

OIL STATES INTERNATIONAL, INC  
Form DEF 14A  
March 23, 2016

---

---

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**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 Rule 14a-12

**OIL STATES INTERNATIONAL, 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.

Title of each class of securities to which transaction applies:

(1)

Aggregate number of securities to which transaction applies:

(2)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(3)

Proposed maximum aggregate value of transaction:

(4)

Total fee paid:

(5)

---

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:

(1)

Form, Schedule or Registration Statement No.:

(2)

Filing Party:

(3)

Date Filed:

(4)

---

---

---

**OIL STATES INTERNATIONAL, INC.**

**Three Allen Center**

**333 Clay Street, Suite 4620**

**Houston, Texas 77002**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on May 10, 2016**

To the Stockholders of

Oil States International, Inc.:

NOTICE IS HEREBY GIVEN THAT the 2016 Annual Meeting of Stockholders of Oil States International, Inc., a Delaware corporation (the "Company"), will be held at the Hotel Granduca at 1080 Uptown Park Boulevard, Houston, Texas, 77056 on the 10th day of May, 2016 at 9:00 a.m. central time (the "Annual Meeting"), for the following purposes:

(1) To elect two (2) Class III members of the Board of Directors to serve until the 2019 Annual Meeting of Stockholders (see page 4);

(2) To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ended December 31, 2016 (see page 43);

(3) To conduct an advisory vote to approve executive compensation (see page 46); and

(4) To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Company has fixed the close of business on March 21, 2016 as the record date for determining stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Stockholders who execute proxies solicited by the Board of Directors of the Company retain the right to revoke them at any time; unless so revoked, the shares of common stock represented by such proxies will be voted at the Annual Meeting in accordance with the directions given therein. If a stockholder does not specify a choice on such stockholder's proxy, the proxy will be voted "FOR" the nominees for director named in the attached Proxy Statement, and "FOR" the ratification of the appointment of the independent registered public accounting firm for the Company named in such Proxy Statement, and "FOR" the approval of executive compensation. A copy of the list of stockholders entitled to vote at the Annual Meeting will be available for inspection by qualified stockholders for proper purposes at the offices of the Company during normal business hours during the ten days immediately prior to the Annual Meeting and will be available through the conclusion of the Annual Meeting.

Further information regarding the Annual Meeting is set forth in the attached Proxy Statement.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 10, 2016: A COPY OF THIS PROXY STATEMENT, PROXY VOTING CARD, THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2015, AND THE 2015 ANNUAL SHAREHOLDERS' SUMMARY ARE AVAILABLE AT [HTTP://WWW.IR.OILSTATESINTL.COM/PROXY.CFM](http://www.ir.oilstatesintl.com/proxy.cfm)**

By Order of the Board of Directors

Sincerely,

William E. Maxwell  
*Corporate Secretary*

Houston, Texas

March 23, 2016

**YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. HOWEVER, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, WE URGE YOU TO VOTE YOUR SHARES BY INTERNET, TELEPHONE, OR BY SIGNING, DATING AND RETURNING THE PROXY CARD YOU WILL RECEIVE IF YOU REQUEST PRINTED MATERIALS, ALL AS DESCRIBED IN THE ATTACHED PROXY STATEMENT. THE PROXY IS REVOCABLE AND WILL NOT BE USED IF YOU ARE PRESENT AT THE ANNUAL MEETING AND VOTE YOUR SHARES IN PERSON.**



**OIL STATES INTERNATIONAL, INC.**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on Wednesday, May 10, 2016**

**TABLE OF CONTENTS**

	<b>Page</b>
Solicitation	1
Outstanding Voting Securities and Voting Rights	3
Proposal 1—Election of Directors	4
Executive Officers and Directors	5
Corporate Governance	8
Committees and Meetings	10
Executive Compensation	14
Compensation Discussion and Analysis	14
Compensation Committee Report	26
Summary Compensation Table	27
Grants of Plan—Based Awards	29
Outstanding Equity Awards at 2015 Fiscal Year-End	30
Option Exercises and Stock Vested	33
Nonqualified Deferred Compensation	33
Potential Payments Upon Termination or Change of Control	34
Director Compensation	39
Equity Compensation Plan Information	40
Security Ownership	41
Performance Graph	42
Proposal 2—Ratification of the Appointment of Independent Registered Public Accounting Firm	43
Audit Fee Disclosure	43
Audit Committee Report	44
Proposal 3—Advisory Vote on Executive Compensation	46
Section 16(a) Beneficial Ownership Reporting Compliance	47
Stockholders Sharing the Same Address	47
Stockholder Proposals	48





**OIL STATES INTERNATIONAL, INC.**

**Three Allen Center**

**333 Clay Street, Suite 4620**

**Houston, Texas 77002**

**PROXY STATEMENT**

**FOR THE**

**ANNUAL MEETING OF STOCKHOLDERS**

**SOLICITATION**

The following information is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Oil States International, Inc., a Delaware corporation (the “Company”), regarding matters to be voted on at the 2016 annual meeting of stockholders of the Company (the “Annual Meeting”), which will be held at the Hotel Granduca at 1080 Uptown Park Boulevard, Houston, Texas, 77056, on the 10th day of May, 2016, at 9:00 a.m. central time, for the following purposes:

- (1) To elect two (2) Class III members of the Board of Directors to serve until the 2019 Annual Meeting of Stockholders;
- (2) To ratify the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the year ended December 31, 2016;
- (3) To conduct an advisory vote to approve executive compensation;
- (4) To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

If you are a stockholder of record, you may revoke your proxy at any time before it is exercised by: (1) sending a written statement revoking your proxy to William E. Maxwell, Oil States International, Inc., Three Allen Center, 333 Clay Street, Suite 4620, Houston, Texas 77002; (2) submitting a properly signed proxy with new voting instructions with a later date; or (3) voting in person at the Annual Meeting. If your shares are held in street name and you vote by proxy, you may change your vote by submitting new voting instructions to your bank, banker or nominee in accordance with the entity's procedures. If you return your signed proxy to us before the Annual Meeting, we will vote your shares as you direct. If you do not specify on your proxy card how you want to vote your shares, we will vote them "FOR" the election of all nominees for director as set forth under "Proposal 1: Election of Directors" on page 4; "FOR" the ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm as set forth under "Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm" on page 43; and "FOR" the approval of executive compensation set forth under "Proposal 3: Advisory Vote on Executive Compensation" on page 46. If any other business is brought before the meeting, any unspecified proxies will be voted in accordance with the judgment of the persons voting those shares.

