

SUPERIOR ENERGY SERVICES INC

Form DEF 14A

April 29, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

Superior Energy Services, Inc.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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11000 Equity Drive, Suite 300

Houston, Texas 77041

Dear Fellow Stockholders:

It is my pleasure to invite you to attend our 2013 Annual Meeting of Stockholders on June 6, 2013 at 9:00 a.m. central time. The meeting will be held at the Magnolia Hotel Houston in Houston, Texas.

2012 was an exciting year for us. Our acquisition of Complete Production Services, Inc. transformed our Company, significantly expanding our U.S. land geographic footprint and service and product offerings. The annual meeting gives you an opportunity to provide feedback regarding our company, its management and business strategy. I encourage you to read these materials and vote your shares, in person or by proxy, at our annual meeting.

Our goal in the attached proxy statement is to provide you with the information necessary to understand the matters being proposed at our annual meeting. Your votes and feedback are important to our decisions. We are particularly interested in your feedback on our annual say-on-pay proposal, where we ask you to approve on an advisory basis, our executive compensation program. As always, you can find information regarding our executive compensation program in our Compensation Discussion and Analysis. The annual meeting will also address other proposals, including adoption of a new stock incentive plan, a new employee stock purchase plan, and an amendment to our charter to remove the restrictions on foreign ownership. These proposals are described in further detail in the attached proxy statement.

On behalf of the Board of Directors and Superior's management, we welcome you to the 2013 annual meeting. Thank you for your continued interest in Superior.

David D. Dunlap
President and Chief Executive Officer

May 1, 2013

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To our Stockholders:

The annual meeting of stockholders of Superior Energy Services, Inc. will be held at 9:00 a.m., local time, on Thursday, June 6, 2013, at the Magnolia Hotel Houston, Sterling Ballroom I, 1100 Texas Avenue, Houston, Texas 77002. At the annual meeting, our stockholders will be asked to vote on the following proposals:

1. the election of ten directors (Proposal 1);
2. an advisory vote on the compensation of our named executive officers (Proposal 2);
3. the adoption of the 2013 Stock Incentive Plan (Proposal 3);
4. the adoption of the 2013 Employee Stock Purchase Plan (Proposal 4);
5. the adoption of an amendment to our certificate of incorporation to remove the limitation on non-U.S. citizen stock ownership (Proposal 5);
6. the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2013 (Proposal 6);
and
7. any other business that may properly come before the meeting.

Only holders of record of our common stock as of the close of business on April 19, 2013 are entitled to receive notice of, attend and vote at the meeting.

Your vote is important. Whether or not you plan to attend the meeting, please complete, sign and date the enclosed proxy or voting instruction card and return it promptly in the enclosed envelope, or vote by one of the other methods specified in this proxy statement. If you attend the annual meeting, you may vote your shares in person, even if you have sent in your proxy.

By Order of the Board of Directors,

Greg Rosenstein
Executive Vice President and Secretary

Houston, Texas

May 1, 2013

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 6, 2013.**

**This proxy statement and the 2012 annual report
are available at <https://materials.proxyvote.com/868157>**

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SUPERIOR ENERGY SERVICES, INC.

11000 Equity Drive, Suite 300

Houston, Texas 77041

WELCOME TO OUR ANNUAL MEETING OF STOCKHOLDERS
QUESTIONS AND ANSWERS ABOUT OUR 2013 ANNUAL MEETING

This proxy statement is being mailed to our stockholders on or about May 1, 2013.

Q: Why am I receiving this proxy statement?

A: Our Board of Directors is soliciting your proxy to vote at the annual meeting because you owned shares of our common stock at the close of business on April 19, 2013, the record date for the meeting, and are entitled to vote at the meeting. This proxy statement, along with a proxy card or a voting instruction card and a copy of our annual report, are being mailed to stockholders beginning May 1, 2013. This proxy statement summarizes the information you need to know to vote at the annual meeting. You do not need to attend the annual meeting to vote your shares.

