

TETRA TECHNOLOGIES INC
Form PRE 14A
March 06, 2017
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 [X].

Filed by a party other than the registrant [___].

Check the appropriate box:

[X] 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.

TETRA TECHNOLOGIES, 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):

[X] No Fee required.

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

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2017 NOTICE of ANNUAL MEETING of STOCKHOLDERS and PROXY STATEMENT

Notice of 2017 Annual Meeting of Stockholders

To the stockholders of TETRA Technologies, Inc.:

Our 2017 Annual Meeting of Stockholders will be held as follows:

When: Friday, May 5, 2017, at 11:00 a.m. local time

Where: TETRA Technologies, Inc. corporate headquarters
24955 Interstate 45 North
The Woodlands, Texas 77380

The purpose of the meeting is to consider and take action on the following:

1. Election of nine directors to serve one-year terms ending at the 2018 Annual Meeting of Stockholders, or until their successors have been duly elected or appointed;
2. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;
3. Advisory vote on executive compensation;
4. Advisory vote on the frequency of future advisory votes on executive compensation; and
5. Amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 150,000,000 to 250,000,000.

Additionally, if needed, the stockholders may act upon any other matters that may properly come before the Annual Meeting or any adjournments.

Only stockholders of record at the close of business on March 6, 2017 will be entitled to notice of and to vote at the Annual Meeting.

Your vote is important! Please promptly vote your shares by telephone, the internet, or, if the proxy statement was mailed to you, by marking, signing, dating, and returning the enclosed proxy card as soon as possible, regardless of whether you plan to attend the Annual Meeting. You may revoke your proxy at any time before it is voted.

Kimberly M. O'Brien
Corporate Secretary

March [23], 2017
The Woodlands, Texas

PROXY STATEMENT

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PROXY STATEMENT HIGHLIGHTS

This summary highlights information contained elsewhere in our proxy statement and does not contain all the information you should consider. You should refer to the proxy statement that follows for more information about us and the proposals you are being asked to consider.

2016 BUSINESS HIGHLIGHTS

By any measure, 2016 was a difficult year for the energy industry. We were proactive in preparing for changes in the market environment by managing our cost structure, reducing capital expenditure, and strengthening our balance sheet. While remaining committed to our long-term growth strategies, our near-term focus during this period of reduced activity and demand was to preserve and enhance liquidity through strategic operating and financial measures.

Capital Structure

• Successfully completed numerous capital structure enhancements that provide us with both liquidity and an additional platform to continue growth initiatives

Customer Focus

• Expanded and enhanced customer engagement

• Focused on understanding customer needs and providing solutions

• Provided outstanding services and products to protect market share

Continuous Improvement

• Optimized geographic market presence, streamlined operations, and fit equipment to market needs

• Exercised strong cost discipline by allocating capital towards higher return projects and business

• Technology focused on developing differentiated, innovative, value-added products

• Proactively reduced and right-sized expenses through staff reductions and multiple cost management initiatives, including supplier consolidations and price reductions

• Improved efficiency through recent systems implementation initiatives

EXECUTIVE COMPENSATION HIGHLIGHTS

Our executive compensation program reflects a fundamental belief that rewards should be competitive, both in elements and amount, with the broad market in which we compete for executive talent and commensurate with TETRA's and the individual executive's performance.

w Pay for Performance - Our total compensation for each individual provides reasonable upside potential for exceptional performance; as well as risk of no payment with respect to incentive compensation when performance objectives are not achieved. Our variable pay programs are designed as forward-looking incentives that reflect individual and corporate performance during the year under review.

w Alignment with Stockholder Value - Our long-term incentive, or LTI, awards encourage share price improvement and provide a strong link to stockholder interests. Our compensation programs are designed and administered to maximize stockholder value.

w Market Competitiveness - Our overall compensation strategy recognizes that attraction and retention of key talent is critical to the attainment of our stated business goals and objectives and to the creation of value for our stockholders. The mix of pay across base salary and short- and long-term incentive awards is

CORPORATE GOVERNANCE HIGHLIGHTS

Our practices include a number of policies and structures that we believe are "best practices", including:

- w Majority vote policy in the election of directors;
- w Annual election of directors;
- w Separation of Chairman of the Board and Chief Executive Officer positions;
- w Regular meetings of our non-management and independent directors;
- w A prohibition against directors and executive officers holding our securities in margin accounts or pledging our securities, absent company approval;
- w A prohibition against directors

heavily weighted towards at-risk-pay, aligning performance with stockholder value.

and executive officers engaging in hedging transactions with respect to our securities;

w Rigorous stock ownership guidelines applicable to directors and executive officers;

w No tax gross-ups;

w Change in control and severance benefits that are subject to “double trigger”;

w An independent executive compensation consultant hired by and reporting to the Compensation Committee; and

w Compensation clawback provisions included in both our annual cash incentive plan and our equity incentive plans that provide us with a mechanism to recover amounts awarded under such plans in certain circumstances.

PROPOSALS

The Board recommends a vote FOR the election of each nominee PROPOSAL NO. 1
Election of Directors

Board Recommendation

Our Board of Directors believes that each director nominee for election at the Annual Meeting is highly qualified. The director nominees' biographies (below) describe the specific experience, qualifications, attributes, and skills that have been considered by the Nominating and Corporate Governance Committee and contributed to the nominees' selection as a member of our Board of Directors. As their biographies indicate, all the director nominees possess significant leadership and professional experience, knowledge, including industry knowledge, and skills that qualify them for service on our board. Each director, other than Mr. Brightman, our President and Chief Executive Officer, satisfies the independence requirements under the listing standards of the New York Stock Exchange ("NYSE"). All directors satisfy the criteria stated in our Corporate Governance Guidelines and possess the personal characteristics essential for the proper and effective functioning of our board.