The cost of soliciting proxies will be paid by the Company. In addition to the use of the mail, proxies may be solicited by the directors, officers and employees of the Company without additional compensation, by personal interview, telephone, telegram, or other means of electronic communication. Arrangements also may be made with brokerage firms and other custodians, dealers, banks and trustees, or their nominees who hold the voting securities of record, for sending proxy materials to beneficial owners. Upon request, the Company will reimburse the brokers, custodians, dealers, banks, or their nominees for their reasonable out-of-pocket expenses. In addition, the Company has retained Morrow & Co., LLC to assist in the solicitation of proxies for which the Company will pay an estimated fee of \$8,000. Computershare, the Company's transfer agent, will serve as the inspector of election for the Annual Meeting.

### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting To Be Held on May 10, 2016**

Pursuant to the "notice and access" rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to provide stockholders access to our proxy materials over the Internet. The approximate date on which this Proxy Statement, accompanying Notice of 2016 Annual Meeting of Stockholders and proxy card, and the Company's 2015 Annual Report on Form 10-K and 2015 Annual Shareholders' Summary are first being made available to stockholders at [www.edocumentview.com/OIS](http://www.edocumentview.com/OIS) is March 23, 2016. The Notice will be sent to all of our stockholders as of the close of business on March 21, 2016 (the "Record Date"). The Notice includes instructions on how to access our proxy materials over the Internet and how to request a printed copy of these materials. In addition, by following the instructions in the Notice, stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis.

Choosing to receive your future proxy materials by e-mail will save the Company the cost of printing and mailing documents to you and will reduce the impact of the Company's annual meetings on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

The Company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 22, 2016 (the "10-K"), is available to all stockholders entitled to vote at the Annual Meeting at [www.edocumentview.com/OIS](http://www.edocumentview.com/OIS) but does not constitute a part of the proxy soliciting material.

This Proxy Statement and the form of proxy are first being made available to stockholders beginning March 23, 2016 at [www.edocumentview.com/OIS](http://www.edocumentview.com/OIS).

## **OUTSTANDING VOTING SECURITIES AND VOTING RIGHTS**

Oil States International, Inc., a Delaware corporation, (“Company,” “Oil States,” “we,” “us,” and “our” refer to Oil States International, Inc. and its subsidiaries), has one outstanding class of security that entitle holders to vote at meetings of the Company’s stockholders, its common stock, par value \$.01 per share. Each share of common stock outstanding on the record date is entitled to one vote. Stockholders may not cumulate their votes. There are no matters that require a supermajority vote under our certificate of incorporation. Our by-laws permit amendment by a majority vote of stockholders.

The record date for the stockholders entitled to notice of and to vote at the Annual Meeting was the close of business on March 21, 2016. At the record date, 51,363,575 shares of common stock were outstanding and entitled to be voted at the Annual Meeting.

The presence, in person or by proxy, of the holders of a majority of the voting power of all outstanding shares of the Company entitled to vote generally in the election of directors is necessary to constitute a quorum at the Annual Meeting. If a quorum is not present, the stockholders entitled to vote who are present in person or by proxy at the Annual Meeting have the power to adjourn the Annual Meeting from time to time, without notice other than an announcement at the Annual Meeting, until a quorum is present. At any adjourned Annual Meeting at which a quorum is present, any business may be transacted that might have been transacted at the Annual Meeting as originally notified.

Directors will be elected by a plurality of the votes cast. However, in accordance with the Company’s corporate governance guidelines, which were last amended on February 19, 2014, any director who does not receive a majority of votes cast in an uncontested election is required to tender his or her resignation for consideration by the Nominating & Corporate Governance Committee following certification of the stockholders vote. The Nominating & Corporate Governance Committee shall promptly consider the resignation offer and make a recommendation to the Board as to whether the resignation should be accepted. The Board will render its decision on the tendered resignation with the affected director abstaining. Ratification of the selection of the Company’s independent registered public accounting firm and approval of the advisory vote on executive compensation each requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to be voted at the Annual Meeting. An automated system that the Company’s transfer agent administers will tabulate the votes. Brokers who hold shares in street name for customers are required to vote shares in accordance with instructions received from the beneficial owners. Under the applicable rules of the New York Stock Exchange, (the “NYSE”), brokers are permitted to vote on discretionary items if they have not received instructions from the beneficial owners, but they are not permitted to vote (a “broker non-vote”) on non-discretionary items absent instructions from the beneficial owner. If you hold your shares in street name and you do not give voting instructions to your broker, pursuant to NYSE Rule 452, your broker will not be permitted to vote your shares with respect to “Proposal 1: Election of Directors”, or “Proposal 3: Advisory Vote on Executive Compensation,” and your shares will be considered “broker non-votes” with respect to these proposals. If you are a street name stockholder, and you do not give voting instructions, your broker will nevertheless be entitled to vote your shares with respect to “Proposal 2: Ratification of Appointment of Independent Registered Public Accounting

Firm” in the discretion of the broker. Abstentions occur when stockholders are present at the Annual Meeting but fail to vote or voluntarily withhold their vote for any of the matters upon which the stockholders are voting. Abstentions and broker non-votes will count in determining whether a quorum is present at the Annual Meeting. Both abstentions and broker non-votes will not have any effect on the outcome of voting on director elections. For purposes of voting on the ratification of the selection of the Company’s independent registered public accounting firm, abstentions will have the same effect as a vote against the proposal. For purposes of the advisory vote on executive compensation, broker non-votes are not counted as votes with respect to the proposal and therefore will not affect the outcome of the vote on this proposal, and abstentions will have the same effect as a vote against the proposal.

A proxy in the accompanying form that is properly signed and returned will be voted at the Annual Meeting in accordance with the instructions on the proxy. Any properly executed proxy on which no contrary instructions have been indicated about a proposal will be voted as follows with respect to the proposal: FOR the election of the two persons named in this Proxy Statement as the Board of Directors’ nominees for election to the Board of Directors; FOR the ratification of the selection of Ernst & Young LLP as the Company’s independent registered public accounting firm; FOR the approval of the advisory vote on executive compensation; and in accordance with the discretion of the holders of the proxy with respect to any other business that properly comes before the stockholders at the Annual Meeting. The Board of Directors knows of no matters, other than those previously stated, to be presented for consideration at the Annual Meeting. The persons named in the accompanying proxy may also, in their discretion, vote the proxy to adjourn the Annual Meeting from time to time.

## **PROPOSAL 1:**

### **ELECTION OF DIRECTORS**

The Board of Directors is currently comprised of eight members. The eight members are divided into three classes having three members in each of Class I and Class II, and two members in Class III. Each class is elected for a term of three years, so that the term of one class of directors expires at each annual meeting of stockholders. The term of the two current Class III directors will expire at the Annual Meeting. The term of the Class I directors will expire at the Annual Meeting of stockholders to be held in 2017, and the term of the Class II directors will expire at the Annual Meeting of stockholders to be held in 2018.