Q: On what matters will I be voting?

A: At the annual meeting, our stockholders will be asked to (i) elect ten directors, (ii) hold an advisory vote on the compensation of our named executive officers (the "say-on-pay" proposal), (iii) adopt the 2013 Stock Incentive Plan, (iv) adopt the 2013 Employee Stock Purchase Plan, (v) adopt an amendment to our certificate of incorporation to remove the limitation on non-U.S. citizen stock ownership (the "charter amendment"), (vi) ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2013, and (vii) consider any other business that may properly come before the meeting.

Q: When and where will the meeting be held?

A: The meeting will be held at 9:00 a.m., local time, on Thursday, June 6, 2013, at the Magnolia Hotel Houston, Sterling Ballroom I, 1100 Texas Avenue, Houston, Texas 77002. You can obtain directions to the Magnolia Hotel at the hotel's website at www.magnoliahotels.com.

Q: How many votes may I cast?

A: You have one vote for every share of our common stock that you owned on the record date.

Q: How many votes may be cast by all stockholders?

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A: As of the record date, we had 159,526,281 shares of common stock outstanding.

Q: **How many shares must be present to hold the meeting?**

A: Our By-laws provide that a majority of the outstanding shares of stock entitled to vote generally in the election of directors, represented in person or by proxy, constitutes a quorum at a meeting of our stockholders. As of the record date, 79,763,141 shares of our common stock constitute a quorum. Shares that are voted, broker non-votes and shares for which voting authority is withheld are treated as being present at the annual meeting for purposes of determining whether a quorum is present.

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Q: What are my voting options on each proposal? How does the Board recommend that I vote? How many votes are required to approve each proposal?

Proposal	Your Voting Options	Board's Recommendation	Vote Required to Approve the Proposal
No. 1: Election of the ten director nominees	You may vote FOR each nominee or choose to WITHHOLD your vote for one or all of the nominees	FOR each of the nominees	Ten nominees receiving the highest number of votes in favor will be elected, except that a nominee who receives a greater number of withhold than for votes must tender his resignation
No. 2: Approval of the say-on-pay proposal (advisory)	You may vote FOR or AGAINST this proposal or ABSTAIN from voting	FOR approval of our executive compensation as disclosed in this proxy statement	Affirmative vote of the holders of a majority of the shares of common stock present and entitled to vote on the proposal
No. 3: Adoption of the 2013 Stock Incentive Plan	You may vote FOR or AGAINST this proposal or ABSTAIN from voting	FOR approval of our 2013 Stock Incentive Plan	Affirmative vote of the holders of a majority of the votes cast, provided all votes cast (for, against or abstaining) represent a majority of shares outstanding and entitled to vote
No. 4: Adoption of the 2013 Employee Stock Purchase Plan	You may vote FOR or AGAINST this proposal or ABSTAIN from voting	FOR approval of our 2013 Employee Stock Purchase Plan	Affirmative vote of the holders of a majority of the votes cast, provided all votes cast (for, against or abstaining) represent a majority of shares outstanding and entitled to vote
No. 5: Adoption of the charter amendment	You may vote FOR or AGAINST this proposal or ABSTAIN from voting	FOR approval of the charter amendment	Affirmative vote of the holders of a majority of the outstanding shares of common stock

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Proposal	Your Voting Options	Board's Recommendation	Vote Required to Approve the Proposal
No. 6: Ratification of KPMG LLP as our independent registered public accounting firm	You may vote FOR or AGAINST this proposal or ABSTAIN from voting	FOR ratification of our selection of KPMG as our auditors for 2013	Affirmative vote of the holders of a majority of the shares of common stock present and entitled to vote on the proposal

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: If your shares are registered directly in your name with our transfer agent, American Stock Transfer and Trust Company, you are considered, with respect to those shares, the stockholder of record. The proxy materials have been directly sent to you by us.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. The proxy materials have been forwarded to you by your broker, bank or nominee. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or Internet. You should also be aware that you may not vote shares held in street name by returning a proxy card directly to us or by voting in person at the annual meeting unless you provide a legal proxy, which you must obtain from your broker or other nominee.