The terms of office of each of the nine current directors will expire at the time of the Annual Meeting. The Nominating and Corporate Governance Committee of the Board of Directors has recommended, and the Board of Directors has nominated and urges you to vote "FOR", the election of the nine persons listed below who have been nominated to serve one-year terms as directors. Each of the nominees has consented to be named in this proxy statement and to serve as a director, if elected.

Vote Required

A plurality vote is required for the election of directors in Proposal No. 1, subject to our majority voting policy discussed below. This means that, if a quorum is present at the Annual Meeting, the nine nominees receiving the greatest numbers of "FOR" votes will be elected to serve as directors. Please see the "General Information About the Meeting and Voting" section in this proxy statement for additional information.

It is intended that the proxies solicited hereby will be voted "FOR" the election of such nominees, unless the authority to do so has been withheld by you. If, at the time of the Annual Meeting, any of the nominees should be unable or decline to serve, the discretionary authority provided in the proxy will enable the proxy holder to vote for a substitute nominee of the Board of Directors. The Board of Directors has no reason to believe that any substitute nominee will be required.

Majority Voting Policy: Our Corporate Governance Guidelines provide that in an uncontested election (i.e., an election where the number of nominees is not greater than the number of directors to be elected), any director nominee who receives a greater number of votes WITHHELD for his or her election than votes FOR such election shall, following certification of the stockholder vote, unless such nominee has previously submitted an irrevocable resignation in accordance with the majority voting policy, promptly tender his or her resignation to the Chairman of the Board of Directors. The Nominating and Corporate Governance Committee is required to recommend to the Board of Directors whether such tendered resignation should be accepted or rejected. The Board of Directors will then determine whether to accept or reject the tendered resignation. Following the Board of Director's decision on the

Governance Committee's recommendation, the Company and will promptly disclose the Board of Director's decision and decision making process regarding a tendered resignation in a document filed with the Securities and Exchange Commission. Each of the director nominees has submitted an irrevocable resignation

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letter. Please read our Corporate Governance Guidelines posted in the Corporate Governance section of the Investor Relations area of our website at www.tetratec.com for more information regarding our majority voting policy.

Nominees for Director

The nominees for election as directors are as follows:

Name	Age	Position with Us	Director Since	Public Directorships (including TETRA)
Mark E. Baldwin	63	Director	2014	2
Thomas R. Bates, Jr.	67	Director	2011	3
Stuart M. Brightman	60	Director, President & CEO	2009	3
Paul D. Coombs	61	Director	1994	3
John F. Glick	64	Director	2014	2
Stephen A. Snider	69	Director	2015	3
William D. Sullivan	60	Director	2007	4
Kenneth E. White, Jr.	70	Director	2002	1
Joseph C. Winkler III	65	Director	2015	4

See “Beneficial Stock Ownership of Certain Stockholders and Management” on page 62 for information regarding the number of shares of our common stock owned by each nominee.

Mark E. Baldwin Board Committees
 s Age 63 s Audit Committee (Chairman)
 s Independent Director since 2014

Mr. Baldwin has served as a member of our Board of Directors since January 2014 and as Chairman of our Audit Committee since May 2014. Mr. Baldwin served as the executive vice president and chief financial officer of Dresser-Rand Group, Inc., a public company subject to the reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), from August 2007 until his retirement in May 2013. Prior to joining Dresser-Rand, he served as the executive vice president, chief financial officer, and treasurer of Veritas DGC Inc., a public company subject to the reporting requirements of the Exchange Act, from August 2004 through February 2007, and operating partner at First Reserve Corporation from April 2003 through July 2004. Mr. Baldwin served as executive vice president and chief financial officer for NextiraOne from October 2001 through August 2002, and as chairman of the board and chief executive officer for Pentacon Inc. from 1997 through 2001. From 1980 through 1997, Mr. Baldwin served in a variety of finance and operations positions with Keystone International Inc., including treasurer, chief financial officer, and president of the Industrial Valves and Controls Group. Mr. Baldwin currently serves as a director and as a member of the audit committee of KBR, Inc., a public company subject to the requirements of the Exchange Act, and as a director of Nine Energy Service, Inc., a private company providing completion, wireline, and cementing services. He previously served as a director of Seahawk Drilling Inc. from August 2009 until February 2011. Mr. Baldwin has a B.S. in Mechanical Engineering from Duke University and an MBA from Tulane University.

Key Attributes/Skills/Expertise. Mr. Baldwin, through his experience in executive financial positions with public companies, brings significant knowledge of accounting, capital structures, finance and financial reporting, risk management, strategic planning, and forecasting. Mr. Baldwin has extensive knowledge of the energy industry and his financial management and operations experience provides a significant contribution to our Board of Director’s mix of backgrounds and skills.

Thomas R. Bates, Jr., Ph.D. Board Committees
 s Age 67 s Compensation Committee (Chairman)
 s Independent Director since 2011

Dr. Bates has served as a member of our Board of Directors since November 2011, as Chairman of our Compensation Committee since May 2014, and as a member of that committee since May 2012. Dr. Bates is a private investor and currently an adjunct professor in the Finance Department at Texas Christian University where he teaches in the MBA program at the Neeley School of Business. Dr. Bates joined Lime Rock Management LP, an energy-focused private equity firm, as a managing director in 2001 and became a senior advisor of the firm in 2010 before retiring in 2013. Dr. Bates had 25 years of experience in oil service management and operations before joining Lime Rock. He served from 1998 through 2000 as president of the Discovery Group of Baker Hughes and was responsible for the integration of Western Atlas into Baker Hughes. Earlier, he served as president and chief executive officer of Weatherford Enterra. Previously, Dr. Bates spent 15 years with Schlumberger in both domestic and international locations and was responsible for the Anadrill business unit when early MWD and LWD tools were commercialized. Dr. Bates began his career with Shell Oil Company, where he conducted drilling research. Dr. Bates has been a personal investor and/or a corporate investor in more than a dozen oil service technology startups. Dr. Bates serves as chairman of the board of directors of Independence Contract Drilling, Inc., a public company subject to the reporting requirements of the Exchange Act, and serves on the board of directors of Alacer Gold Corporation, a Canadian publicly traded company. He also serves on the board of directors of Vantage Drilling International, a private company providing drilling services. Dr. Bates previously served on the boards of Hercules Offshore, Inc. from 2004 through November 2015, Natco Group, Inc. from 2003 through 2009, and T-3 Energy Services from 2007 until it was acquired in 2011. Dr. Bates is a graduate of the University of Michigan with a Ph.D. in Mechanical Engineering.

