the Company may require, other than the Chairperson of the Board or the Chief Executive Officer. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS.

Any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board at any regular or special meeting of the Board or, except in the case of an officer appointed by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Company. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES.

Any vacancy occurring in any office of the Company may only be filled by the Board or as provided in **Section 5.3** of these bylaws.

5.6 REPRESENTATION OF SHARES OF OTHER CORPORATIONS.

The Chairperson of the Board, the Chief Executive Officer, the President or the Chief Financial Officer, or any other person authorized by the Board, the Chairperson of the Board, the Chief Executive Officer, the President or the Chief Financial Officer, is authorized to vote, represent, and exercise on behalf of the Company all rights incident to any and all shares or other equity interests of any other company or

entity standing in the name of the Company. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.7 AUTHORITY AND DUTIES OF OFFICERS.

In addition to the foregoing authority and duties, all officers of the Company shall respectively have such authority and perform such duties in the management of the business of the Company as may be designated from time to time by the Board.

ARTICLE VI

RECORDS AND REPORTS

6.1 MAINTENANCE AND INSPECTION OF RECORDS.

The Company shall, either at its principal executive office or at such place or places as designated by the Board, keep a record of its stockholders, listing their names and addresses and the number and class of shares held by each stockholder, a copy of these bylaws, as may be amended to date, minute books, accounting books and other records.

Any such records maintained by the Company may be kept on, or by means of, or be in the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Company shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to the provisions of the DGCL. When records are kept in such manner, a clearly legible paper form produced from or by means of the information storage device or method shall be admissible in evidence, and accepted for all other purposes, to the same extent as an original paper form accurately portrays the record.

6.2 INSPECTION BY DIRECTORS.

Any director shall have the right to examine the Company’s stock ledger, a list of its stockholders, and its other books and records for a purpose reasonably related to his or her position as a director.

ARTICLE VII

GENERAL MATTERS

7.1 CHECKS; DRAFTS; EVIDENCES OF INDEBTEDNESS.

From time to time, the Board shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the Company, and only the persons so authorized shall sign or endorse those instruments.

7.2 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS.

Except as otherwise provided in these bylaws, the Board, or any officers of the Company authorized thereby, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Company; such authority may be general or confined to specific instances.

7.3 STOCK CERTIFICATES; PARTLY PAID SHARES.

The shares of the Company shall be represented by certificates, provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Company. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Company by the Chairperson of the Board or a vice-chairperson of the Board, or the President or vice-president, and by the Treasurer or an assistant treasurer, or the Secretary or an assistant secretary of the Company representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

7.4 SPECIAL DESIGNATION ON CERTIFICATES.

If the Company is authorized to issue more than one class of stock or more than one series of any class, then the powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Company shall issue to represent such class or series of stock; *provided*, *however*, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the Company shall issue to represent such class or series of stock a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

7.5 LOST CERTIFICATES.

Except as provided in this Section 7.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Company and cancelled at the same time. The Company may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Company may require the owner of the lost, stolen or destroyed certificate, or such owner’s legal representative, to provide evidence of such loss, theft or destruction and/or give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

7.6 DIVIDENDS.

The Board, subject to any restrictions contained in either (a) the DGCL or (b) the Certificate, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property, or in shares of the Company’s capital stock.

The Board may set apart out of any of the funds of the Company available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

7.7 FISCAL YEAR.

The fiscal year of the Company shall be fixed by resolution of the Board and may be changed by the Board.

7.8 SEAL.

The Company may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Company may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.9 TRANSFER OF STOCK.

Transfers of stock shall be made only upon the transfer books of the Company kept at an office of the Company or by transfer agents designated to transfer shares of the stock of the Company. Except where a certificate is issued in accordance with **Section 7.5** of these bylaws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefore. Upon surrender to the Company or the transfer agent of the Company of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Company to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction in its books.

7.10 STOCK TRANSFER AGREEMENTS.

The Company shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes or series of stock of the Company to restrict the transfer of shares of stock of the Company of any one or more classes or series owned by such stockholders in any manner not prohibited by the DGCL.

7.11 REGISTERED STOCKHOLDERS.

The Company:

(A) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner; and

(B) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

7.12 WAIVER OF NOTICE.

Whenever notice is required to be given under any provision of the DGCL, the Certificate or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting solely for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or

convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate or these bylaws.

ARTICLE VIII

NOTICE BY ELECTRONIC TRANSMISSION

8.1 NOTICE BY ELECTRONIC TRANSMISSION.

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate or these bylaws, any notice to stockholders given by the Company under any provision of the DGCL, the Certificate or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any such consent shall be deemed revoked if:

(A) the Company is unable to deliver by electronic transmission two consecutive notices given by the Company in accordance with such consent; and

(B) such inability becomes known to the secretary or an assistant secretary of the Company or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the Company that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

8.2 DEFINITION OF ELECTRONIC TRANSMISSION.

An “electronic transmission” means any form of communication, including without limitation an email communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

8.3 INAPPLICABILITY.

Notice by a form of electronic transmission shall not apply to Section 164 (relating to failure to pay for stock; remedies), Section 296 (relating to adjudication of claims; appeal), Section 311 (relating to revocation of voluntary dissolution), Section 312 (relating to renewal, revival, extension and restoration of certificate of incorporation) or Section 324 (relating to attachment of shares of stock or any option, right or interest therein) of the DGCL.

ARTICLE IX

INDEMNIFICATION OF AND ADVANCEMENT OF EXPENSES TO DIRECTORS AND OFFICERS

9.1 POWER TO INDEMNIFY IN ACTIONS, SUITS OR PROCEEDINGS OTHER THAN THOSE BY OR IN THE RIGHT OF THE COMPANY.

Subject to **Section 9.3** of these bylaws, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that such person (or the legal representative of such person) is or was a director or officer of the Company or any predecessor of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director or officer, employee or agent of another company, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person’s conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person’s conduct was unlawful.

9.2 POWER TO INDEMNIFY IN ACTIONS, SUITS OR PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY.

Subject to **Section 9.3** of these bylaws, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person (or the legal representative of such person) is or was a director or officer of the Company or any predecessor of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another company, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses

(including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

9.3 AUTHORIZATION OF INDEMNIFICATION.

Any indemnification under this **Article IX** (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in **Section 9.1** or **Section 9.2** of these bylaws, as the case may be. Such determination shall be made, with respect to a person who is either a director or officer at the time of such determination or a former director or officer, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders (but only if a majority of the directors who are not parties to such action, suit or proceeding, if they constitute a quorum of the board of directors, presents the issue of entitlement to indemnification to the stockholders for their determination). To the extent, however, that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

9.4 GOOD FAITH DEFINED.

For purposes of any determination under **Section 9.3** of these bylaws, to the fullest extent permitted by applicable law, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Company or another enterprise, or on information supplied to such person by the officers of the Company or another enterprise in the course of their duties, or on the advice of legal counsel for the Company or another enterprise or on information or records given or reports made to the Company or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or another enterprise. The term "another enterprise" as used in this **Section 9.4** shall mean any other Company or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Company as a director, officer, employee or agent. The provisions of this **Section 9.4** shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in **Section 9.1** or **Section 9.2** of these bylaws, as the case may be.