Q: What happens if I complete the proxy or voting instruction card? What if I don't vote for a proposal? On which proposals may my shares be voted without receiving voting instructions from me?

A: By completing and returning the proxy or voting instruction card, you are authorizing the proxy holder to vote your shares at our annual meeting as you have instructed him on the card.

If you are a stockholder of record and you make no specifications on your returned proxy card, your shares will be voted in accordance with the recommendations of our Board of Directors, as provided above.

If you are a beneficial owner of shares, under the rules of the New York Stock Exchange (NYSE) your broker, bank or nominee may generally vote your shares on routine matters without receiving voting instructions from you but cannot vote your shares on non-routine matters. Of the proposals, only the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2013 is a routine matter. If your broker, bank or nominee does not receive instructions from you on how to vote your shares on the remainder of the proposals, the organization will not have the authority to vote your shares on those matters. This is generally referred to as a broker non-vote.

Q: What are the effects of abstentions and broker non-votes on each proposal?

A: Abstentions will:

have no effect on the election of directors (Proposal 1).

have the effect of a vote AGAINST the remainder of the proposals (Proposal 2 through Proposal 6).

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Broker non-votes will:

have no effect on the election of directors (Proposal 1) or the say-on-pay proposal (Proposal 2), since these shares are not entitled to vote on the specific matters without instructions from the beneficial owner for the broker.

have the effect of a vote **AGAINST** the charter amendment (Proposal 3), since it requires an affirmative vote of a majority of all outstanding shares of common stock.

have the effect of a vote **AGAINST** the 2013 Stock Incentive Plan and the 2013 Employee Stock Purchase Plan (Proposal 4 and Proposal 5), since NYSE rules require an affirmative vote of the majority of votes cast, provided the total votes cast represent a majority of all shares of common stock entitled to vote on a proposal. Unlike votes **for**, **against** and abstentions, broker non-votes do not count as a vote cast, which may result in obtaining less than the 50% of outstanding shares of common stock voting as required by the NYSE.

not occur with respect to ratification the appointment of KPMG LLP as our independent registered public account firm, since this is a routine matter the broker can vote on without instructions.

Q: How do I vote?

A: You may vote using any of the following methods:

Proxy card or voting instruction card: Be sure to complete, sign and date the card and return it in the prepaid envelope.

Telephone or Internet: The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or nominee. Therefore, we recommend that you follow the voting instructions in the materials you receive.

In person at the annual meeting: All stockholders may vote in person at the annual meeting. You may also be represented by another person at the meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot when you vote at the annual meeting.

Q: Can I change my vote?

A: Yes. Your proxy can be revoked or changed at any time before it is voted by notice in writing to our Secretary, by our timely receipt of another proxy with a later date or by voting in person at the meeting.

Q: Who pays for soliciting proxies?

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- A:** We are paying for all costs of soliciting proxies. In addition to solicitations by mail, we have retained Georgeson Stockholder Communications, Inc. to aid in the solicitation of proxies at an estimated fee of \$11,500. Our officers and employees may request the return of proxies by personal conversation or by telephone or telecopy. We are also requesting that banks, brokerage houses and other nominees or fiduciaries forward the soliciting material to their principals and that they obtain authorization for the execution of proxies. We will reimburse them for their expenses.

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Q: Could other matters be decided at the meeting?

A: The Board does not expect to bring any other matter before the annual meeting, and it is not aware of any other matter that may be considered at the meeting. In addition, pursuant to our By-laws, the time has elapsed for any stockholder to properly bring a matter before the meeting. However, if any other matter does properly come before the meeting, the proxy holder will vote the proxies in his discretion.

Q: What happens if the meeting is postponed or adjourned?

A: Your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

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ELECTION OF DIRECTORS

(PROPOSAL 1)

The size of the Board is currently fixed at ten directors, and our directors are elected annually. The Nominating and Corporate Governance Committee (the "Corporate Governance Committee") recommended, and the Board nominated, each of the current ten directors to serve another one-year term of office.