Key Attributes/Skills/Expertise. Dr. Bates has over 40 years of experience in the international oil and gas services industry, both as a director and in management positions with operational responsibilities. Through his leadership roles, Dr. Bates has gained significant management development, executive compensation, and succession planning experience. Dr. Bates' experience serving as a director of other public companies provides cross-board experience and perspective, and his management of a private equity firm provides valuable entrepreneurial insight.

Stuart M. Brightman

Board Committees

s Age 60

s No Committee Memberships

s President & CEO since 2009 (not Independent)

Mr. Brightman has served as our President and Chief Executive Officer since May 2009, at which time he was also elected as a director. He served as Executive Vice President and Chief Operating Officer from April 2005 through May 2009. Mr. Brightman also serves as chairman of the board of directors of our CSI Compressco GP Inc. subsidiary, the general partner of CSI Compressco LP ("CSI Compressco"), one of our consolidated subsidiaries and a publicly traded limited partnership subject to the reporting requirements of the Exchange Act. From April 2004 to April 2005, Mr. Brightman was self-employed. Mr. Brightman served as president of the Dresser Flow Control division of Dresser, Inc. from April 2002 until April 2004. Dresser Flow Control, which manufactures and sells valves, actuators, and other equipment and provides related technology and services for the oil and gas industry, had revenues in excess of \$400 million in 2004. From November 1998 to April 2002, Mr. Brightman was president of the Americas Operation of the Dresser Valve Division of Dresser, Inc. He served in other capacities during the earlier portion of his career with Dresser, from 1993 to 1998. From 1982 to 1993, Mr. Brightman served in several financial and operational positions with Cameron Iron Works and its successor, Cooper Oil Tools. Mr. Brightman also serves on the board of directors of C&J Energy Services, Inc., a public company subject to the reporting requirements of the Exchange Act. Mr. Brightman received his B.S. degree from the University of Pennsylvania and his Master of Business Administration degree from the Wharton School of Business.

Key Attributes/Skills/Expertise. Mr. Brightman has more than 30 years of experience in manufacturing and services businesses related to the oil and gas industry. He has experience in corporate finance and in the management of capital intensive operations. Mr. Brightman's prior service as our Chief Operating Officer and his current position with us as

President and Chief Executive Officer also provides our Board of Directors with an in-depth source of knowledge regarding our operations, our executive management team, and the effectiveness of our compensation programs.

Paul D. Coombs
s Age 61
s Director since 1994 (Independent since 2012)

Board Committees
s Audit Committee
s Nominating and Corporate Governance Committee

Mr. Coombs has served as a member of our Board of Directors since June 1994. He has served as a member of our Nominating and Corporate Governance Committee since July 2012 and as a member of our Audit Committee since May 2015. Mr. Coombs currently serves as a director of our CSI Compressco GP Inc. subsidiary, the general partner of CSI Compressco, also one of our consolidated subsidiaries and a publicly traded limited partnership subject to the reporting requirements of the Exchange Act. From April 2005 until his retirement in June 2007, Mr. Coombs served as our Executive Vice President of Strategic Initiatives, and from May 2001 to April 2005, as our Executive Vice President and Chief Operating Officer. From January 1994 to May 2001, Mr. Coombs served as our Executive Vice President - Oil & Gas, from 1987 to 1994 he served as Senior Vice President - Oil & Gas, and from 1985 to 1987, as General Manager - Oil & Gas. He has served in numerous other positions with us since 1982. Mr. Coombs is presently a director and serves on the audit and corporate governance committees of the board of directors of Balchem Corporation, a public company that is subject to the reporting requirements of the Exchange Act.

Key Attributes/Skills/Expertise. Mr. Coombs has more than 30 years of experience with us, which, together with his entrepreneurial approach to management, provides our Board of Directors with insight into our capabilities and personnel. Mr. Coombs has substantial experience with the oil and gas services we provide, the markets in which we operate, both domestically and internationally, our customers and competitors, and with oil and gas exploration and production operations in general.

John F. Glick
s Age 64
s Independent Director since 2014

Board Committees
s Nominating and Corporate Governance Committee (Chairman)
s Compensation Committee

Mr. Glick has served as a member of our Board of Directors since January 2014, as Chairman of our Nominating and Corporate Governance Committee since May 2015, and has been a member of that committee and our Compensation Committee since May 2014. Mr. Glick served as the chief executive officer and a director of Lufkin Industries, Inc., a public company subject to the reporting requirements of the Exchange Act, from March 2008 until his retirement in July 2013 and served as Lufkin's president and a director since August 2007. During his tenure, Mr. Glick oversaw the growth of Lufkin and, ultimately, the sale of the company to General Electric in July 2013. From September 1994 through August 2007, Mr. Glick served as the vice president and general manager of Lufkin's Power Transmission Division. He served as vice president and general manager of Lufkin's Oilfield Division from August 2007 through August 2008. Prior to joining Lufkin, from 1974 through 1994, Mr. Glick held several senior management level positions with Cameron Iron Works, Inc. Mr. Glick currently serves as a director and as a member of the audit, nomination, and remuneration committees of Hunting PLC, a public company traded on the London Stock Exchange. Mr. Glick also serves as the vice chairman of the board of directors of CHI St. Luke's Health and sits on its executive committee, and is a director of CHI St. Luke's Memorial Health. Mr. Glick received a B.S. in Journalism from the University of Kansas and graduated from the Harvard Graduate School of Business Program for Management Development.