9.5 INDEMNIFICATION BY A COURT.

Notwithstanding any contrary determination in the specific case under **Section 9.3** of this **Article IX**, and notwithstanding the absence of any determination thereunder, any director or officer may apply to

the Court of Chancery in the State of Delaware for indemnification to the extent otherwise permissible under **Section 9.1** and **Section 9.2** of these bylaws. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standards of conduct set forth in **Section 9.1** or **Section 9.2** of these bylaws, as the case may be. Neither a contrary determination in the specific case under **Section 9.3** of these bylaws nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this **Section 9.5** shall be given to the Company promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application to the fullest extent permitted by applicable law.

9.6 EXPENSES PAYABLE IN ADVANCE.

To the fullest extent not prohibited by the DGCL, or by any other applicable law, expenses incurred by a person who is or was a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding; *provided*, *however*, that if the DGCL requires, an advance of expenses incurred by any person in his or her capacity as a director or officer (and not in any other capacity) shall be made only upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Company as authorized in this **Article IX**.

9.7 NONEXCLUSIVITY OF INDEMNIFICATION AND ADVANCEMENT OF EXPENSES.

The indemnification and advancement of expenses provided by or granted pursuant to this **Article IX** shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate, any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Company that indemnification of the persons specified in **Section 9.1** and **Section 9.2** of these bylaws shall be made to the fullest extent permitted by law. The provisions of this **Article IX** shall not be deemed to preclude the indemnification of any person who is not specified in **Section 9.1** or **Section 9.2** of these bylaws but whom the Company has the power or obligation to indemnify under the provisions of the DGCL, or otherwise. The Company is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

9.8 INSURANCE.

To the fullest extent permitted by the DGCL or any other applicable law, the Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was a director, officer, employee or agent of the Company serving at the request of the Company as a director, officer, employee or agent of another company, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power or the obligation to indemnify such person against such liability under the provisions of this **Article IX**.

9.9 CERTAIN DEFINITIONS.

For purposes of this **Article IX**, references to "the Company" shall include, in addition to the resulting company, any constituent company (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent company, or is or was a director or officer of such constituent company serving at the request of such constituent company as a director, officer, employee or agent of another company, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this **Article IX** with respect to the resulting or surviving company as such person would have with respect to such constituent company if its separate existence had continued. For purposes of this **Article IX**, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this **Article IX**.

9.10 SURVIVAL OF INDEMNIFICATION AND ADVANCEMENT OF EXPENSES.

The rights to indemnification and advancement of expenses conferred by this **Article IX** shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, administrators and other personal and legal representatives of such a person.

9.11 LIMITATION ON INDEMNIFICATION.

Notwithstanding anything contained in this **Article IX** to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by **Section 9.5** of these bylaws), the Company shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board.

9.12 INDEMNIFICATION OF EMPLOYEES AND AGENTS.

The Company may, to the extent authorized from time to time by the Board, provide rights to indemnification and to the advancement of expenses to employees and agents of the Company similar to those conferred in this **Article IX** to directors and officers of the Company.

9.13 EFFECT OF AMENDMENT OR REPEAL.

Neither any amendment or repeal of any Section of this **Article IX**, nor the adoption of any provision of the Certificate or the bylaws inconsistent with this **Article IX**, shall adversely affect any right or protection of any director, officer, employee or other agent established pursuant to this **Article IX** existing at the time of such amendment, repeal or adoption of an inconsistent provision, including without limitation by eliminating or reducing the effect of this **Article IX**, for or in respect of any act, omission or other matter occurring, or any action or proceeding accruing or arising (or that, but for this **Article IX**, would accrue or arise), prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE X

MISCELLANEOUS

10.1 PROVISIONS OF CERTIFICATE GOVERN.

In the event of any inconsistency between the terms of these bylaws and the Certificate, the terms of the Certificate will govern.

10.2 CONSTRUCTION; DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both a corporation and a natural person.

10.3 SEVERABILITY.

In the event that any bylaw or the application thereof becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remaining bylaws will continue in full force and effect.

10.4 AMENDMENT.

In furtherance and not in limitation of the powers conferred by statute, the Board is expressly authorized to adopt, amend, alter or repeal these bylaws. The affirmative vote of at least a majority of the Board then in office shall be required in order for the Board to adopt, amend, alter or repeal these bylaws. No bylaw hereafter legally amended, altered or repealed shall invalidate any prior act of the directors or officers of the Company that would have been valid if such bylaw had not been amended, altered or repealed.

Except as otherwise set forth in these bylaws, these bylaws may be altered, amended or repealed or new bylaws may be adopted by the affirmative vote of the holders of at least a majority of the shares of the capital stock of the Company issued and outstanding and entitled to vote at any annual meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new bylaws shall have been stated in the notice of such annual or special meeting.

10.5 FORUM SELECTION.

Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (A) any derivative action or proceeding brought on behalf of the Company, (B) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, other employee or stockholder of the Company to the Company or the Company’s stockholders, (C) any action asserting a claim arising pursuant to any provision of the DGCL or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (D) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the provisions of this **Section 10.5**.

August 17, 2016

Sotirios Vahaviolos

Re: Repurchase of Mistras Common Stock

Dear Sotirios:

This letter agreement sets for the terms by which you will sell to Mistras Group, Inc. (the "Company") and the Company will repurchase from you up to 1 million shares of the Company's common stock owned by you. As used in this agreement, the term "Shares" shall mean shares of the Company's common stock owned by you and the term "common stock" shall mean Company common stock.

The following are the terms of the repurchase:

1. Mistras shall purchase up to 1 million Shares directly from you at the rate of $2 million worth of Shares per month.

2. The repurchase of Shares for each month shall be completed within 10 business days after the end of the month.

3. At the end of each month, the average of the daily closing price of the Company's common stock for each trading date during the month shall be calculated ("ADCP"). The price ("Purchase Price") used to determine the number of Shares repurchased by the Company for that month shall be 98% of the ADCP for that month, a 2% discount for the Company. The daily closing price shall be based upon the closing price quoted by the New York Stock Exchange.