#### **Nominees**

Two directors are to be elected to serve as Class III directors at the Annual Meeting. Based on the recommendation of our Nominating & Corporate Governance Committee, the Board of Directors has nominated Mark G. Papa and Stephen A. Wells to fill the two expiring Class III positions on the Board of Directors, to hold office for three-year terms expiring at the Annual Meeting of Stockholders in 2019, and until their respective successors have been duly elected and qualified, or until their earlier death, resignation or removal. Each of the director nominees, Messrs. Papa and Wells, presently serve as Class III directors. Stockholder nominations will not be accepted for filling Board of Directors seats at the Annual Meeting because our bylaws require advance notice for such a nomination, the time for which has passed. Our Board of Directors has determined that Messrs. Papa and Wells are “independent” as that term is defined by the applicable NYSE listing standards. See “— Director Independence” below for a discussion of director independence determinations. The proxy (unless otherwise directed, revoked or suspended) will be voted FOR the election of the two nominees for director.

#### **Vote Required**

A plurality of votes cast is required for the election of directors. Both abstentions and broker non-votes will not have any effect on the outcome of voting on director elections. Our Corporate Governance Guidelines require any director who does not receive a majority of the votes cast in an uncontested election to tender their resignation for the consideration by the Nominating & Corporate Governance Committee, which will then make a recommendation concerning the tendered resignation to the Board of Directors. Each of the nominees has consented to serve as director if so elected. If any nominee should be unable to serve as a director, the shares represented by proxies will be voted for the election of a substitute nominated by the Board of Directors to replace such nominee.

**The Board of Directors recommends that stockholders vote “FOR” the election of each of the director nominees.**

4

---

**EXECUTIVE OFFICERS AND DIRECTORS**

Set forth below are the names of, and certain information with respect to, the Company's executive officers and directors, including the two nominees for election to the Class III positions on the Board of Directors.

<b>Names</b>	<b>Director Class</b>	<b>Age</b>	<b>Position(s)</b>
Mark G. Papa*	III	69	Chairman of the Board
Cindy B. Taylor	I	54	Director, Chief Executive Officer and President
Lloyd A. Hajdik		50	Senior Vice President, Chief Financial Officer and Treasurer
Christopher E. Cragg		54	Senior Vice President, Operations
Lias J. Steen		57	Senior Vice President, Human Resources and Legal
Philip S. Moses		48	Senior Vice President, Offshore Products
Sarah A. Munson		51	Vice President, Controller and Chief Accounting Officer
Lawrence R. Dickerson	I	63	Director
S. James Nelson, Jr.	II	73	Director
Gary L. Rosenthal	II	66	Director
Christopher T. Seaver	I	67	Director
William T. Van Kleef	II	64	Director
Stephen A. Wells*	III	72	Director

\*Nominee for election as Class III director at the Annual Meeting.

*Mark G. Papa* has served as a Director of our Company since February 2001 and as Chairman since February 2016. Mr. Papa served as Chairman of the Board and Chief Executive Officer of EOG Resources, Inc. (NYSE: EOG), an oil and gas exploration and production company, from August 1999 until December 2013. He served as a member of EOG's Board of Directors until December 2014. From February 1994 to August 1999, he held a number of management positions with EOG Resources, Inc. Mr. Papa is currently a Partner with Riverstone Holdings LLC as well as CEO and Director of Silver Run Acquisition Corporation. He has a petroleum engineering degree from the University of Pittsburgh and a M.B.A. degree from the University of Houston.

*Cindy B. Taylor* is the Chief Executive Officer and President of our Company and is a member of the Company's Board of Directors. She has held these positions since May 2007. From May 2006 until May 2007, Mrs. Taylor served as President and Chief Operating Officer of our Company. From May 2000 until May 2006, Mrs. Taylor was the Senior Vice President—Chief Financial Officer and Treasurer of our Company. From August 1999 to May 2000, Mrs. Taylor was the Chief Financial Officer of L.E. Simmons & Associates, Incorporated. Mrs. Taylor served as the Vice President—Controller of Cliffs Drilling Company from July 1992 to August 1999 and held various management positions with Ernst & Young LLP, a public accounting firm, from January 1984 to July 1992. She received a B.B.A. degree from Texas A&M University and is a Certified Public Accountant. Mrs. Taylor is currently a director of Tidewater Inc. (NYSE: TDW), a global provider of vessels serving the offshore energy industry and is Chairman of the Tidewater finance committee and a member of its audit committee. She also serves on the board of AT&T (NYSE:



T), a global telecommunications and entertainment company, and is a member of its public policy and corporate reputation committee in addition to its audit committee.

*Lloyd A. Hajdik* joined the Company in December 2013 as Senior Vice President, Chief Financial Officer and Treasurer. Prior to joining the Company, he served as the Chief Financial Officer of GR Energy Services, LLC, a privately-held oilfield services entity, from September to November 2013, and Senior Vice President – Finance and Chief Accounting Officer of Helix Energy Solutions Group, Inc. (“Helix”) from November 2008 to April 2013. Mr. Hajdik joined Helix in December 2003 as Vice President and Corporate Controller and was named Chief Accounting Officer in February 2004 and continued in that role until April 2013. Prior to joining Helix, Mr. Hajdik served in a variety of accounting- and finance-related roles of increasing responsibility with Houston-based companies, including NL Industries, Inc., Compaq Computer Corporation (now Hewlett Packard), Halliburton’s Baroid Drilling Fluids and Zonal Isolation product service lines, Cliffs Drilling Company and Shell Oil Company. Mr. Hajdik was with Ernst & Young LLP in the audit practice from 1989 to 1995. Mr. Hajdik graduated Cum Laude from Texas State University receiving a Bachelor of Business Administration degree. Mr. Hajdik is a Certified Public Accountant and a member of the Texas Society of CPAs, the American Institute of Certified Public Accountants and Financial Executives International.

*Christopher E. Cragg* is the Senior Vice President, Operations of our Company. He has held this position since May 2006. From February 2001 until May 2006, Mr. Cragg was the Vice President—Tubular Services of our Company. Mr. Cragg was Executive Vice President—Chief Financial Officer of Sooner Inc., a predecessor of our Company (“Sooner”), from December 1999 to February 2001. Mr. Cragg also served as President of Sooner from October 2003 until May 2006. From April 1994 to June 1999, he was Vice President and Controller of Ocean Energy, Inc., an independent oil and gas exploration and production company, and its predecessor companies. Mr. Cragg served as Manager—Internal Audit with Cooper Industries, a manufacturer of diversified products, from April 1993 to April 1994 and as a senior manager with Price Waterhouse, a public accounting firm, from August 1983 to April 1993. Mr. Cragg is a director and serves on the audit and compensation committees and, beginning in February 2011, as Chairman of the compensation committee of Powell Industries, Inc. (NASDAQ: POWL), a company that manufactures and services electrical energy systems. Mr. Cragg was elected to the Board of Trustees of Southwestern University in June 2015. He graduated Cum Laude with a B.B.A. degree from Southwestern University and is a Certified Public Accountant.