Key Attributes/Skills/Expertise. Mr. Glick brings extensive energy industry, management, and oversight experience, having served in executive management positions with various public energy services and manufacturing companies. Mr. Glick's broad experience in manufacturing and servicing a variety of oilfield drilling and completion products, both domestically and internationally, provides valuable insight to our Board of Directors from an operational and strategic planning perspective.

Stephen A. Snider s Age 69 s Independent Director since 2015	Board Committees s Nominating and Corporate Governance Committee s Compensation Committee
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Mr. Snider has served as a member of our Board of Directors since July 2015 and currently serves on our Nominating and Corporate Governance Committee and our Compensation Committee. Mr. Snider served as the chief executive officer and a director of Exterran Holdings, Inc. from August 2007 until his retirement in June 2009, and was chief executive officer and chairman of the general partner of Exterran Partners, L.P. from August 2007 to June 2009. Prior to that, Mr. Snider was president, chief executive officer and a director of Universal Compression Holdings Inc. from 1998 until Universal merged with Hanover Compressor Company in 2007 to form Exterran Corporation. Mr. Snider has over 30 years of experience in senior management of operating companies. He has served as a director of Energen Corporation since 2000 and as a director of Thermon Group Holdings, Inc. since 2011, both of which are public companies subject to the reporting requirements of the Exchange Act. He also served as a director of Dresser-Rand Group Inc. from 2009 until its merger with Siemens AG in July 2015 and as a director of Seahawk Drilling, Inc. from August 2009 until February 2011. Mr. Snider holds a B.S. in Civil Engineering from the University of Detroit and an M.B.A. from the University of Colorado at Denver.

Key Attributes/Skills/Expertise. Mr. Snider's experience as the chief executive officer of natural gas compression services companies, together with his extensive operations experience and public company board experience, provides our Board of Directors with industry-related and international business knowledge and experience, as well as senior executive, corporate governance, and executive compensation knowledge and experience.

William D. Sullivan s Age 60 s Independent Director since 2007 s Chairman of the Board	Board Committees s As Chairman of the Board, Mr. Sullivan is an Ex-Officio member of all board committees
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Mr. Sullivan has served as a member of our Board of Directors since August 2007 and as Chairman since May 2015. He previously served as Chairman of our Nominating and Corporate Governance Committee and as a member of our Compensation Committee. From 1981 through August 2003, Mr. Sullivan was employed in various capacities by Anadarko Petroleum Corporation, most recently as executive vice president, exploration and production. Mr. Sullivan has been retired since August 2005. Mr. Sullivan serves as a director of our CSI Compressco GP Inc. subsidiary, the general partner of CSI Compressco, also one of our consolidated subsidiaries and a publicly traded limited partnership subject to the reporting requirements of the Exchange Act. Mr. Sullivan is the non-executive chairman of the board of directors of SM Energy Company, a publicly traded exploration and production company that is subject to the reporting requirements of the Exchange Act. Mr. Sullivan is also a director and serves on the audit, nominating and corporate governance and conflicts, and compensation committees of Legacy Reserves GP, LLC, the general partner of Legacy Reserves, LP, a publicly traded limited partnership holding oil and gas producing assets, primarily in the Permian Basin and Rocky Mountain areas. From February 2007 to May 2015, Mr. Sullivan served as a director and as a member of the conflicts and audit committees of Targa Resources Partners GP, LLC, the general partner of Targa Resources Partners LP, a publicly traded limited partnership. Mr. Sullivan received his B.S. degree in Mechanical Engineering from Texas A&M University.

Key Attributes/Skills/Expertise. Mr. Sullivan has significant management experience in mid-stream oil and gas operations and in the exploration and production of oil and gas on an international level. Mr. Sullivan also has substantial experience in executive compensation matters and in serving on the boards of publicly held corporations and publicly traded limited partnerships operating in the oil and gas industry. As Chairman of our Board of Directors, Mr. Sullivan serves as a critical mentor and advisor to our Chief Executive Officer and is pivotal in creating the

conditions for overall board and individual director effectiveness, both inside and outside the boardroom.

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Independence of our Independent Auditor

The Audit Committee evaluates the selection of the independent auditors each year and has selected E&Y for the current year. E&Y has served as our independent auditors since 1981. The Audit Committee concluded that many factors contribute to the continued support of E&Y's independence, such as the oversight of the Public Company Accounting Oversight Board (PCAOB) through the establishment of audit, quality, ethics, and independence standards, in addition to conducting audit inspections, the mandating of reports on internal control over financial reporting, PCAOB requirements for audit partner rotation, and limitations imposed by regulation and by our Audit Committee on non-audit services provided by E&Y. The Audit Committee reviews and pre-approves all audit and non-audit services to be performed by E&Y as well as reviews and approves the fees charged by E&Y for such services. In its review and pre-approval of non-audit service fees, the Audit Committee considers, among other factors, the possible effect of the performance of such services on the auditors' independence. In addition, under the auditor independence rules, E&Y reviews its independence each year and delivers to the Audit Committee a letter addressing matters prescribed in those rules.

Audit Partner Rotation

In accordance with applicable rules on partner rotation, E&Y's coordinating partner for our audit was changed in 2013, and the current coordinating partner will rotate off our account after the 2017 audit, while E&Y's engagement quality review partner for our audit was most recently changed in 2014 and will rotate off our account after the 2018 audit.

Considerations Regarding Appointment

The Audit Committee considers, among other factors, the fact that we require global, standardized, and well-coordinated services, not only for audit purposes, but for other non-audit service items, including statutory audits and various regulatory certification items. Many of these services are provided to us by multinational audit and accounting firms other than E&Y. A change in our independent auditor may require us to replace one or more of these other multinational service providers and could significantly disrupt our business due to a loss of cumulative knowledge in such service providers' areas of expertise.