4. The number of Shares to be repurchased in any month shall be determined by dividing $2 million by the Purchase Price, rounded to the nearest whole share.

5. No Shares shall be repurchased for a given month if the ADCP for that month is below $21.00 per share or above $29.00 per share.

6. The first month for which any Shares may be repurchased by the Company pursuant to this agreement shall be based upon the ADCP for September 2016, with the actual repurchase occurring in October 2016.

7. For the month in which the cumulative number of Shares repurchased shall reach 1 million Shares, the Company shall only repurchase a sufficient number of Shares so that the total number of Shares repurchased by the Company equals 1 million.

8. This agreement shall terminate upon the earlier of the following to occur: (a) 1 million Shares are repurchased by the Company, (b) for a period of 4 consecutive months, no Shares are repurchased because the ADCP for each of those months was either below the minimum or above the maximum ADCP set forth in 5 above, or (c) upon written notice by either party, provided that

such notice shall not impact the repurchase of Shares for the month immediately preceding the month in which notice of termination was given.

9. If this agreement is terminated pursuant to 7(c), you and the Company shall not enter into an agreement of this nature for at least 6 months.

10. You represent that you are the legal and beneficial owner of all the Shares to be repurchased by the Company, free and clear of any liens or encumbrances, and that you have the legal right and authority to sell the Shares to the Company.

11. The Company shall have no obligation to repurchase any Shares if the Chief Financial Officer or the Board of Directors of the Company determines that the Company's capital is or will be impaired as a result of a repurchase of Shares, as provided in Section 160 of the Delaware General Corporation Law, or that the Company is otherwise not permitted to repurchase Shares pursuant to the Delaware General Corporation Law, any other requirement of law or the rules of the stock exchange on which shares of the Company's common stock are listed for trading.

12. This agreement shall be governed by the laws of the State of Delaware.

Agreed and approved:

_____
Sotirios J. Vahaviolos

Mistras Group, Inc.

By:_____
Jonathan Wolk
Senior Executive Vice President, Chief
Financial Officer and Treasurer

JOINT STIPULATION OF SETTLEMENT AND RELEASE

This Joint Stipulation of Settlement and Release ("Stipulation of Settlement") is made and entered into by and between Plaintiffs Edgar Viceral and David Krueger ("Plaintiffs"), individually and on behalf of all others similarly situated, and Defendant Mistras Group, Inc. ("Defendant" or "Mistras"), and their respective counsel of record, with respect to the case *Viceral and Krueger, et al. v. Mistras Group, Inc., et al.,* United States District Court, Northern District of California, Case No. 3:15-cv-02198-EMC, subject to the terms and conditions hereof and the Court's approval.

A. **Definitions**

1. "Administration Costs" means the actual and direct costs reasonably charged by the Settlement Administrator for its services in administering the Settlement, currently projected by the Parties not to exceed $45,940.35.

2. "California Class" means all current and former hourly, non-exempt Technicians, Inspectors and Examiners employed by Defendants in California during the California Class Period. Members of the California Class are referred to herein as "California Class Members."

3. "California Class Form" means the form notifying California Class Members of their Individual Work Weeks and estimated Individual Settlement Payment in substantially the form as **Exhibit 1,** attached hereto.

4. "California Class Period" is the period beginning April 10, 2011 through the date of Final Approval.

5. "California Class Released Claims" means all claims, demands, rights, liabilities and causes of action that were or could have been asserted in the Lawsuit (whether in tort, contract, or otherwise) for violation of the California Labor Code, the California Business & Professions Code, the Labor Code Private Attorneys General Act of 2004, the applicable Industrial Welfare Commission Wage Orders or any similar state or federal law, including but not limited to those based in any part on the FLSA, whether for unpaid wages, economic damages, non-economic damages, liquidated damages, punitive damages, restitution, penalties, other monies, or other relief arising out of, relating to, or in connection with any facts and/or claims pled in the class action complaints filed by Edgar Viceral and/or David Krueger, and/or in the Consolidated First Amended Class Action Complaint filed by Plaintiffs in the Lawsuit, which are or could be the basis of claims that Defendant failed to provide all wages and overtime wages due, failed to pay the minimum wage, failed to provide timely or accurate final paychecks, failed to timely pay compensation, engaged in recordkeeping violations, failed to provide accurate itemized wage statements, failed to provide meal breaks, failed to authorize and permit rest breaks, and/or engaged in unfair business practices based on the foregoing violations, at any times during the California Class Period up through the time of Final Approval.

6. "California Percentage Share" means each California Class Member's Individual Work Weeks divided by the California Total Work Weeks.

7. "California Settlement Allocation" means the portion of the Maximum Settlement Amount allocated to the California Class. The California Settlement Allocation is 65% of the Maximum Settlement Amount.

8. "California Total Work Weeks" means the sum of all Individual Work Weeks for all California Class Members.

9. "Claimants" means those California Class Members who do not submit an Exclusion Letter and those FLSA Class Members who elect to opt-in to this action pursuant to the FLSA, 29 U.S.C. §216(b) by cashing the check for the FLSA settlement award.

10. "Class" means collectively the California Class and the FLSA Class. Members of the Class are referred to herein as "Class Members."

11. "Class Counsel" means Plaintiffs' counsel, Schneider Wallace Cottrell Konecky Wotkyns LLP and Marlin & Saltzman, LLP.

12. "Complaint" means the Consolidated First Amended Complaint filed in the Lawsuit on or about November 24, 2015.

13. "Court" means the United States District Court, Northern District of California. "Defendant's Counsel" means the law firm of Littler Mendelson, P.C.

14. “Effective Date” means the latter of: (a) the date of final affirmance of an appeal of the Order and Final Judgment; (b) the date of final dismissal of any appeal from the Order and Final Judgment or the final dismissal of any proceeding on certiorari to review the Order and Final Judgment; (c) if objections to the Settlement are filed that are not subsequently withdrawn, and no appeal is filed, five days after the expiration date of the time for the filing or noticing of any appeal from the Order and Final Judgment; or (d) if no objections to the Settlement are filed, or if any objections are filed but subsequently withdrawn, the date the Court enters the Final Approval Order and Judgment.

15. "Exclusion Letter" means a letter submitted by a California Class Member to the Settlement Administrator and postmarked by the Objection/Exclusion Deadline that includes the California Class Member's name and signature and the following statement or something similar to "I request to be excluded from the class action proceedings taking place in the matter of *Viceral and Krueger, et al. v. Mistras Group, Inc., et al.*, United States District Court, Northern District of California, Case No. 3:15-cv-02198-EMC "

16. "Fee and Expense Award" means such award of fees and expenses as the Court may authorize to be paid to Class Counsel for the services they have rendered and will render to Plaintiffs and the Class in the Lawsuit. The Fee and Expense Award will not exceed 33⅓% of the Maximum Settlement Amount, which is Two Million Dollars ($2,000,000.00), plus Class Counsel's actual out-of-pocket expenses in prosecuting this Lawsuit, which are currently estimated at $42,000.00 .