Proxies cannot be voted for more than ten nominees. Unless you specify otherwise in your proxy card, your shares will be voted by the proxy holder FOR the election of each of the ten nominees named below to serve until the next annual meeting and until their successors are duly elected and qualified. If any nominee should decline or be unable to serve for any reason, votes will be cast for a substitute nominee designated by the Board. Each of the nominees has advised us that he will serve on the Board if elected.

Information About Directors

The biographies below provide certain information as the date of this proxy statement for each director nominee. The information includes the person's service as a director, business experience, director positions held currently or at any time during the last five years, and the experiences, qualifications, attributes or skills that caused the Corporate Governance Committee and the Board to determine that the person should be nominated to serve as a director. Unless otherwise indicated, each person has been engaged in the principal occupation shown for the past five years.

Name and Age	Business Experience, Qualifications, and Skills	Director Since
Harold J. Bouillion, 69	<p>Mr. Bouillion is currently the Managing Director of Bouillion & Associates, LLC, which provides tax and financial planning services, a position he has held since 2002. From 1966 until 2002, Mr. Bouillion was with KPMG LLP where he served as Managing Partner of the New Orleans office from 1991 through 2002. Mr. Bouillion is a certified public accountant.</p> <p>Mr. Bouillion's tax and financial planning services experience and his 36-year career in tax with an international accounting firm, where he served in various leadership positions, make him a valuable member of the Board and Audit Committee and distinctively qualified to chair our Compensation Committee. His prior management experiences, as well as service with other private and non-profit organizations, adds valuable perspectives to the challenges faced at the Board level.</p>	2006
Enoch L. Dawkins, 75	<p>Mr. Dawkins has over 50 years of experience in the energy industry. From 1991 until his retirement in March 2003, Mr. Dawkins served as president of Murphy Exploration and Production Company, a subsidiary of Murphy Oil. His career included numerous management positions domestically and internationally with Ocean Drilling and Exploration Company (known as ODECO), a company he joined in 1964, including</p>	2003

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Name and Age	Business Experience, Qualifications, and Skills	Director Since
	<p>serving as President from 1989 until its acquisition by Murphy Oil Company in 1991. Mr. Dawkins began his career as a drilling engineer with The California Co., a predecessor to Chevron USA. Mr. Dawkins was previously on the board of Murphy Oil Canada, Ltd.</p> <p>Mr. Dawkins' employment history as an executive in the domestic and international oil and gas industry makes him uniquely suited to understand and oversee the complex managerial, strategic and financial considerations necessary to serve on our Board and as our Lead Director. Mr. Dawkins' service on other private, non-profit and industry boards allows him to provide our Board with a variety of perspectives on corporate governance issues.</p>	
David D. Dunlap, 51	<p>Mr. Dunlap has served as CEO since April 2010 and President since February 2011. Prior to joining the Company, Mr. Dunlap had served since 2007 as Executive Vice President – Chief Operating Officer of BJ Services Company (BJ Services), a well services provider. He joined BJ Services in 1984 as a District Engineer. Prior to being promoted to Executive Vice President and Chief Operating Officer, Mr. Dunlap held the position of Vice President International Division from 1995 through 2007. He also previously served as Vice President – Sales for the Coastal Division of North America and U.S. Sales and Marketing Manager. Mr. Dunlap currently serves as a director of Linn Energy, LLC and as director and trustee on the boards of numerous non-profit organizations.</p> <p>Mr. Dunlap has worked and held leadership positions in the oil and gas industry for more than 30 years. Under his direction, BJ Services significantly expanded internationally and successfully transformed into a global leader in multiple well service product lines, demonstrating his exceptional leadership abilities in developing and executing a global business strategy. His extensive knowledge, experience and expertise and his insight on global expansion in the oil and gas industry make him a valuable member of our Board and uniquely position him to assist the Board in the successful implementation of the Company's business strategy.</p>	2010
James M. Funk, 63	<p>Dr. Funk is currently the President of J.M. Funk & Associates, an oil and gas business consulting firm, and has more than 30 years of experience in the energy industry. Dr. Funk served as Senior Vice President of Equitable Resources (now EQT Corporation) and President of Equitable Production Co. from June 2000 until December of 2003. Previously, Dr. Funk worked</p>	2005