Board Recommendation

The Board of Directors recommends that you vote "FOR" ratification and approval of the appointment of E&Y as our independent registered public accounting firm for the 2017 fiscal year, and proxies returned will be so voted unless contrary instructions are indicated thereon.

As a matter of good corporate governance, the Board of Directors submits the selection of the independent registered public accounting firm to our stockholders for ratification. If our stockholders do not ratify the appointment, the Audit Committee may reconsider its selection of the firm as our independent registered public accounting firm for the year ending December 31, 2017, but the Audit Committee may also elect to retain the firm. Even if the selection is ratified, the Audit Committee in its discretion may appoint a different independent registered public accounting firm at any time during the year if the committee determines that such change would be appropriate. Representatives of E&Y are expected to be present at the Annual Meeting.

Vote Required

Approval of Proposal No. 2 requires the affirmative vote of a majority of the common shares represented in person or by proxy and entitled to vote on the proposal at the annual meeting of stockholders. Please see the "General

Information About the Meeting and Voting" section in this proxy statement for additional information.

The Board recommends a vote FOR this proposal PROPOSAL NO. 3
Advisory Vote to Approve Executive Compensation

In Proposal No. 3, we are asking our stockholders to approve, on an advisory basis, the compensation of our named executive officers (“NEOs”) pursuant to Section 14A of the Exchange Act, as disclosed in this Proxy Statement in accordance with SEC rules. While this vote is not binding on our Company, the results of the votes on this proposal will be carefully considered by the Board of Directors and the Compensation Committee of our Board of Directors when making future executive compensation decisions.

As discussed in the Compensation Discussion and Analysis (“CD&A”) section of this proxy statement, our compensation philosophy is designed to enable us to recruit and retain the highly qualified and competent executives that are crucial to our long-term success while ensuring that a significant portion of the compensation opportunities available to them is tied to performance; thus aligning their interests with the interests of our stockholders.

The following are some of the key topics discussed in greater detail in the CD&A and in other sections of this proxy statement, and stockholders are encouraged to read these other sections.

Following last year's advisory vote to approve executive compensation, we reached out to stockholders who owned approximately 72% of our then outstanding common stock for feedback regarding our executive compensation practices (page 30).

Every member of our Compensation Committee is independent, as independence is defined in the listing standards of the NYSE (page 35).

Our Compensation Committee has established a thorough process for the review and approval of our compensation programs and practices and it has the authority to retain and direct compensation consultants or other advisors to assist in the discharge of its duties (page 37).

Our Board of Directors has adopted stock ownership guidelines that apply to our directors and executive officers (page 17).

At the TETRA level, we employ a majority of our executive officers “at will” under employment agreements similar to those executed by all our employees (page 49).

Our insider trading policy prohibits transactions involving short sales, the buying and selling of puts, calls, or other derivative instruments, and certain forms of hedging or monetization transactions involving our securities (page 22).

Our Cash Incentive Compensation Plan, Amended and Restated 2007 Long Term Incentive Compensation Plan, and Third Amended and Restated 2011 Long Term Incentive Compensation Plan each includes a clawback provision that provides us with a mechanism to recover amounts awarded under such plans in certain circumstances (page 35).

Our Amended and Restated 2007 Long Term Incentive Compensation Plan and Third Amended and Restated 2011 Long Term Incentive Compensation Plan each require that a minimum of 90% of all “full value” awards under the respective plan carry a vesting period of not less than three years and that a minimum of 85% of all awards of stock options and stock appreciation rights granted thereunder are also subject to the minimum three-year vesting period.

On an annual basis, our Compensation Committee awards performance-based, long-term cash incentives to certain of our executive officers to supplement the long-term performance-based incentive and retention value provided by time-vesting equity awards.

We seek to structure a balance between achieving positive short-term annual results and ensuring long-term viability and success by providing both annual and long-term incentive opportunities. For fiscal year 2016, approximately 81% of the total target compensation awarded to our Chief Executive Officer, Mr. Brightman, consisted of long-term, performance-based incentives, and an average 63% of the total target compensation awarded to other named executive officers consisted of long-term, performance-based incentives. For our Chief Executive Officer and other named executive officers,

such long-term, performance-based incentives consist of stock options and shares of restricted stock granted under the TETRA equity plans and, for 2016, for those with company-wide responsibilities, equity awards granted under the CSI Compressco equity plan, which together tie a significant portion of our executive officers' compensation directly to our stockholders' returns. These long-term, performance-based awards weight total prospective target compensation awarded in 2016 to our named executive officers significantly toward long-term performance.

We believe that providing both short- and long-term incentive compensation awards also helps reduce risks to us or our stockholders that could arise from excessive focus on short-term performance (page 60).

Our Board of Directors believes that our compensation program is effective in implementing our compensation philosophy and furthering our strategic goals and objectives. Pursuant to SEC rules, we are asking our stockholders to approve the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis (beginning on page 29), the compensation tables (beginning on page 52) and the narrative discussion following the compensation tables. This advisory stockholder vote, commonly known as "say-on-pay," gives you as a stockholder the opportunity to approve or not approve our executive compensation program and policies through the following resolution:

"RESOLVED, that the stockholders of TETRA Technologies, Inc. approve, on an advisory basis, the compensation of its named executive officers as disclosed in the Company's 2017 Proxy Statement pursuant to the executive compensation disclosure rules of the Securities and Exchange Commission, which disclosure includes the Compensation Discussion and Analysis, the compensation tables and related narrative disclosure contained in this Proxy Statement."

Board Recommendation

The Board of Directors recommends that you vote "FOR" approval of the named executive officer compensation as disclosed pursuant to the executive compensation disclosure rules of the Securities and Exchange Commission, including in the Compensation Discussion and Analysis, the compensation tables and related narrative discussion as contained in this proxy statement. Proxies returned will be so voted unless contrary instructions are indicated thereon.

Vote Required

Approval of Proposal No. 3, on an advisory basis, requires the affirmative vote of a majority of the common shares represented in person or by proxy and entitled to vote on the proposal at the annual meeting of stockholders. Please see the "General Information About the Meeting and Voting" section in this proxy statement for additional information.