17. "Final Approval" means that the Final Approval Order and Judgment have been entered by the Court.

18. "Final Approval Order" means the Order Granting Final Approval of Class Settlement, which shall be submitted with the motion for final approval.

19. "FLSA Class" means all current and former hourly, non-exempt Technicians, Inspectors and Examiners who were employed by Defendants in the United States during the FLSA Class Period. Members of the FLSA Class are referred to herein as "FLSA Class Members."

20. "FLSA Class Period" is the period beginning April 10, 2012 through the date of Final Approval.

21. "FLSA Class Released Claims" means all claims, demands, rights, liabilities and causes of action that were or could have been asserted in the Lawsuit (whether in tort, contract, or otherwise) for violation of the Fair Labor Standards Act whether for unpaid wages, economic damages, non-economic damages, liquidated damages, punitive damages, restitution, penalties, other monies, or other relief arising out of, relating to, or in connection with any facts and/or claims pled in the class action complaints filed by Edgar Viceral and/or David Krueger, and/or in the Consolidated First Amended Class Action Complaint filed by Plaintiffs in the Lawsuit, which are or could be the basis of claims that Defendant failed to provide all wages and overtime wages due, failed to pay the minimum wage and/or engaged in recordkeeping violations, at any time during the FLSA Class Period.

22. “FLSA Class Form" means the form notifying FLSA Class Members of their Individual Work Weeks and estimated Individual Settlement Payment in substantially the form as **Exhibit 2,** attached hereto.

23. "FLSA Percentage Share" means each FLSA Class Member's Individual Work Weeks divided by the FLSA Total Work Weeks, as applicable.

24. "FLSA Settlement Allocation" means the portion of the Maximum Settlement Amount allocated to the FLSA Class. The FLSA Settlement Allocation is 35% of the Maximum Settlement Amount.

25. "FLSA Total Work Weeks" means the sum of all Individual Work Weeks for all FLSA Class Members.

26. "Individual Settlement Payment" means the portion of the Net Settlement Proceeds distributable to each Claimant.

27. "Individual Work Weeks" means weeks of employment for each Class Member as reflected by Defendant's corporate and business records, exclusive of leaves of absence, during the applicable class period. Approximations and averages will be used to cover periods where data is missing or otherwise not available.

28. "Judgment" means the form of Judgment entered in the Lawsuit by the Court which shall be submitted with the motion for final approval.

29. "Lawsuit" means the case *Viceral and Krueger, et al. v. Mistras Group, Inc., et al.*, United States District Court, Northern District of California, Case No. 3:15-cv-02198-EMC.

30. "Maximum Settlement Amount" means the maximum amount of Six Million Dollars ($6,000,000.00) that Defendant shall pay as a result of this Stipulation of Settlement.

31. "Mediator" means Mark S. Rudy, Esq.

32. "Net Settlement Proceeds" means the Maximum Settlement Amount less the Fee and Expense Award, the Service Payments, the PAGA Payment and Administration Costs, as approved and awarded by the Court.

33. "Notice Packet" means the Notices, California Class Form, and FLSA Class Form, as applicable.

34. "Objection/Exclusion Deadline" means the date forty five (45) days following the date on which the Settlement Administrator first mails the Notice Packet to the California Class Members.

35. "PAGA Payment" means the sum of Twenty Thousand Dollars ($20,000.00) allocated from the Maximum Settlement Amount. Seventy-five percent (75%) of these monies, i.e., Fifteen Thousand Dollars ($15,000), shall be allocated from the Maximum Settlement Amount to pay all applicable penalties under PAGA to the Labor and Workforce Development Agency ("LWDA"); the remainder, i.e., Five Thousand Dollars ($5,000), shall be included in the California Settlement Allocation.

36. "Parties" means Plaintiffs, the California Class, the FLSA Class and Defendant, collectively.

37. "Payroll Taxes" means the employer's portion of FICA, FUTA, and all other state and federal payroll taxes.

38. "Preliminary Approval" means that the Court has entered an order preliminarily approving the terms and conditions of this Stipulation of Settlement, including the manner of providing notice to Class Members.

39. "Released Parties" means Defendant Mistras Group, Inc., its past or present successors and predecessors in interest, subsidiaries, affiliates, parents, officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and their respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys.

40. "Service Payment" means the sums paid to Named Plaintiffs Edgar Viceral and David Krueger in recognition of their efforts in obtaining the benefits of the Settlement. The Service Payment to Plaintiff Edgar Viceral shall not exceed Seven Thousand Five Hundred Dollars ($7,500.00). The Service Payment to Plaintiff David Krueger shall not exceed One Thousand Dollars ($1,000.00).

41. "Settlement" means the terms and conditions set forth in this Stipulation of Settlement.

42. "Settlement Administrator" means Simpluris or such other entity which the Parties mutually agree shall serve as Settlement Administrator.

B. **General**

1. On April 13, 2015, Plaintiff Edgar Viceral filed a class action complaint against Defendant Mistras Group, Inc. in the San Francisco County Superior Court, entitled *Edgar Viceral, et al. v. Mistras Group, Inc., et al.*, No. CGC-15-545291. (Cal. Super. Ct., San Francisco filed Apr. 13, 2015) ("*Viceral*"). Defendant removed the *Viceral* action to the United States District Court for the Northern District of California on May 15, 2015, pursuant to federal question jurisdiction.

2. On April 10, 2015, Plaintiff David Krueger filed a related class action complaint against Defendant Mistras Group, Inc. in the Kern County Superior Court, entitled *David Krueger, et al. v. Mistras Group, Inc.et al.*, No. S-1500-CV-284570 (Cal. Super. Ct., Kern filed Apr. 10, 2015) ("*Krueger*"). Defendant also removed the *Krueger* action to federal court, the United States District Court for the Eastern District of California, pursuant to the Class Action Fairness Act, 28 U.S.C. section 1332(d).

3. The Parties in both actions met and conferred to coordinate the action. The Parties agreed that *Krueger* would be combined with *Viceral* before the Northern District of California by way of filing this Consolidated First Amended Complaint in *Viceral* and adding the *Krueger* parties, claims, and counsel. The *Krueger* Plaintiffs requested dismissal of the *Krueger* action before the Eastern District by way of a stipulation. On September 9, 2015, the *Krueger* Court granted the *Krueger* Parties' stipulated request for dismissal and dismissed the case. Thereafter, on November 24, 2015, Plaintiffs filed a Consolidated First Amended Complaint in this matter.