*Lias J. “Jeff” Steen* has served as the Senior Vice President, Human Resources and Legal for our Company since February 2011. From June 2008 to January 2011 he was the Vice President, Human Resources and Legal of our Company. A native of Cuero, Texas, Mr. Steen has been involved in the energy service business in various capacities since 1978, starting his career as a petroleum landman. Mr. Steen spent 10 years with Camco International Inc. as Assistant General Counsel and General Counsel. Following his tenure at Camco, Mr. Steen served for five years as the General Counsel for North America for Schlumberger, then, from December 2002 to April 2008, he served as Vice President of Legal and Human Resources at Grant Prideco. Mr. Steen is a graduate of Texas A&M University with a B.S. in Agricultural Economics and received his Juris Doctor from South Texas College of Law.

*Philip S. “Scott” Moses* joined our company in 1996 and in July 2015 became Senior Vice President of Offshore Products and President of Oil States Industries, Inc. Prior to his current role, Mr. Moses served as Senior Vice President of Operations within Offshore Products, having responsibility over all U.S. and international locations within that business segment. Since joining the company immediately after attending college, Mr. Moses has held various engineering, project management and senior leadership roles engaged in product design, improving operational efficiencies, directing worldwide facility expansion efforts, and growing the company through R&D initiatives as well as integrating several key acquisitions. Mr. Moses holds a B.S. in Mechanical Engineering from Texas A&M University.

*Sarah A. Munson* joined the company in 2005 as the Corporate Controller and in February 2015 became Vice President, Controller & Chief Accounting Officer. Prior to joining the Company, she was Controller and Corporate Secretary of Container-Care International, Inc., a national provider of intermodal storage and transportation services, the Controller of International Daywork Drilling Operations at Cliffs Drilling Company, and she began her career as an auditor with Ernst & Young LLP. Ms. Munson graduated Magna Cum Laude from The University of Houston receiving a Bachelor of Business Administration degree. She is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

*Lawrence R. Dickerson* has served as a director of our Company since 2014. He is the retired President and Chief Executive Officer of Diamond Offshore Drilling, Inc. (NYSE:DO). During his 34 year career at Diamond, Mr. Dickerson held a number of senior positions, including Chief Operating Officer and Chief Financial Officer. Previously, he was a director of Global Industries, Ltd. where he served as chairman of the audit and compensation committees. Mr. Dickerson is currently a director of Murphy Oil Corporation (NYSE:MUR), an independent oil and gas company, and is the Chairman of Hercules Offshore, Inc. (NASDAQ:HERO), an offshore drilling contractor. He holds a BBA from the University of Texas and he is a Certified Public Accountant.

*S. James Nelson, Jr.* has served as a Director of our Company and as a member of our Audit Committee since July 2004. In 2004, he retired, after 15 years of service, from Cal Dive International, Inc. (now known as Helix Energy Solutions Group, Inc. NYSE:HLX), a marine contractor and operator of offshore oil and natural gas properties and production facilities, where he was a founding shareholder and director from 1990 to 2004, Chief Financial Officer from 1990 to 2000, and Vice Chairman from 2000 to 2004. From 1985 to 1988, Mr. Nelson was a Senior Vice President and Chief Financial Officer of Diversified Energies, Inc., (NYSE: DEI). From 1980 to 1985, Mr. Nelson served as Chief Financial Officer of Apache Corporation (NYSE: APA), an oil and gas exploration and production company. From 1966 to 1980, Mr. Nelson was employed with Arthur Andersen L.L.P., where, from 1976 to 1980, he was a partner serving on the firm's worldwide oil and gas industry team. Mr. Nelson is a director and a member of the audit committee of ION Geophysical Corp. (NYSE: IO), a seismic services provider; and W&T Offshore, Inc. (NYSE: WTI), an oil and gas exploration and production company where he is also a member of the audit committee. From 2010 to 2012 he was a member of the board of directors and audit and compensation committees of Genesis Energy LP (NYSE: GEL), a U.S.-based-mid-stream pipeline transportation, refinery services, industrial gases and supply and logistics master limited partnership. From 2005 to 2008, he was a member of the board of directors and audit and compensation committees of Quintana Maritime Ltd. (NASDAQ: QMAR), an international provider of dry bulk cargo marine transportation services. He received a B.S. in Accounting from Holy Cross College and a M.B.A. degree from Harvard University. Mr. Nelson is also a Certified Public Accountant.

*Gary L. Rosenthal* has served as a Director of our Company since February 2001. Mr. Rosenthal has been a partner in The Sterling Group, L.P., a private equity firm since January 2005. Mr. Rosenthal served as Chairman of the Board of Hydrochem Holdings, Inc. from May 2003 until December 2004. From August 1998 to April 2001, he served as Chief Executive Officer of AXIA Incorporated, a diversified manufacturing company. He holds J.D. and A.B. degrees from Harvard University.

*Christopher T. Seaver* has served as Director of our Company since May 2008. Mr. Seaver served as the President and Chief Executive Officer and a director of Hydril Co. (“Hydril”) from February 1997 until Hydril was acquired in May 2007, at which point he retired. Mr. Seaver served as Chairman of Hydril from November 2006 to May 2007. From 1993 until 1997, Mr. Seaver served as President of Hydril. Mr. Seaver joined Hydril in 1985 and served as Executive Vice President in charge of Hydril’s premium connection and pressure control businesses prior to February 1993. Prior to joining Hydril, Mr. Seaver was a corporate and securities attorney for Paul, Hastings, Janofsky & Walker, and was a Foreign Service Officer in the U.S. Department of State with postings in Kinshasa, Republic of Congo and Bogota, Colombia. Mr. Seaver was a director and member of the audit and Nominating & Corporate Governance committees of Exterran Holdings, Inc. (NYSE: EXH), a company that sells, operates and maintains compression equipment used in the oil and gas industry worldwide from October 2008 until November 2015, when Exterran Holdings, Inc. spun out Exterran Corporation (NYSE: EXTN). Mr. Seaver became a director of Exterran Corporation in October 2015 and currently serves on the audit, compensation and Nominating & Corporate Governance committees. Mr. Seaver is on the board of directors of McCoy Global Inc. (TSX: MCB) and served on the audit committee until becoming Chairman in May 2014. McCoy Global Inc. manufactures pipe handling equipment, principally tongs, for the oil and gas sector in Canada and internationally. Mr. Seaver served on the board of directors of Innovative Wireline Solutions Inc., a start-up wireline services business serving oil and gas operators in western Canada, from June 2010 until October 2011. He holds a B.A. in economics from Yale University and M.B.A. and J.D. degrees from Stanford University.