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Name and Age	Business Experience, Qualifications, and Skills	Director Since
	<p>for 23 years with Shell Oil Company and its affiliates. Dr. Funk has previously served on the boards of Westport Resources (April 2000 to June 2004) and Matador Resources Company (January 2003 to December 2008). Dr. Funk currently serves as a Director of Range Resources Corporation and Sonde Resources Corp. Dr. Funk is a Certified Petroleum Geologist.</p> <p>Dr. Funk's extensive experience in the energy industry in similar areas as the Company's operations, along with his strong technical experience, gives him a unique understanding of our business and the challenges and strategic opportunities facing us. His senior executive leadership in the energy industry provides our Compensation and Corporate Governance Committees with substantial personnel management experience. In addition, his service on the board of directors of a number of public companies adds valuable perspective in connection with the role of the board and positions him well to handle challenges faced at the Board level.</p>	
Terence E. Hall, 67	<p>Mr. Hall has served as the Chairman of the Board since December 1995. Mr. Hall is the founder of the Company and served as CEO of the Company and its predecessors from 1980 until April 2010. Mr. Hall also currently serves as a director of the Hancock Holding Company (Hancock), and served on the Whitney Holding Corp.'s board of directors prior to it merging with Hancock in June 2011.</p> <p>As founder of the Company, Mr. Hall led the Company through tremendous growth through all industry cycles. His detailed knowledge of every aspect of our business and perspective regarding strategic and operational opportunities and challenges facing the Company and the oil and gas industry enable him to guide the Company's business strategy and focus the Board on the most significant business issues.</p>	1995
Ernest E. Wyn Howard, III, 70	<p>Mr. Howard retired as a director of Stratus Properties Inc. in 1996, where he previously served as President and Chief Executive Officer. He also previously served as Chief Financial Officer, Executive Vice President and a director of Freeport-McMoRan Copper & Gold Inc. (FCX). In the 1970s and 1980s, Mr. Howard served in a variety of executive capacities with FCX's former parent company, Freeport-McMoRan, Inc., and its predecessor company, McMoRan Oil & Gas Co. Mr. Howard also served as a Trustee and member of the Audit Committee and Nominating Committee of Capital One Funds from 2003 to 2007.</p> <p>Mr. Howard's extensive experience serving as an executive and a director for various publicly traded companies provides him with a wealth of knowledge in</p>	2005