The Board recommends a vote for an ANNUAL (1 YEAR) advisory vote on executive compensation

PROPOSAL NO. 4
Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation

As proposed in Proposal No.3, stockholders are being asked to cast a non-binding advisory vote with respect to the compensation of our NEOs. This advisory vote is typically referred to as a “say-on-pay” vote. In this Proposal No. 4, our Board of Directors is also asking stockholders to cast a non-binding advisory vote on how frequently say-on-pay votes should be held in the future. This vote is required under Section 14A of the Exchange Act. Stockholders will be able to cast their votes on whether to hold say-on-pay votes every one, two or three years. Alternatively, you may abstain from casting a vote.

At our 2011 Annual Meeting of Stockholders, our stockholders cast the highest number of votes for an annual advisory vote on executive compensation and our Board of Directors, based upon such vote, determined it would hold the non-binding advisory vote on executive compensation on an annual basis. We have held an advisory vote on executive compensation for each of the past five years accordingly. Our next advisory vote on the frequency of the advisory vote on executive compensation will occur at our 2023 Annual Meeting of Stockholders.

Board Recommendation

Our Board of Directors unanimously recommends that stockholders vote to hold a stockholder vote regarding named executive officer compensation ANNUALLY (1 YEAR). Our Board of Directors believes that an annual advisory vote on the compensation of our named executive officers will allow our stockholders to provide timely, direct input on our executive compensation philosophy, policies and practices as disclosed in the proxy statement each year. Our Board of Directors believes that an annual vote is consistent with our efforts to engage in an ongoing dialogue with our stockholders on executive compensation and corporate governance matters. Nevertheless, our Board of Directors acknowledges that there are a number of points of view regarding the relative benefits of annual and less frequent say-on-pay votes. Therefore, even though the advisory vote sought by this Proposal No. 4 is not binding on our Board of Directors, it intends to hold say-on-pay votes in the future in accordance with the frequency that receives the most stockholder support.

Vote Required

The frequency choice that receives the most votes will be considered by the Board of Directors to be the expression of the Company’s stockholders as to their preference, and the Board will take that frequency choice into account when making its determination as to the frequency of future advisory votes on executive compensation.

The Board recommends a vote FOR this proposal

PROPOSAL NO. 5
Approval of the Amendment to our Restated Certificate of Incorporation to Increase the Number of Authorized Shares of Common Stock

Proposed Amendment

Our authorized capital stock presently consists of 150,000,000 shares of common stock, par value \$.01 per share, and 5,000,000 shares of preferred stock, par value \$.01 per share. Our Board of Directors has approved, and is recommending to the stockholders for approval at the Annual Meeting, an amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of common stock. The proposed amendment would increase the number of authorized shares of common stock from 150,000,000 shares to 250,000,000 shares. The number of authorized shares of preferred stock would not be affected by the proposed

amendment. If approved, the first sentence of Article Fourth of our Restated Certificate of Incorporation will be amended to read in its entirety as follows:

“FOURTH. The total number of shares of stock that the Corporation shall have authority to issue is 255,000,000, consisting of 5,000,000 shares of Preferred Stock, of the par value of \$.01 per share (hereinafter called “Preferred Stock”), and 250,000,000 shares of Common Stock, of the par value of \$.01 per share (hereinafter called “Common Stock”).”

The additional shares of our common stock for which authorization is sought will have the same voting rights, the same rights to dividends and distributions, and will be identical in all other respects to the shares of our common stock now authorized.

Reasons for the Proposed Amendment

Throughout 2016, a primary focus of our senior management was structuring and implementing transactions to improve our liquidity, strengthen our balance sheet, and to ensure compliance with our debt covenants. In June 2016, we issued 11.5 million shares of our common stock in a public offering and in December 2016, we issued an additional 22.3 million shares of our common stock and warrants to purchase 11.2 million shares of our common stock in a subsequent public offering. The net proceeds from these equity offerings of \$168.3 million were primarily used to retire outstanding indebtedness. These actions not only ensured our compliance with debt covenants, but they also positioned us to capitalize on growth opportunities as they arise.

As of March 6, 2017, 115,632,617 shares of common stock were issued and outstanding and no shares of preferred stock were issued and outstanding. In addition, as of March 6, 2017, 23,517,041 shares of common stock were reserved for issuance or issuable upon exercise of equity awards or warrants (as shown in the pie chart below), leaving only 7.2% percent of the authorized shares of common stock currently unreserved and available for future issuance.

*Treasury shares are issued shares of common stock currently held by the Company.

Our Board of Directors believes that increasing the authorized number of shares of our common stock will afford us continued flexibility to issue shares of, and other instruments convertible into, our common stock for valid corporate purposes, including acquisitions, financings, incentive compensation and other benefit plans, and stock dividends or stock splits. Except as may be required by law or under the rules of the NYSE, the proposed amendment would permit the Board of Directors to issue additional shares of common stock without further action or approval of our stockholders.

By authorizing the additional shares now, such shares may be issued without the delay and expense associated with obtaining special stockholder approval each time an opportunity requiring the issuance of shares of our common stock may arise. Such a delay might cause us to lose an opportunity or make it more expensive for us to take advantage of an opportunity. Although the Board of Directors has no present plans to issue any additional shares of common stock, except in connection with our existing stock option and incentive plans or as required upon exercise of our outstanding warrants, the Board of Directors believes that the proposed increase in the number of authorized shares of common stock is necessary to provide us with the necessary flexibility to pursue corporate opportunities.

Possible Effects of the Proposed Amendment

The authorization of the additional shares of common stock sought by this proposal would not have any immediate dilutive effect upon the proportionate voting power or rights of our existing stockholders; however, to the extent that the additional authorized shares of common stock are issued in the future, such issuance may decrease existing stockholders' percentage equity ownership and, depending upon the price at which they are issued, could be dilutive to existing stockholders and have a negative effect upon the market price of the common stock. Our stockholders do not have preemptive rights, which means they do not have the right to purchase shares in any future issuance of common stock in order to maintain their proportionate ownership of common stock.