4. Separate and apart from Plaintiffs' class claims, on May 15, 2015, Plaintiff David Krueger filed a complaint against Defendant Mistras Group Inc., in Kern County Superior Court, entitled *David Krueger, Individually, v. Mistras Group, Inc., et al.*, No. BCV-15-100064 ("*Krueger Individual Lawsuit*"). On June 30, 2015, Defendant also removed this lawsuit to the United States District Court for the Eastern District of California based on diversity jurisdiction.

5. After Defendant answered the Complaint, the Parties agreed to exchange informal discovery and participate in a mediation. Following additional settlement negotiations spearheaded by the Mediator after mediation, the Parties reached a settlement, which is memorialized in this Stipulation of Settlement.

6. Defendant denies any liability and wrongdoing of any kind associated with the claims alleged in the Lawsuit, and further denies that the Lawsuit is appropriate for collective or class treatment for any purpose other than this Settlement. Defendant contends, among other things, that it has complied at all times with the Fair Labor Standards Act, the California Labor Code, the Industrial Welfare Commission Wage Orders, and the California Business and Professions Code.

7. Plaintiffs believe that the Lawsuit is meritorious and that class and collective certification is appropriate.

8. Class Counsel has conducted a thorough investigation into the facts of the Lawsuit, including informal discovery, a review of company documents and interviews with Class Members and depositions of 30(b)(6) witnesses. Class Counsel is knowledgeable about and has done extensive research with respect to the applicable law and potential defenses to the claims of the Class. Class Counsel has diligently pursued an investigation of the Class Members' claims against Defendant. Based on the forgoing data and on their own independent investigation and evaluation, Class Counsel is of the opinion that the settlement with Defendant for the consideration and on the terms set forth in this Stipulation of Settlement is fair, reasonable, and adequate and is in the best interest of the Class Members in light of all known facts and circumstances, including the risk of significant delay and uncertainty associated with litigation, various defenses asserted by Defendant, and numerous other issues. Defendant agrees not to dispute that the Settlement is fair, reasonable and adequate.

9. The Parties stipulate and agree to the certification of the Class for purposes of this Settlement only. Should, for whatever reason, the Court not grant Final Approval, the Parties' stipulation to class certification as part of the Settlement shall become null and void *ab initio* and shall have no bearing on, and shall not be admissible in connection with, the issue of whether or not certification would be appropriate in a non-settlement context. Defendant expressly reserves its right and declares that it intends to oppose class certification vigorously should this Settlement not be granted Final Approval.

C. **Settlement Components**

1. The Settlement in this Lawsuit shall have five components: (1) the Individual Settlement Payments; (2) the Service Payments; (3) the Fee and Expense Award; (4) the Administration Costs; and (5) the PAGA Payment. All of these components are included in the Maximum Settlement Amount and shall be deducted prior to the California Settlement Allocation and FLSA Settlement Allocation.

(a) **Payroll Taxes:** The Maximum Settlement Amount does not include the Payroll Taxes, which shall be paid by Defendant separate and apart from the Maximum Settlement Amount. The Payroll Taxes will be computed by the Settlement Administrator based on the amounts paid to the Claimants. The Settlement Administrator shall be responsible for making all necessary payments and government filings in connection with such payments.

(b) **Calculation of the Individual Settlement Payments:** The Settlement Administrator shall have the authority and obligation to calculate the amounts of Individual Settlement Payments in accordance with the methodology set forth in this Stipulation of Settlement and orders of the Court. The Parties recognize and agree that the claims for relief in the Lawsuit are extremely difficult to determine with any certainty for any given year, or at all, and are subject to myriad differing calculations and formulas. The Parties agree that the formula for allocating the Individual Settlement Payments to Claimants provided herein is reasonable and that the payments provided herein are designed to provide a fair settlement to such persons, in light of the uncertainties of the compensation alleged to be owed to the Class and the calculation of such amounts.

It shall be the responsibility of the Settlement Administrator to timely and properly withhold from Individual Settlement Payments payable to Claimants all applicable payroll and employment taxes, but not federal, state, and local income taxes, and to prepare and deliver the necessary tax documentation and, thereafter, to cause the appropriate deposits of withholding taxes and informational and other tax return filing to occur. Each Claimant's share of all applicable payroll and employment taxes withheld and deposited with the applicable governmental authorities in accordance with this Stipulation of Settlement shall be a part of, and paid out of, the Individual Settlement Payment to each Claimant. Each Claimant will be responsible for paying all applicable state, local, and federal income taxes on all amounts the Claimant receives pursuant to this Stipulation of Settlement.

The Parties have agreed that the Individual Settlement Payments will be calculated on the basis of the number of Individual Work Weeks, as applicable. The Individual Settlement Payments for the Claimants in the California Class will be calculated by multiplying 65% of the Net Settlement Proceeds by each California Class Member's California Percentage Share. The Individual Settlement Payments for the Claimants in the FLSA Class will be calculated by multiplying 35% of the Net Settlement Proceeds by each FLSA Class Member's FLSA Percentage Share.

The Individual Settlement Payments will be allocated as follows: 1/3 to settlement of wage claims, which will be subject to required tax withholdings; 1/3 to penalties, and 1/3 to interest which will be paid without withholding any amount. The portion allocated to wages shall be reported on an IRS Form W-2, and the portion allocated to liquidated damages, interest and statutory penalties shall be reported on an IRS Form 1099.

(c) Allocation of Unclaimed Funds: If there are unclaimed funds due to: (1) California Class Members submitting Exclusion Letters; those unclaimed funds shall be added to the portion of the Net Settlement fund allocated to the California Class Members. If there are unclaimed funds due to (2) California Class members not cashing their checks, those unclaimed funds shall escheat to the California Industrial Relations Unclaimed Wages Fund. If there are unclaimed funds due to FLSA Class Members who did not elect to opt-in to this action pursuant to the FLSA, 29 U.S.C. §216(b) by cashing the check for the FLSA settlement award, those unclaimed funds shall escheat to the California Industrial Relations Unclaimed Wages Fund.

(d) Service Payments: Defendant agrees not to challenge Class Counsel's request for Service Payments to the Named Plaintiffs, Edgar Viceral and David Krueger. The Service Payments will be paid in addition to the Named Plaintiffs' Individual Settlement Payments. Should the Service Payments approved by the Court be less than the amount sought, the difference shall be added to the Net Settlement Proceeds prior to the allocations to the California Class and FLSA Class. An IRS Form 1099 will be issued to Plaintiffs Edgar Viceral and David Krueger in connection with the Service Payment.