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Name and Age	Business Experience, Qualifications, and Skills	Director Since
Peter D. Kinnear, 66	<p>dealing with financial, accounting and regulatory matters at the board level and gives him a deep understanding of the role of the Board and expectations of our directors. His prior business and board experiences make him highly qualified to serve as the chair of our Corporate Governance Committee and as a member of our Audit Committee.</p> <p>Mr. Kinnear has held numerous management, operations, and marketing roles with FMC Technologies, Inc. and FMC Corporation since 1971. Mr. Kinnear served as Chief Executive Officer from March 2007 through February 2011 of FMC Technologies, Inc., and previously as President from March 2006 through April 2010, and Chief Operating Officer from March 2006 through March 2007. Mr. Kinnear also serves on the board of directors of Stone Energy Corporation. In addition to serving as trustee or director of various non-public entities, he previously served on the board of directors of Tronox Incorporated from November 2005 to December 2010, and as FMC Technologies, Inc.'s Chairman of the board from October 2008 through October 2011.</p> <p>Mr. Kinnear's experience in numerous roles of management, operations and marketing in the global energy industry provides extensive knowledge and leadership skills to the Board. His management and board experience gives him a thorough understanding of industry regulations and public policy applicable to the industry, experience and understanding of the different cultural, political and regulatory requirements from international operations and extensive oil service industry experience. This experience makes Mr. Kinnear highly qualified to serve on our Audit Committee and Corporate Governance Committee.</p>	2011
Michael M. McShane, 58	<p>Mr. McShane has served as a Director since February 2012, when we acquired Complete Production Services, Inc. ("Complete "), having served on the Complete board of directors since March 2007. Mr. McShane serves as an Advisor to Advent International, a global private equity fund. Mr. McShane served as a director and President and Chief Executive Officer of Grant Prideco, Inc., from June 2002 until the completion of its merger with National Oilwell Varco, Inc. in April 2008, having also served as the chairman of its board from May 2003 through 2008. Prior to joining Grant Prideco, Mr. McShane was Senior Vice President Finance and Chief Financial Officer and a director of BJ Services Company from 1990 to June 2002, and Vice President Finance from 1987 to 1990 while BJ Services Company was a division of Baker-Hughes Incorporated. Mr. McShane also serves as a director of Spectra Energy Corp, Oasis Petroleum Inc. and Forum Energy Technologies, Inc.</p>	2012

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Name and Age	Business Experience, Qualifications, and Skills	Director Since
W. Matt Ralls, 63	<p>Mr. McShane's institutional knowledge of Complete's operations and management, as well as his knowledge of the global oil and gas industry generally, provides insight to our Board. His experience and knowledge in the energy industry from a career spanning more than 30 years, including serving in a variety of executive management and financial leadership positions, provide the Board excellent perspective and experience. Mr. McShane's experience and finance and accounting background make him highly qualified to serve on our Audit Committee and Compensation Committee.</p> <p>Mr. Ralls has served as Director since February 2012, when we acquired Complete, having served on the Complete board of directors since December 2005. Mr. Ralls has been the Chief Executive Officer and a director of Rowan Companies, Inc. since January 2009, and its President from January 2009 until March 2013. Mr. Ralls served as Executive Vice President and Chief Operating Officer of GlobalSantaFe Corporation from June 2005 until the completion of the merger of GlobalSantaFe with Transocean, Inc. in November 2007, having also served in the role of Senior Vice President and Chief Financial Officer from November 2001 to June 2005. In addition to serving on Rowan Companies, Inc.'s board of directors, Mr. Ralls also serves as a director of Cabot Oil and Gas Corporation and the American Petroleum Institute, and previously served as a director of El Paso Pipeline Partners L.P.</p> <p>Mr. Ralls' institutional knowledge of Complete's operations and management, as well as extensive financial and senior executive management experience at companies focusing on the various phases of the drilling and production industry, provides insight to our Board. The Board also benefits from his extensive leadership and financial knowledge in the global oil and gas drilling and production industry, making him highly qualified to serve on our Compensation Committee and Corporate Governance Committee.</p>	2012
Justin L. Sullivan, 73	<p>Mr. Sullivan has been a private investor and has served as a business consultant since May 1993. Prior to May 1993, he held senior operating and financial management positions with various companies in the forest products industry, including Plywood Panels, Inc. and its predecessors where he served as President from 1992 until 1993 and Vice President, Treasurer and Director from 1967 until 1992. Mr. Sullivan also was an accounting faculty member of the University of New Orleans and Tulane University for over ten years. Mr. Sullivan is a certified public accountant.</p>	1995

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Name and Age	Business Experience, Qualifications, and Skills	Director Since
	<p>As our longest serving non-management director, Mr. Sullivan provides important institutional knowledge to the Board. Mr. Sullivan's educational background, experience in financial management and extensive involvement in accounting matters provide him with the necessary skills to chair the Audit Committee and evaluate financial results and generally oversee the financial reporting process of our Company. Mr. Sullivan's significant business and accounting experience provides insight into strategies and solutions to address an increasingly complex business environment to our Board and the Corporate Governance Committee.</p>	

Vote Required

The election of directors will be decided by plurality vote in compliance with our majority voting policy, that is, the ten nominees receiving the highest number of affirmative votes cast will be elected to the Board of Directors provided no director nominee receives a greater number of withhold than for votes in an uncontested election. In the event a director nominee receives a greater number of withhold than for votes they will provide their resignation for consideration. See Corporate Governance Election of Directors.