The amendment to increase the number of authorized shares of our common stock could have the effect of discouraging or preventing attempts to take over control of TETRA. For example, in the event of a hostile attempt to take over control of our company, it may be possible for us to impede the attempt by issuing shares of common stock, which would dilute the voting power of the other outstanding shares and increase the potential cost to acquire control of us. The proposed amendment therefore may have the effect of discouraging unsolicited takeover bids and potentially limiting the opportunity for our stockholders to dispose of their shares at a premium which may otherwise be available in a takeover attempt or merger proposal. To the extent that it impedes any such attempts, the proposed amendment may serve to perpetuate our current management, including the Board of Directors. The amendment is not being proposed in response to any known effort or threat to acquire control of TETRA and is not part of a plan by management to adopt a series of amendments to our Restated Certificate of Incorporation and bylaws having an anti-takeover effect.

If the proposed amendment is adopted, it will become effective upon filing of a Certificate of Amendment to our Restated Certificate of Incorporation with the Secretary of State of Delaware.

Board Recommendation

The Board of Directors recommends that you vote "FOR" the proposed amendment to our Restated Certificate of Incorporation, and proxies returned will be so voted unless contrary instructions are indicated thereon.

Vote Required

Approval of Proposal No. 5 requires the affirmative vote of a majority of TETRA's outstanding shares. Please see the "General Information About the Meeting and Voting" section in this proxy statement for additional information.

INFORMATION ABOUT US

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines that give effect to the NYSE corporate governance listing requirements and various other corporate governance matters. The Board of Directors believes the Corporate Governance Guidelines assist in ensuring that:

- the Board of Directors is independent from management;
- the Board of Directors adequately performs its function as the overseer of management, and
- the interests of management and the Board of Directors align with the interests of our stockholders.

Majority Voting Policy

In December 2016, upon the recommendation of our Nominating and Corporate Governance Committee, our Board of Directors adopted an amendment to our Corporate Governance Guidelines to provide for a majority vote principle in connection with the election of our directors. Under our Corporate Governance Guidelines, in an uncontested election (i.e., an election where the number of nominees is not greater than the number of directors to be elected), any nominee who receives a greater number of votes “withheld” from his election than votes “for” his election must promptly tender his resignation to the Chairman of the Board unless he has previously submitted an irrevocable resignation in accordance with our Corporate Governance Guidelines. The Corporate Governance Guidelines also provide that the Board of Directors may require, in order for any incumbent director to become a nominee for further service on the Board of Directors, that such incumbent director submit to the Board of Directors an irrevocable resignation. The irrevocable resignation will be conditioned upon, and shall not become effective until there has been (i) a failure by that nominee to receive more votes “for” his election than votes “withheld” from his election in any uncontested election of directors and (ii) acceptance of the resignation by the Board of Directors. In the event a director receives a greater number of votes “withheld” from his election than “for” his election, the Nominating and Corporate Governance Committee will make a recommendation to the Board of Directors regarding the action to be taken with respect to the tendered resignation. A director whose resignation is being considered will not participate in any committee or Board of Directors meetings where his resignation is being considered. The Board of Directors will act on the Nominating and Corporate Governance Committee’s recommendation within 90 days following the certification of the stockholder vote, and the Board of Directors will promptly and publicly disclose its decision. Each of the nominees for election to the Board of Directors has submitted an irrevocable resignation in accordance with our Corporate Governance Guidelines.

Corporate Governance Documents

The following governance documents are available in the Corporate Governance section of the Investor Relations area of our website at www.tetratec.com and are also available upon written request addressed to Corporate Secretary, TETRA Technologies, Inc., 24955 Interstate 45 North, The Woodlands, Texas 77380:

- Corporate Governance Guidelines which govern the qualifications and conduct of the Board of Directors.
- Audit Committee Charter.
- Compensation Committee Charter.

Nominating and Corporate Governance Committee Charter.

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Code of Business Conduct for directors, officers, and employees. The key principles of this code are honesty, loyalty, fairness, and forthrightness.

Code of Ethics for Senior Financial Officers. The key principles of this code include acting legally and ethically, promoting honest business conduct, and providing timely and meaningful public disclosures to our stockholders.

Stock Ownership Guidelines for Directors and Executive Officers, which are designed to align the interests of our executive officers and directors with the interests of our stockholders.

Policy and Procedures for Receipt and Treatment of Complaints Related to Accounting and Compliance Matters (Whistleblower Policy), which provides for the receipt, retention, and treatment of complaints received by us regarding accounting, internal accounting controls, auditing matters, or possible violations of laws, rules, or regulations applicable to us and the confidential, anonymous submission by our employees of concerns regarding those matters.

If any substantive amendments are made to the Code of Ethics for Senior Financial Officers, the nature of such amendment will be disclosed on our website. In addition, if a waiver from either the Code of Business Conduct or the Code of Ethics for Senior Financial Officers is granted to an executive officer, director, or principal accounting officer, the nature of such waiver will be disclosed on our website.

Director Independence and Transactions Considered in Independence Determinations

Director Independence. The NYSE listing standards require our Board of Directors to be comprised of at least a majority of independent directors. Our Board of Directors determines independence in accordance with the listing requirements of the NYSE, taking into consideration such facts and circumstances as it considers relevant. In order to assist the Board of Directors in making its determination of whether directors are independent, each director completed and delivered to us a questionnaire designed to solicit accurate and complete information that may be relevant in making such independence determinations. The Board of Directors, with the assistance of the Nominating and Corporate Governance Committee, reviewed summaries of responses to such questionnaires and such other information considered relevant with respect to the existence of any relationships between a director and us.