*William T. Van Kleef* has served as a Director of our Company since May 2006. Mr. Van Kleef has served in executive management positions at Tesoro Corporation (“Tesoro”) (NYSE: TSO) from 1993 until he retired in March 2005, most recently serving as Tesoro’s Executive Vice President and Chief Operating Officer. During his tenure at Tesoro, Mr. Van Kleef held various positions, including President, Tesoro Refining and Marketing, and Executive Vice President and Chief Financial Officer. Before joining Tesoro, Mr. Van Kleef, a Certified Public Accountant, served in various financial and accounting positions with Damson Oil from 1982 to 1991, most recently as Senior Vice President and Chief Financial Officer. Mr. Van Kleef serves on the board of directors, and is chairman of the audit committee as well as a member of the corporate governance and nominating committee of Noble Energy (NYSE: NBL), an independent oil and gas company.

*Stephen A. Wells* has served as a Director of our Company since April 1996 and as Chairman from May 2006 to February 2016. Mr. Wells is the President of Wells Resources, Inc., a privately-owned oil, natural gas and ranching company, and has served in that position since 1983. From October 1993 to February 1996, he was a director and Chief Executive Officer of Coastwide Energy Services, Inc., a Gulf Coast marine terminal operator. From March 1992 to September 1994, he was a director and Chief Executive Officer of Grasso Corporation, an oil and gas production management services company. Mr. Wells served as a director and a member of the audit and executive committees of Pogo Producing Company (NYSE: PPP), an oil and gas exploration and production company until it was acquired in

November 2007.

7

---

## **CORPORATE GOVERNANCE**

### **Corporate Governance Guidelines**

The Company has adopted corporate governance guidelines entitled “Corporate Governance Guidelines,” which are available at [www.oilstatesintl.com](http://www.oilstatesintl.com) by first clicking “Corporate Governance” and then “Corporate Governance Guidelines.” These guidelines were adopted by the Board of Directors to best ensure that the Board of Directors has the necessary authority and practices in place to make decisions that are independent from management, that the Board of Directors adequately performs its function as the overseer of management and to help ensure that the interests of the Board of Directors and management are aligned with the interests of the stockholders.

### **Board of Directors Leadership**

Since the Company’s initial public offering in 2001, the Chairman of the Board and Chief Executive Officer roles have been split with the Chairman of the Board role being filled by a non-executive member of the Board of Directors. We believe the separation of these two positions leads to a strong independent leadership structure.

### **Corporate Code of Business Conduct & Ethics**

All directors, officers and employees of Oil States must act ethically at all times and in accordance with the policies comprising Oil States ethics policy entitled “Corporate Code of Business Conduct and Ethics”(“Business Conduct and Ethics Code”). This policy is available at the Company’s web site [www.oilstatesintl.com](http://www.oilstatesintl.com) by first clicking “Corporate Governance” and then “Corporate Code of Business Conduct and Ethics.”

All of our employees with computer access are required to complete online training on a regular basis which includes a review of the Business Conduct & Ethics Code policy and an acknowledgement that the employee has read and understands the policy. The Company has a Compliance Committee composed of key employees that meet periodically to assess efforts and processes to ensure compliance with laws and regulations to which the Company is subject.

### **Financial Code of Ethics for Senior Officers**

The Company's Financial Code of Ethics for Senior Officers applies to the chief executive officer, chief financial officer, principal accounting officer and other senior accounting and financial officers ("Senior Officers").

Senior Officers must also comply with the Business Conduct and Ethics Code. Ethical principles set forth in this policy include, among other principles, matters such as:

- ◆ Acting ethically with honesty and integrity
- ◆ Avoiding conflicts of interest
- ◆ Complying with disclosure and reporting obligations with full, fair, accurate, timely and understandable disclosures
- ◆ Complying with applicable laws, rules and regulations
- ◆ Acting in good faith, responsibly with due care, competence and diligence
- ◆ Promoting honest and ethical behavior by others
- ◆ Respecting confidentiality of information
- ◆ Responsibly using and maintaining assets and resources

### **Director Resignation Policy**

In an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her resignation for consideration by the Nominating & Corporate Governance Committee following certification of the stockholder vote.

The Nominating & Corporate Governance Committee shall promptly consider the resignation offer and make a recommendation to the Board as to whether the resignation should be accepted. In making this recommendation, the Nominating & Corporate Governance Committee will consider all factors deemed relevant by its members including, without limitation, (1) the underlying reasons why stockholders may have "withheld" votes for election from such director, if known; (2) the length of service and qualifications of the director whose resignation has been tendered; (3)

the director's past and potential future contributions to the Company; (4) the current mix of skills and attributes of directors on the Board; (5) whether, by accepting the resignation, the Company will no longer be in compliance with any applicable law, rule, regulation, or governing instrument; and (6) whether accepting the resignation would be in the best interests of the Company and its stockholders.



Any director who changes his or her employer or otherwise has a significant change in job responsibilities shall give written notice to the Nominating & Corporate Governance Committee, specifying the details, as soon as feasible. Any director who changes his or her employer or otherwise has a significant change in job responsibilities shall also proffer his or her resignation to the Board. The Board, through the Nominating & Corporate Governance Committee, shall review the matter in order to evaluate the continued appropriateness of such director's membership on the Board and each applicable Board committee under these circumstances, taking into account all relevant factors and may accept or reject a proffered resignation.

### **Director Independence**

To qualify as "independent" under the NYSE listing standards, a director must meet objective criteria set forth in the NYSE listing standards, and the Board of Directors must affirmatively determine that the director has no material relationship with us (either directly or as a stockholder or officer of an organization that has a relationship with us) that would interfere with his or her exercise of independent judgment in carrying out his or her responsibilities as a director.

The Board of Directors reviews all direct or indirect business relationships between each director (including his or her immediate family) and our Company, as well as each director's relationships with charitable organizations, to assess director independence as defined in the listing standards of the NYSE. The NYSE listing standards include a series of objective tests, such as the director is not an employee of our Company and has not engaged in various types of business dealings with our Company. In addition, as further required by the NYSE, the Board of Directors has made a subjective determination as to each independent director that no material relationships exist which, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director. When assessing the materiality of a director's relationship with us, the Board of Directors considers the issue not merely from the standpoint of the director, but also from the standpoint of the persons or organizations with which the director has an affiliation.