The Board unanimously recommends that stockholders vote FOR each of the ten nominees for director.

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CORPORATE GOVERNANCE

The Board is responsible for our management and direction and for establishing broad corporate policies. The Board regularly discusses the Company's organizational needs, managing its growth, competitive challenges, the potential of senior leadership, future development and possible emergency situations to help provide strategic plans. The Board also actively focuses on succession planning and management development activities, seeking input from members of the Board and senior management to find candidates for potential successors to the CEO and other senior executives.

Election of Directors

In March 2013, we revised our Corporate Governance Principles to include a majority withheld policy in connection with director elections. In a director election where the only nominees are those nominated by the Board (an uncontested election), if the director nominee receives a greater number of votes withheld from his election than for his election (a majority withheld vote) the nominee is required to tender his resignation, after certification of the stockholder vote, for consideration by the Corporate Governance Committee. The Corporate Governance Committee will consider the resignation and recommend to the Board whether to accept it or take other action, including rejecting the tendered resignation and addressing the apparent underlying cause of the majority withheld vote.

In making its recommendation, the Corporate Governance Committee will consider all factors deemed relevant by its members, including without limitation (i) the underlying reasons of the majority withheld vote (if it can be determined), (ii) the length of service and qualifications of the director whose resignation has been tendered, (iii) the director's contributions to the Company, (iv) the current mix of skills and attributes of directors on the Board, (v) whether, by accepting the resignation, the Company will no longer be in compliance with any applicable law, rule, regulation or governing document, and (vi) whether or not accepting the resignation is in the best interests of the Company and its stockholders.

The Board will act on the Corporate Governance Committee's recommendation at its first regularly scheduled meeting following certification of the stockholder vote, or within 120 after the certification if a regular board meeting is not scheduled within that time. The Board will consider the same criteria as the Corporate Governance Committee, as well as any additional information and factors it believes are relevant. The Board's decision and process will then be disclosed in a periodic or current report filed with the Securities and Exchange Commission (SEC).

Director Independence; Board's Leadership Structure

The Board of Directors has determined that the following directors are independent within the meaning of the NYSE listing standards: Harold J. Bouillion, James M. Funk, Ernest E. Howard, III, Peter D. Kinnear, Michael M. McShane, W. Matt Ralls and Justin L. Sullivan. Of the remaining non-management directors, the Board is not able to consider Enoch L. Dawkins independent under NYSE listing standards because his son-in-law is a consulting principal with KPMG LLP, our independent registered public accounting firm. Mr. Dawkins' son-in-law joined KPMG LLP after Mr. Dawkins joined our Board in 2003, and he provides Sarbanes-Oxley compliance and enterprise risk management advisory services to public company clients with no affiliation to our Company. KPMG LLP has been our independent registered public accounting firm since we went public in 1995. The Board does not believe, on our facts, that there has ever been a conflict, although under NYSE rules we cannot consider Mr. Dawkins independent. The Board is also not able to consider our Chairman, Terence E. Hall, independent because he served as the Company's CEO until April 2010 and Executive

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Chairman of the Board of Directors from April 2010 to December 2010, and because he is currently a party to a senior advisor agreement with the Company pursuant to which he receives compensation in excess of \$120,000 per year.

The Board of Directors takes a flexible approach to the issue of whether the offices of Chairman and CEO should be separate or combined, considering the tenure and experience of the CEO along with the broader economic and operating environment of the Company. This approach allows the Board to regularly evaluate whether it is in the best interests of the Company for the CEO or another director to hold the position of Chairman. We have separated the role of Chairman and CEO since April 2010, when the Board appointed David D. Dunlap as CEO of the Company, at which time Mr. Hall assumed the role of Executive Chairman of the Board of Directors to, among other things, facilitate the transition of Mr. Dunlap as CEO. Mr. Hall served in this capacity through December 10, 2010, at which time he assumed the position of Chairman of the Board and senior advisor.