(e) Class Counsel's Fees and Costs: Defendant agrees not to challenge Class Counsel's request for its Fee and Expense Award. Should the Fee and Expense Award approved by the Court be less than the amount sought, the difference shall be added to the Net Settlement Proceeds prior to the allocations to the California Class and FLSA Class. A Form 1099 will be issued to Class Counsel. Payment of the Fee and Expense Award to Class Counsel shall constitute full satisfaction of any obligation to pay any amounts to any person, attorney or law firm for attorneys' fees, expenses or costs in the Lawsuit incurred by any attorney on behalf of Plaintiffs or the Class, and shall relieve Defendant and Defendant's Counsel of any other claims or liability to any other attorney or law firm for any attorneys' fees, expenses and/or costs to which any of them may claim to be entitled on behalf of Plaintiffs and/or the Class. Upon receipt of the Fee and Expense Award, Class Counsel, Plaintiff and the Class will be deemed to have released Defendant from any and all claims for fees and costs resulting from the Lawsuit.

D. **Release by the California Class.**

1. Upon the Effective Date, the California Class Members (other than those who submit an Exclusion Letter) will fully release the California Class Released Claims and agree not to sue or otherwise make a claim against any of the Released Parties for the California Class Released Claims. The Individual Settlement Payments shall be paid to California Class Claimants specifically in exchange for the release of the Released Parties from the California Class Released Claims and the covenant not to sue concerning the California Class Released Claims.

2. The release of claims provided by this Stipulation of Settlement includes California Class Members' California Class Released Claims, which a California Class Member does not know or suspect to exist in his or her favor against Defendant as of the date of Final Approval. Each California Class Member, including Plaintiff, waives all rights and benefits afforded by section 1542 of the California Civil Code as to their California Class Released Claims, and does so understanding the significance of that waiver. Section 1542 provides:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

E. **Release by the FLSA Class**

1. FLSA Class Members who elect to opt-in to this action pursuant to the FLSA, 29 U.S.C. §216(b) by cashing the check for the FLSA settlement award will fully release the FLSA Class Released Claims and agree not to sue or otherwise make a claim against any of the Released Parties for the FLSA Class Released Claims. The Individual Settlement Payments shall be paid to FLSA Class Claimants specifically in exchange for the release of the Released Parties from the FLSA Class Released Claims and the covenant not to sue concerning the FLSA Class Released Claims.

2. The release of claims provided by this Stipulation of Settlement includes FLSA Class Members' FLSA Class Released Claims which a FLSA Class Member does not know or suspect to exist in his or her favor against Defendant as of the date of Final Approval.

F. **Release of Additional Claims & Rights by Plaintiffs**

1. Upon the Effective Date, Plaintiff Edgar Viceral hereby fully releases the Released Parties from any and all claims, demands, obligations, causes of action, rights, or liabilities of any kind under local, state or federal law, which have been or could have been asserted against the Released Parties arising out of or relating to Plaintiff's employment by Defendant and termination thereof (as applicable) and/or any other event, act, occurrence, or omission taking place on or before the date the Court grants Final Approval of this Settlement. The Parties acknowledge that the foregoing release was separately bargained for after the Parties reached agreement on the terms of the relief for the Class and is a material element of the Agreement.

2. This release specifically includes any and all claims, demands, obligations and/or causes of action for damages, restitution, penalties, interest, and attorneys' fees and costs relating to or in any way connected with the matters referred to herein, whether or not known or suspected to exist, and whether or not specifically or particularly described herein. Plaintiff Viceral expressly waives all rights and benefits afforded by California Civil Code Section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFEC1ED HIS OR HER SETTLEMENT WITH THE DEBTOR.

3. Upon the Effective Date, Plaintiff David Krueger hereby fully releases the Released Parties from any and all claims, demands, obligations, causes of action, rights, or liabilities of any kind under local, state or federal law, which have been or could have been asserted against the Released Parties based upon the factual allegations set forth in the operative Complaint with the express and limited exception of the following claims alleged in the Krueger Individual Lawsuit against Mistras: (1) violation of California Labor Code § 970, (2) Fraud and Deceit, (3) Wrongful Discharge, (4) Breach of Contract, (5) Breach of Covenant of Good Faith and Fair Dealing, and (6) Promissory Estoppel. Pursuant to the settlement of the claims alleged in the class and collective action, Plaintiff David Krueger will release and dismiss his claim for violation of Labor Code § 201 with prejudice within two (2) business days of his Counsel's receipt of the Service Payment.

G. **Settlement Approval Procedure**

1. This Settlement Agreement will become final and effective upon occurrence of all of the following events described in this paragraph:

(a) Execution of this Settlement Agreement by the Parties and their respective counsel of record.

(b) **<u>For the California Class:</u>**

(1) Submission of the Settlement Agreement to the Court for preliminary approval and certification for settlement purposes only of the California Class.

(2) Entry of an order by the Court (a) granting preliminary approval of the Settlement Agreement, including conditional certification of the California Class for settlement purposes only, (b)

appointing Class Counsel; (c) appointing the Class Representatives for both the Class and Collective; and (d) appointment of the Settlement Administrator.

(3) Court approval of the form and content of the Notice Packet, advising the members of the California Class of the material terms and provisions of this Agreement, the procedure for approval thereof, and their rights with respect thereto.

(4) Filing by Class Counsel, on or before the date of the final approval hearing, the Settlement Administrator's verification, in writing, that the Class Notice to the California Class Members has been disseminated in accordance with the Court's order.

(5) Occurrence of the "Effective Date".

(c) **For the FLSA Class**:

(1) Submission of the Settlement Agreement to the Court for final approval of the Collective settlement at the same time as the hearing for preliminary approval of the California Class settlement.

(2) Entry of an order by the Court granting Final Approval of the Settlement Agreement as to the FLSA Class.

(3) Court approval of the form and content of the Notice Packet, advising the FLSA Class Members of the settlement to be mailed to all FLSA Class Members along with their settlement checks upon the occurrence of the Effective Date of the settlement for the California Class. If the Effective Date does not occur, then the settlement of the Collective will be null and void.

2. As soon as practicable after this Settlement Agreement has been signed by all Parties and their counsel, Class Counsel shall move the Court for preliminary approval of this Settlement Agreement as to the California Class Members, and request an order:

(a) Preliminarily approving this Settlement as to the California Class Members as fair, reasonable, and adequate; and

(b) Finally approving this Settlement as to the FLSA Class Members as fair, reasonable, and adequate.

3. Prior to Plaintiffs' Counsel filing a Motion for Preliminary Approval of the Settlement as to the California Class and Final Approval as to the FLSA Class, Defendant will submit to Plaintiffs' Counsel a declaration signed by a corporate representative attesting that Mistras will use reasonable efforts to maintain legally compliant employment practices to ensure compliance with wage and hour laws.