The Board of Directors has determined that all of our directors, except for Cindy Taylor, our current President and Chief Executive Officer, qualify as "independent" in accordance with NYSE listing standards.

### **Policies and Procedures with Respect to Related Party Transactions and Conflicts of Interest**

We review all relationships and transactions in which we and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Our Corporate Secretary's office is primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions and

for then determining, based on the facts and circumstances, whether we or a related person has a direct or indirect material interest in the transaction. As required under the rules of the SEC, transactions that are determined to be directly or indirectly material to us or a related person are filed with the SEC when required, and disclosed in our proxy statement.

Our Business Conduct and Ethics Code prohibits conflicts of interest. Any waivers of these guidelines must be approved by the Nominating & Corporate Governance Committee of the Board of Directors. Under the Business Conduct and Ethics Code, conflicts of interest occur when private or family interests interfere in any way, or even appear to interfere, with the interests of our Company. Our prohibition on conflicts of interest under the Business Conduct and Ethics Code includes related person transactions.

We have multiple processes for reporting conflicts of interests, including related party transactions. Under the Business Conduct and Ethics Code, all employees are required to report any actual or apparent conflict of interest, or potential conflict of interest, to their supervisors, managers or other appropriate personnel. Any transaction involving related persons must be reported in writing by our division executives as part of their quarterly representation letter. This information is then reviewed by disinterested members of our Nominating & Corporate Governance Committee, our Board of Directors or our independent registered public accounting firm, as deemed appropriate, and discussed with management. As part of this review, the following factors are generally considered:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of the transaction;
- the importance of the transaction to the related person;

• the importance of the transaction to us;

• whether the transaction would impair the judgment of a director or executive officer to act in the best interest of our Company;

• whether the transaction might affect the status of a director as independent under the independence standards of the NYSE; and

• any other matters deemed appropriate with respect to the particular transaction.

Ultimately, all material related party transactions must be approved or ratified by the Nominating & Corporate Governance Committee of our Board of Directors. Any member of the Nominating & Corporate Governance Committee who is a related person with respect to a transaction is recused from the review of the transaction.

In addition, we annually distribute a questionnaire to our executive officers and members of our Board of Directors requesting certain information regarding, among other things, their immediate family members, employment and beneficial ownership interests. This information is then reviewed for any conflicts of interest under the Business Conduct and Ethics Code.

We also have other policies and procedures to prevent conflicts of interest, including related person transactions. For example, the charter of our Nominating & Governance Committee requires that the members of such committee assess the independence of the non-management directors at least annually, including a requirement that it determine whether or not any such directors have a material relationship with us, either directly or indirectly, as defined therein and as further described above under “—Director Independence.”

To establish restrictions with regard to corporate participation in the political system as imposed by law, the following guidelines are contained in our Business Conduct and Ethics Code:

No funds, assets, or services of the Company will be used for political contributions, directly or indirectly, unless allowed by applicable foreign and U.S. law and approved in advance by the Board of Directors. There have been no such approvals required in the Company’s history.

• Company contributions to support or oppose public referenda or similar ballot issues are only permitted with advance approval of the Board of Directors. There have been no such approvals required in the Company’s history.

Employees, if eligible under applicable foreign and U.S. law, may make political contributions through legally established Company sponsored and approved political action committees. Any such personal contribution is not a deductible expense for federal or other applicable income tax purposes and is not eligible for reimbursement by the Company as a business expense. To the extent permitted by law, the Company's resources may be used to establish and administer a political action committee or separate segregated fund. All proposed activities shall be submitted for the review of, and approval by, the Board of Directors prior to their implementation. There have been no such approvals required in the Company's history.

## **Committees and Meetings**

The Board of Directors has established three standing committees: the Audit Committee, the Compensation Committee and the Nominating & Corporate Governance Committee.

### ***Audit Committee***

The Company's Audit Committee presently consists of Messrs. Van Kleef, Dickerson, Nelson and Seaver each of whom is independent, as such term is defined in Section 10A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in the applicable NYSE listing standards. The Audit Committee operates under a written charter as amended and restated by the Board of Directors effective as of May 15, 2012. A copy of the charter is available on our website, [www.oilstatesintl.com](http://www.oilstatesintl.com), by first clicking "Corporate Governance" and then "Audit Committee" and then proceeding to the Committee Charters heading on the right side of the page. The Audit Committee, which is chaired by Mr. Van Kleef, meets separately with representatives of the Company's independent registered public accounting firm, the Company's internal audit personnel and with representatives of senior management in performing its functions. The Audit Committee reviews the general scope of audit coverage, the fees charged by the independent registered public accounting firm, matters relating to internal control systems and other matters related to accounting and reporting functions. The Board of Directors has determined that all of the members of the Audit Committee are financially literate and have accounting or related financial management expertise, each as required by the applicable NYSE listing standards. The Board of Directors has also determined that all members of the Audit Committee qualify as audit committee financial experts under the applicable rules of the Exchange Act.

### *Compensation Committee*

The Company's Compensation Committee consists of Messrs. Rosenthal, Papa and Wells, each of whom is independent, as defined in the applicable NYSE listing standards, and is a non-employee director. The Compensation Committee operates under a written charter approved by the Board of Directors as amended and restated on January 9, 2013. A copy of the charter is available on our website, [www.oilstatesintl.com](http://www.oilstatesintl.com), by clicking "Corporate Governance" and then proceeding to the Committee Charters heading on the right side of the page. The Compensation Committee, which is chaired by Mr. Rosenthal, administers the 2001 Equity Participation Plan, and in this capacity makes a recommendation to the full Board of Directors concerning all option grants or stock awards to employees, including executive officers, under the 2001 Equity Participation Plan. In addition, the Compensation Committee is responsible for (i) making recommendations to the Board of Directors with respect to the compensation of the Company's Chief Executive Officer and its other executive officers, (ii) monitoring compensation and employee benefit policies and (iii) reviewing and discussing with our management the Compensation Discussion and Analysis and related disclosure included in our annual proxy statement. The Compensation Committee may form and delegate some or all of its authority to any one of its members or subcommittees when it deems appropriate, whether or not such delegation is specifically contemplated under any plan or program. In particular, the Compensation Committee may delegate the approval of award grants and other transactions and other responsibilities regarding the administration of compensatory programs to a subcommittee consisting solely of members of the Compensation Committee who are (1) "Non-Employee Directors" for the purposes of Rule 16b-3, and/or (2) "outside directors" for the purposes of Section 162(m).