Mr. Hall continues to serve as Chairman of the Board of Directors. As former CEO and founder of the Company, Mr. Hall possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing the Company and its businesses and is thus best positioned to develop agendas that ensure that the Board's time and attention are focused on the most critical matters. The Board determined that the separation of these roles would maximize management's efficiency by allowing our CEO to focus on our day-to-day business, while allowing the Chairman of the Board to lead the Board in its fundamental role of providing guidance to and oversight of management.

As described above, seven of our ten directors are independent, and the Board believes that the independent directors provide effective oversight of management. Moreover, in addition to feedback provided during the course of Board meetings, the Board has adopted a policy providing that the non-management directors meet regularly in executive session. Under our Corporate Governance Principles, the Board may elect annually a non-management Lead Director who has been recommended by the Corporate Governance Committee. If elected, the Lead Director will communicate any issues discussed by the non-management directors back to the CEO and Chairman, confer with the CEO and Chairman at intervals between Board meetings, and assist in planning for Board and Board committee meetings. In addition, he will act as a liaison between the Board and the CEO and Chairman to ensure close communication and coordination between them and to promote a harmonious and effective relationship. The Board has elected Mr. Dawkins to serve as Lead Director of the Board until the 2013 annual meeting of stockholders.

The Board believes that the foregoing leadership structure and policies strengthen Board leadership, foster cohesive decision-making at the Board level, solidify director collegiality, improve problem solving and enhance strategy formulation and implementation.

Meetings of the Board; Meeting Attendance

There were five Board meetings in 2012. Each of our directors attended 100% of the meetings of the Board and the committees of which he was a member, except Mr. Kinnear, who was unable to attend one board meeting and thus attended 88% of the meetings of Board and committees of which he was a member. The Board has adopted a policy that recommends that all directors personally attend each annual stockholders' meeting. At the last annual meeting of stockholders held on May 16, 2012, all of our directors were in attendance.

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Board Committees

Our Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. These committees regularly report back to the full Board with specific findings and recommendations in their areas of oversight and liaise regularly with the Chairman and Lead Director. The Board has affirmatively determined that each member of each of our standing committees has no material relationship with the Company and satisfies the independence criteria (including the enhanced criteria applicable to audit) set forth in the NYSE listing standards and SEC rules. The members and primary functions of each board committee are described below.

Audit Committee*	Functions of the Committee	Meetings in 2012
J.L. Sullivan, Chairman	retain, terminate, oversee, and evaluate the registered public accounting firm	5
H.J. Bouillion	review and discuss annual and quarterly financial statements, earnings releases, certain earnings guidance	
J.M. Funk (until May 16, 2012)	review critical accounting policies, accounting treatments and determine if there are any recommendations to improve controls or procedures	
E.E. Howard III	discuss risk assessment, legal matters or any matters pertaining to the integrity of management	
P.D. Kinnear (joined May 16, 2012)		
M.M. McShane (joined May 16, 2012)		
*Each member of the Audit Committee is an audit committee financial expert as defined by the SEC		
	please also see Audit Committee Report included in this proxy statement	
Compensation Committee	Functions of the Committee	Meetings in 2012
H.J. Bouillion, Chairman	establish, evaluate, approve and review the compensation philosophy of the Company, its executives, and CEO	8
J.M. Funk	review and approve corporate goals and objectives for compensation	
M.M. McShane (joined May 16, 2012)	review incentive compensation and other stock-based plans	
W.M. Ralls (joined May 16, 2012)	administer, approve and recommend awards under non-qualified programs and supplemental benefits	
J.L. Sullivan (until May 16, 2012)	please also see Compensation Committee Report on Executive Compensation included in this proxy statement	