4. Plaintiffs will request that the Court set a hearing as soon as possible to consider Preliminary Approval of the Settlement. In conjunction with such hearing, Class Counsel shall submit this Stipulation of Settlement, together with the exhibits attached hereto, and any other documents necessary to implement the Settlement.

5. Class Counsel shall provide a copy of the draft motion for preliminary approval as to the California Class and final approval as to the FLSA Class to Defendant's Counsel for review a reasonable time, but not less than three (3) Court days before filing it with the Court.

H. **Notice and Claim Process.**

1. Within fifteen (15) calendar days after entry of the order granting Preliminary Approval as to the California Class and Final Approval as to the FLSA Class, Defendant shall provide to the Settlement Administrator a list of all California Class and FLSA Class Members, including their name, Social Security number, last known address, telephone number, and Individual Work Weeks.

2. Within ten (10) calendar days after receiving the Class Member list from Defendant, the Settlement Administrator shall send the Notice Packet via first class mail to all California Class Members. Prior to the initial mailing, the Settlement Administrator will check the addresses provided by Defendant through the National Change of Address System.

3. If an original Notice Packet is returned as undeliverable with a forwarding address provided by the United States Postal Service, the Settlement Administrator will promptly resend a Notice Packet to that forwarding address. If an original Notice Packet is returned as undeliverable without a forwarding address, the Settlement Administrator will make reasonable efforts to locate forwarding addresses, including a skip trace, and if it obtains a more recent address, will resend a Notice Packet, along with a brief letter for California Class Members stating that the recipient of the Notice Packet has until the original deadline set forth on the Notice or seven (7) days after the re-mailing of the Notice Packet (whichever is later) to respond.

4. At least seven (7) calendar days prior to the final approval hearing, the Settlement Administrator will provide a declaration of due diligence and proof of mailing with regard to the mailing of the Notice Packet to counsel for all Parties.

5. To the extent a California Class Member or FLSA Class Member disputes the Individual Work Weeks shown in his or her Form, the Claimant may produce evidence to the Settlement Administrator establishing the dates he or she contends to have worked for Defendant. Defendant's records will be presumed determinative. The Settlement Administrator shall notify counsel for the Parties of any disputes. Defendant shall review its records and provide further

information to the Settlement Administrator, as necessary. The Settlement Administrator shall resolve any disputes and notify counsel for the Parties of its decision.

6. The Settlement Administrator's determination of eligibility for any Individual Settlement Payments under the terms of this Stipulation of Settlement shall be conclusive, final and binding on all Parties and all Class Members, so long as the Settlement Administrator has first consulted with the Parties regarding any disputes or questions as to eligibility.

7. The Notice to the California Class Members shall provide that California Class Members who wish to exclude themselves from the Settlement must submit an Exclusion Letter. Any California Class Member who properly requests exclusion using this procedure will not be entitled to any payment from the Settlement and will not be bound by the Stipulation of Settlement or have any right to object, appeal or comment thereon. California Class Members who fail to submit an Exclusion Letter shall be bound by all terms of the Stipulation of Settlement and any judgment entered in the Lawsuit if the Settlement is approved by the Court.

8. If 5% or more of the California Class Members submit an Exclusion Letter, Defendant shall have the option of canceling the settlement and all actions taken in its furtherance will be null and void. Defendant must exercise this right within seven (7) calendar days after the Settlement Administrator notifies the Parties of the number of Exclusion Letters received, which the Settlement Administrator must do within two (2) business days after the Objection/Exclusion Deadline.

9. In order to object to the Settlement, a California Class Member must file his or her objection with the Court no later than the Objection/Exclusion Deadline, or seven (7) days after the re-mailing of the Notice Packet to that Class Member, whichever is later. FLSA Settlement Awards shall be paid by the Settlement Administrator to FLSA Class Members fifteen (15) days after the occurrence of the Effective Date and checks for the FLSA Class Members shall be accompanied by the FLSA Class Notice. The Settlement Administrator shall provide Class Counsel and Defendant’s Counsel with a final statement listing all FLSA Class Members and identifying the number of weeks worked by each FLSA Class Member, and the approximate Settlement award to each FLSA Class Member at least five (5) business days before the FLSA Class Notices are sent to the FLSA Class Members. Prior to the initial mailing, the Settlement Administrator will check the addresses provided by Defendant through the National Change of Address System. If an original Notice Packet is returned as undeliverable with a forwarding address provided by the United States Postal Service, the Settlement Administrator will promptly resend a Notice Packet to that forwarding address. If an original Notice Packet is returned as undeliverable without a forwarding address, the Settlement Administrator will make reasonable efforts to locate forwarding addresses, including a skip trace, and if it obtains a more recent address, will resend a Notice Packet. FLSA Class Members must elect to opt-in to this action pursuant to the FLSA, 29 U.S.C. §216(b) by cashing the check for the FLSA settlement award.

10. Defendant will provide the Settlement Administrator with sufficient funds to make all payments due to Plaintiff, Class Counsel, the LWDA, the Settlement Administrator, and the Claimants, plus any owed Payroll Taxes as soon as practicable, but no later than three (3) business days after the Effective Date.

11. The Settlement Administrator will mail or wire all required payments no later than fourteen (14) calendar days after the Effective Date. If a Claimant's check is returned to the Settlement Administrator, the Settlement Administrator will make all reasonable efforts to re-mail it to the Claimant at his or her correct address. It is expressly understood and agreed that the checks

for the Individual Settlement Payments will become void and no longer available if not cashed within one hundred eighty days (180) days after mailing. Any funds from uncashed checks for Claimants shall escheat to the California Industrial Relations Unclaimed Wages Fund.

Upon completion of administration of the Settlement, the Settlement Administrator shall provide written certification of such completion to the Court, Class Counsel and Defendant's Counsel.

12. No person shall have any claim against Defendant, Defendant's Counsel, Plaintiffs, the Class, Class Counsel or the Settlement Administrator based on mailings, distributions and payments made in accordance with this Stipulation of Settlement.

I. **Motion for Final Approval.**

1. Plaintiff shall timely file the motion for final approval of the Settlement as to the California Class Members and request entry of the Final Approval Order and Judgment. In a reasonable time, but not less than three (3) business days prior to filing the motion for final approval of the Settlement, Class Counsel shall provide a draft of the motion to Defendant's Counsel for review.

J. **No Effect on Employee Benefits.**

1. The Individual Settlement Payments and the Service Payments shall not have any effect on the eligibility for, or calculation of, any employee benefits *(e.g.* vacation, retirement plans, etc.) of Claimants or Plaintiffs. No benefit, including but not limited to 401K benefits, shall increase or accrue as a result of any payment made as a result of this Settlement.