### *Nominating & Corporate Governance Committee*

Our Nominating & Corporate Governance Committee consists of Messrs. Papa and Wells, each of whom is independent, as such term is defined in the applicable NYSE listing standards. The Nominating & Corporate Governance Committee operates under a written charter adopted by the Board of Directors as amended and restated as of May 15, 2012. A copy of the charter is available on our website, [www.oilstatesintl.com](http://www.oilstatesintl.com), by first clicking "Corporate Governance" and then "Nominating & Corporate Governance Committee" and then proceeding to the Committee Charters heading on the right side of the page. The Nominating & Corporate Governance Committee, which is chaired by Mr. Wells after February 25, 2016, makes proposals to the Board of Directors for candidates to be nominated by the Board of Directors to fill vacancies or for new directorship positions, if any, which may be created from time to time. The Nominating & Corporate Governance Committee will consider suggestions from any source, particularly from stockholders, regarding possible candidates for director. To submit a recommendation to the committee, a stockholder should send a written request to the attention of the Company's Secretary at Oil States International, Inc., Three Allen Center, 333 Clay Street, Suite 4620, Houston, Texas 77002. When identifying director nominees, the Nominating & Corporate Governance Committee shall consider and review the following: the person's reputation and integrity; the person's qualifications as an independent, disinterested, non-employee or outside director; the person's skills and business, government or other professional experience and acumen, bearing in mind the composition of the Board of Directors and the current state of the Company and the oilfield services industry generally at the time of determination; the number of other public companies for which the person serves as a director and the availability of the person's time and commitment to the Company; and the person's knowledge of a major geographical area in which the Company operates or another area of the Company's operational environment. The Nominating & Corporate

Governance Committee shall also consider the diversity of the Board of Directors, including the optimal enhancement of the current mix of educational backgrounds, business industry experience and knowledge of different geographic markets and oilfield services and products. The written request must include the nominee's name, contact information, biographical information and qualifications, as well as the nominee's written consent to serve, if elected. The request must also disclose the number of shares of common stock beneficially owned by the person or group making the request, the period of time such person or group has owned those shares and the nature of any arrangement or agreement between the stockholder making a nomination and other parties with respect to the nomination. The request must be received by the Company no later than the 120th day before the anniversary of the date of the mailing of the prior year's proxy, or November 28, 2016, for the 2017 Annual Meeting of Stockholders. These procedures do not preclude a stockholder from making nominations in accordance with the process described below under "Stockholder Proposals."

***Committee Composition***

Below is a summary of our committee structure and membership information.

Chairperson	Member	Financial Expert	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Nominating &amp; Corporate Governance Committee</b>
<b>Lawrence R. Dickerson</b>					
<b>S. James Nelson, Jr.</b>					
<b>Mark G. Papa</b>					
<b>Gary L. Rosenthal</b>					
<b>Christopher T. Seaver</b>					
<b>William T. Van Kleef</b>					
<b>Stephen A. Wells</b>					

***Board of Directors and Committee Meetings***

During 2015, the entire Board of Directors held eight meetings, the Audit Committee held five meetings, the Compensation Committee held six meetings and the Nominating & Corporate Governance Committee held two meetings. Each of the directors attended at least 75% of the meetings of the Board of Directors and the committees of the Board of Directors on which they served. All of our directors attended last year’s annual meeting. While we understand that scheduling conflicts may arise, we expect directors to make reasonable efforts to attend the annual meeting of stockholders and meetings of the Board of Directors and the committees on which they serve.

Our Corporate Governance Guidelines provide that our non-employee directors shall meet separately in executive session at least annually. The director who presides at these sessions is the Chairman of the Board, assuming such person is a non-management director. Otherwise, the presiding director will be chosen by a vote of the non-management directors. In addition to the executive sessions of our non-management directors, our independent directors (as defined in the applicable NYSE listing standards) are required to meet in executive session at least annually. In the past year, our independent directors met in executive session six times. Our then Chairman of the Board, Mr. Wells, who is an independent director, presided at these sessions.

***Board of Directors Oversight of Enterprise Risk***

The Board of Directors utilizes our Enterprise Risk Management (ERM) process to assist in fulfilling its oversight of our risks. Management and all employees are responsible for day-to-day risk management, and management conducts a risk assessment of Oil States' business annually. The risk assessment process is global in nature and has been developed to identify and assess the Company's primary risks, including the nature, materiality and velocity of the risk, as well as to identify steps to mitigate and manage each risk. Our key business leaders, functional heads and other managers are surveyed and/or interviewed when developing this information.

Risk oversight is a responsibility of the Board of Directors. The Board of Directors has delegated responsibility for monitoring certain enterprise risks to its standing committees.

The results of the risk assessment are reviewed with the full Board of Directors annually. The centerpiece of the assessment is the discussion of the key risks of the Company, which includes the potential magnitude, likelihood of each risk occurring and the speed with which the risk could impact the Company. As part of the process for evaluating each risk, a senior manager is identified to manage the risk, monitor potential impact of the risk and execute initiatives to mitigate the risk.

The results of the risk assessment are considered in the Board of Directors' processes. Risk discussions are integral to the Board of Directors and its committees' deliberations.



## Qualifications of Directors

When identifying director nominees, the Nominating & Corporate Governance Committee will consider the following:

• the person's reputation, integrity and independence;

• the person's qualifications as an independent, disinterested, non-employee or outside director;

• the person's skills and business, government or other professional experience and acumen, bearing in mind the composition of the Board of Directors and the current state of the Company and the oilfield services industry generally at the time of determination;

• the number of other public companies for which the person serves as a director and the availability of the person's time and commitment to the Company; and

• the person's knowledge of areas and businesses in which the Company operates.

The Nominating & Corporate Governance Committee and the Board of Directors believe the above mentioned attributes, along with the leadership skills and other experience of its Board of Directors described below, provide the Company with the perspectives and judgment necessary to guide the Company's strategies and monitor their execution.

The following table notes the breadth and variety of business experience that each of our directors bring to the Company.

	Executive Leadership	Financial	Energy/Oil Field Services	International Operations	Past or Present CEO	Past or Present CFO	Director Role
Mark E. Papa	√	√	√	√	√		√
Cindy B. Taylor	√	√	√	√	√	√	√
Lawrence R. Dickerson	√	√	√	√	√	√	√
S. James Nelson, Jr.	√	√	√	√		√	√
Gary L. Rosenthal	√	√	√	√	√		√
Christopher T. Seaver	√	√	√	√	√		√

William T. Van Kleeef	√	√	√	√		√	√
Stephen A. Wells	√	√	√	√	√		√

In selecting nominees for the Board of Directors, the Nominating & Corporate Governance Committee considers, among other things, the diversity of the Board of Directors in terms of educational background, business and industry experience, and knowledge of different geographic markets and oilfield services and products. In the case of current directors being considered for renomination, the Nominating & Corporate Governance Committee took into account the director’s history of attendance at Board of Directors and committee meetings, the director’s tenure as a member of the Board of Directors and the director’s preparation for and participation in such meetings.