K. **Publicity.**

1. Plaintiffs and Class Counsel will keep the terms of the settlement confidential until the preliminary approval papers are filed. This shall not restrict Class Counsel from posting information on their respective firm websites to notify Class Members of the Settlement and provide them with the Notice, or communicating directly with Class Members about the Settlement.

L. **Voiding the Agreement.**

1. In the event of any of the following: (i) the Court does not approve the scope of the California Class Released Claims or FLSA Class Released Claims; (ii) the Court finds the Maximum Settlement Amount is insufficient to warrant approval; or (iii) 5% or more of the California Class Members submit an Exclusion Letter, Defendant may elect to reject this Settlement and the Stipulation of Settlement shall be null and void *ab initio* and any order or judgment entered by the Court in furtherance of this Settlement shall be treated as withdrawn or vacated by stipulation of the Parties. In such case, the Class Members and Defendant shall be returned to their respective statuses as of the date immediately prior to the execution of this Stipulation of Settlement. In the event an appeal is filed from the Final Approval Order and Judgment, or any other appellate review is sought prior to the Effective Date, administration of the Settlement shall be stayed pending final resolution of the appeal or other appellate review.

M. **Parties' Authority.**

1. The signatories hereto represent that they are fully authorized to enter into this Stipulation of Settlement and bind the Parties to the terms and conditions hereof.

N. **Mutual Full Cooperation.**

1. The Parties and their counsel agree to fully cooperate with each other to accomplish the terms of this Stipulation of Settlement, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Stipulation of Settlement. The Parties to this

Stipulation of Settlement shall use their best efforts, including all efforts contemplated by this Stipulation of Settlement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Stipulation of Settlement and the terms set forth herein. In the event the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions or actions that may become necessary to effectuate the terms of this Stipulation of Settlement, the Parties shall seek the assistance of the Court or the Mediator to resolve such disagreement.

O. **No Prior Assignments.**

1. The Parties hereto represent, covenant, and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights released and discharged by this Stipulation of Settlement.

P. **No Admission**.

1. Nothing contained herein, nor the consummation of this Stipulation of Settlement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant or any of the other Released Parties. Each of the Parties hereto has entered into this Stipulation of Settlement with the intention of avoiding further disputes and litigation with the attendant risk, inconvenience and expenses. This Stipulation of Settlement is a settlement document and shall, pursuant to California Evidence Code § 1152 and/or Federal Rule of Evidence 408 and/or any other similar law, be inadmissible as evidence in any proceeding, except an action or proceeding to approve the settlement, and/or interpret or enforce this Stipulation of Settlement.

Q. **Construction**.

1. The Parties hereto agree that the terms and conditions of this Stipulation of Settlement are the result of lengthy, intensive arms' length negotiations between the Parties and that this Stipulation of Settlement shall not be construed in favor of or against any of the Parties by reason of the extent to which any Party or his or its counsel participated in the drafting of this Stipulation of Settlement.

R. **Jurisdiction of the Court**.

1. Except for those matters to be resolved by the Mediator or the Settlement Administrator as expressly stated, any dispute regarding the interpretation or validity of or otherwise arising out of this Stipulation of Settlement, or relating to the Lawsuit or the Class Released Claims, shall be subject to the exclusive jurisdiction of the Court, and the Plaintiffs, Class Members, and Defendant agree to submit to the personal and exclusive jurisdiction of the Court. The Court shall retain jurisdiction solely with respect to the interpretation, implementation and enforcement of the terms of this Stipulation of Settlement and all orders and judgments entered in connection therewith, and the Parties and their counsel submit to the jurisdiction of the Court for purposes of interpreting, implementing and enforcing the settlement embodied in this Stipulation of Settlement and all orders and judgments entered in connection therewith.

S. **California Law Governs**.

1. All terms of this Stipulation of Settlement and the exhibits hereto shall be governed by and interpreted according to the laws of the State of California, regardless of its conflict of laws.

T. **Invalidity of Any Provision**.

1. The Parties request that before declaring any provision of this Stipulation of Settlement invalid, the Court shall first attempt to construe all provisions valid to the fullest extent possible consistent with applicable precedents.

U. **Headings**.

1. The headings contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Stipulation of Settlement or any provision hereof.

V. **Exhibits.**

1. The terms of this Stipulation of Settlement include the terms set forth herein and the attached **Exhibits 1-2**, which are incorporated by this reference as though fully set forth herein. Any exhibits to this Stipulation of Settlement are an integral part of the Settlement.

W. **Amendment or Modification.**

1. This Stipulation of Settlement may be amended or modified only by a written instrument signed by counsel for all Parties or their successors-in-interest.

X. **Entire Agreement.**

1. This Stipulation of Settlement, including **Exhibits 1-2** attached hereto, contains the entire agreement between Plaintiffs and Defendant relating to the Settlement and transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a party or such party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

Y. **Binding On Assigns.**

1. This Stipulation of Settlement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

Z. **No Solicitation re: Claims, Objections, Exclusions or Appeals.**

1. The Parties and their counsel shall not solicit or otherwise encourage Class Members to submit written objections to the Settlement, to request exclusion or to appeal from the Court's Final Approval Order and Judgment.

AA. **Interim Stay of Proceedings.**

1. The Parties agree to hold in abeyance all proceedings in the Lawsuit, except such proceedings necessary to implement and complete the Settlement, pending the final approval hearing to be conducted by the Court.

AB. **Counterparts**.

1. This Stipulation of Settlement may be executed in counterparts, and when each of the Parties has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one fully-signed Stipulation of Settlement, which shall be binding upon and effective as to all Parties.

AC. **Plaintiff's Agreement to be Bound**

1. By signing this Stipulation of Settlement, Plaintiffs agree to be bound by the terms herein. If any of the Plaintiffs object to or opt-out of the Settlement, Defendant will have the option at its discretion of rejecting the Settlement in its entirety.

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13A-14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

I, Sotirios J. Vahaviolos, certify that:

1. I have reviewed this report on Form 10-Q of Mistras Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 7, 2016

/s/ Sotirios J. Vahaviolos

Sotirios J. Vahaviolos

Chairman and Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13A-14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

I, Jonathan H. Wolk, certify that:

1. I have reviewed this report on Form 10-Q of Mistras Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 7, 2016

/s/ Jonathan H. Wolk

Jonathan H. Wolk

Senior Executive Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Mistras Group, Inc. (the "Company"), that, to his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended August 31, 2016 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report.

Dated: October 7, 2016

/s/ Sotirios J. Vahaviolos

Sotirios J. Vahaviolos
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Jonathan H. Wolk

Jonathan H. Wolk
Senior Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)