**Director Nomination Process**

Our director nomination process for new Board of Directors members is as follows:

The Nominating & Corporate Governance Committee, the Chairman of the Board, or another member of the Board identifies a need to add a new Board member who meets specific criteria or to fill a vacancy on the Board of Directors.

The Nominating & Corporate Governance Committee initiates a search by working with staff support, seeking input from members of the Board and senior management and hiring a search firm, if deemed necessary.

The Nominating & Corporate Governance Committee considers recommendations for nominees for directorships submitted by stockholders.

The initial slate of candidates that will satisfy specific criteria and otherwise qualify for membership on the Board of Directors is identified and presented to the Nominating & Corporate Governance Committee, which ranks the candidates.

• The Chairman of the Board and at least one member of the Nominating & Corporate Governance Committee interview prospective candidate(s).

• The full Board of Directors is kept informed of progress.

• The Nominating & Corporate Governance Committee offers other directors the opportunity to interview the candidate(s) and then meets to consider and approve the final candidate(s).

• The Nominating & Corporate Governance Committee seeks the endorsement of the Board of Directors of the final candidate(s).

The final candidate(s) are nominated by the Board of Directors or elected to fill a vacancy.

### **Communications with Directors**

Stockholders or other interested parties may send communications, directly and confidentially, to the Board of Directors, to any committee of the Board of Directors, to non-management directors or to any director in particular by sending an envelope marked "confidential" to such person or persons c/o Oil States International, Inc., Three Allen Center, 333 Clay Street, Suite 4620, Houston, Texas 77002. Any such correspondence will be forwarded by the Secretary of the Company to the addressee without review by management.

### **Compensation Committee Interlocks and Insider Participation**

During 2015, the Company's Compensation Committee consisted of Messrs. Rosenthal, Papa and Wells, each of whom is an independent, non-employee director. There were no compensation committee interlock relationships nor any insider participation in compensation arrangements for the year ended December 31, 2015.

### **EXECUTIVE COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis provides information about the compensation objectives and policies for our principal executive officer, our principal financial officer, and our three other most highly compensated executive officers (our “Named Executive Officers”) during the last completed fiscal year, and is intended to place in perspective the information contained in the executive compensation tables that follow this discussion. Throughout this discussion, the following individuals are referred to as our Named Executive Officers and are included in the Summary Compensation Table below:

Cindy B. Taylor—President and Chief Executive Officer

Lloyd A. Hajdik—Senior Vice President, Chief Financial Officer and Treasurer

Christopher E. Cragg—Senior Vice President,  
Operations

Lias J. Steen—Senior Vice President, Human Resources and Legal

Philip S. Moses—Senior Vice President, Offshore Products

The Compensation Committee of the Board of Directors provides overall guidance to the Company’s executive compensation program and administers incentive compensation plans.

The executive compensation program includes three primary elements which are generally performance oriented and, taken together, constitute a flexible and balanced method of establishing total compensation for the Company’s executive officers. The three major elements consist of a) base salary, b) annual incentive compensation, and c) long-term incentive awards. The design of this compensation program supports the Company’s philosophy governing executive total compensation.

### **Executive Total Compensation Philosophy**

The Company’s philosophy regarding the executive compensation program for our Named Executive Officers and other senior managers has been to design a compensation package that provides competitive base salary levels and compensation incentives that (i) attract and retain individuals of outstanding ability in these key positions, (ii) recognize corporate performance relative to established goals and the performance of the Company relative to the performance of other companies of comparable size, complexity and quality and against budget goals and (iii) support both the short-term and long-term strategic goals of the Company. The Compensation Committee believes this approach closely links the compensation of the Company’s executives to the execution of the Company’s strategy and the accomplishment of Company goals that coincide with stockholder objectives.



## **2015 Advisory Vote on Executive Compensation**

A majority of stockholders expressed their preference for an advisory vote on executive compensation occurring every year, and we have implemented their recommendation.

At our 2015 annual meeting of stockholders, our stockholders expressed their continued support for the compensation program for our Named Executive Officers by approving the non-binding advisory vote on our executive compensation. A total of 97% of the votes cast supported our executive compensation policies and practices for our Named Executive Officers as described in our 2015 proxy statement. In reviewing our executive compensation program, our Compensation Committee evaluated the results of last year's advisory vote on executive compensation and the support expressed by stockholders. Given the support expressed by stockholders for our executive compensation programs, our Compensation Committee generally elected to apply similar principles in determining the types and amounts of compensation to be paid to our Named Executive Officers in 2015. However, the severe industry downturn in the energy industry starting in the fourth quarter of 2014 and continuing throughout 2015 led us to make certain changes including freezing base wages and adjusting targets in our short-term incentive program.

## **2014 Spin Off of Civeo Corporation**

Effective May 30, 2014, the Company completed the spin-off of its accommodations business, Civeo Corporation, through the distribution of all the shares of Civeo common stock to the holders of Oil States common stock. The spin-off of Civeo comprised approximately 50% of the assets and approximately 33% of the revenues, respectively, of the Company. Civeo Corporation is now an independent, publicly traded company listed on the New York Stock Exchange. The Company retains no continuing ownership interest in Civeo. As described below, the spin-off of Civeo Corporation had an impact on our compensation program and resulted in adjustments to our outstanding equity-based awards.

### **Compensation Program Objectives:**

- Attract, motivate, reward and retain key employees and executive talent required to achieve corporate strategic plans;
- Reinforce the relationship between strong individual performance of executives and business results;
- Align the interests of executives with the long-term interests of stockholders; and

• Design a compensation program that neither promotes overly conservative actions or excessive risk taking.

The compensation program is designed to reward executives for long-term strategic management and the enhancement of stockholder value. We believe that the compensation program design and policies contribute to achievement of the Company's objectives.

### **Compensation Comparisons Relative to Market**

The Compensation Committee establishes executive compensation primarily based on a review of the executive's performance and compensation history and takes into account corporate performance. In the exercise of its duties, the Compensation Committee periodically evaluates the Company's executive compensation against that of comparable companies; however, the Compensation Committee does not set percentile goals against comparison data for purposes of determining executive compensation levels. The Compensation Committee considers the market to consist of both the oilfield services industry and geographic markets in which the Company competes for executive talent. Compensation data is periodically obtained for a selected peer group approved by the Compensation Committee (the "peer group") as well as for industry companies of comparable size and business complexity. The Company currently uses the following peer group companies:

Archrock, Inc.;  
Bristow Group, Inc.;  
Carbo Ceramics, Inc.;