The Board of Directors has affirmatively determined that the following directors are independent:

Mark E. Baldwin Paul D. Coombs Stephen A. Snider Kenneth E. White, Jr.
Thomas R. Bates, Jr. John F. Glick William D. Sullivan Joseph C. Winkler III

Transactions Considered in Independence Determinations. In making its independence determinations, our Board of Directors considered transactions that occurred between us and entities associated with the independent directors and their immediate family members.

Mr. Sullivan is a director of SM Energy Company and Legacy Reserves GP LLC, Mr. Snider is a director of Energen Corporation, and Mr. Winkler is a director of Eclipse Resources. Each of these entities or their affiliates is a customer of TETRA or CSI Compressco, although the revenues received from them are not considered to be material. In addition, Messrs. Sullivan and Coombs are directors of CSI Compressco GP Inc., the general partner of CSI Compressco, which are subsidiaries of ours. We have an ongoing business relationship with CSI Compressco. We have considered the foregoing and have concluded that these transactions and relationships did not automatically disqualify Messrs. Sullivan, Snider, Winkler, and Coombs from being considered independent under the rules of the NYSE. Our Board of Directors has also determined that none of Messrs. Sullivan, Snider, Winkler, or Coombs has a material interest in these transactions, and that each of them is independent.

Based upon his ongoing employment with us, the Board of Directors has determined that Mr. Brightman is not independent.

Board Leadership Structure; Separation of Positions of Chairman and Chief Executive Officer

As set forth in our Corporate Governance Guidelines, we require the separation of the positions of Chairman of the Board and Chief Executive Officer. Our Board of Directors believes that the separation of these positions strengthens the independence of our Board of Directors and its ability to carry out its roles and responsibilities on behalf of our stockholders. Mr. Brightman, as President and Chief Executive Officer, is responsible for setting the strategic direction for TETRA and provides the day-to-day leadership of its operations and performance, while Mr. Sullivan, as Chairman, provides overall leadership to our Board of Directors in its oversight function. As Chairman, Mr. Sullivan serves as the presiding director of executive sessions of the non-management and independent directors.

Risk Oversight

Board of Directors	<p>The Board of Directors has ultimate responsibility for protecting stockholder value. Among other things, our Board of Directors is responsible for understanding the risks to which we are exposed, approving management's strategy to manage these risks, and measuring management's performance against the strategy. The Board of Directors' responsibilities include, but are not limited to, appointing our Chief Executive Officer, monitoring our performance relative to our goals, strategies, and the performance of our competitors, reviewing and approving our annual budget, and reviewing and approving investments in and acquisitions and dispositions of assets and businesses.</p>
Management	<p>It is our management's responsibility to manage risks and to bring to the Board of Directors' attention any aspects of our business or operations that may give rise to a material level of risk. Our Chief Executive Officer brings members of management from various business or administrative areas into meetings of the Board of Directors from time to time to make presentations and to provide insight to the board, including insight into areas of potential risk. Such risks include competition risks, industry risks, economic risks, credit and liquidity risks, risks from operations, risks posed by significant litigation and regulatory matters, and risks related to acquisitions and dispositions. The Board of Directors, either directly or through its committees, reviews with our management policies, strategic initiatives, and other actions designed to mitigate various types of risk.</p>
Audit Committee	<p>Our Audit Committee oversees risks associated with the integrity of our financial statements, our compliance with legal and regulatory requirements, and matters reported to the Audit Committee through our internal auditors, chief compliance officer, and our anonymous reporting procedures. The Audit Committee reviews with management, internal auditors, and our independent auditors the accounting policies, the system of internal control over financial reporting, and the quality and appropriateness of disclosure content in the financial statements or other external financial communications, and it also periodically reviews with our management and our independent auditors significant financial risk exposures and the processes we have implemented to monitor, control, and report such exposures. Our Audit Committee also performs oversight of our compliance program and monitors the results of our compliance efforts.</p>
Nominating and Corporate Governance Committee	<p>Our Nominating and Corporate Governance Committee oversees risks primarily associated with our ability to attract, motivate, and retain quality directors, and our corporate governance programs and practices and our compliance therewith. Additionally, the Nominating and Corporate Governance Committee oversees the performance evaluation of the Board of Directors and each of its committees.</p>
Compensation Committee	<p>Our Compensation Committee oversees risks primarily associated with TETRA and CSI Compressco's abilities to attract, motivate, and retain quality talent, particularly executive talent, including risks associated with the design and implementation of our compensation programs and the disclosure of executive compensation philosophies, strategies, and activities. The Compensation Committee also oversees the compensation of the Board of Directors and its committees.</p>

Stock Ownership Guidelines

Our Board of Directors has adopted a policy with regard to stock ownership for our directors and executive officers. The stock ownership guidelines provided under the policy are intended to align the interests of our directors and executive officers with the interests of our stockholders. Under this policy, our executive officers have historically been required to hold shares of our common stock with a value equal to a multiple, based upon position, of their base salary. In addition to ownership of our stock, ownership of common units of CSI Compressco LP by our executive officers and directors counts toward fulfillment of the ownership requirement. For purposes of this guideline: (1) each share of our common stock and each CSI Compressco common unit owned on the date of our Annual Meeting each year shall be deemed to have a value equal to the greater of (a) the trading price of a share of our common stock or a CSI Compressco LP common unit, as applicable, as of the date the applicable share or common unit was acquired or (b) the trading price of a share of our common stock or a CSI Compressco common unit as of the date of our Annual Meeting. The policy establishes the following minimum ownership guidelines.

Executive Officers - must own shares of our common stock and/or common units of CSI Compressco LP with a value equal to a multiple, based upon position, of their base salary. The multiples are as follows:

Level	Multiple of Base Salary
Chief Executive Officer	5x
Chief Financial Officer	2x
Chief Operating Officer	2x
Senior Vice President	1x
Vice President	1x

Executive officers who held their current positions in February 2008 were required to be in compliance with the policy by May 3, 2013. All such executive officers, including Mr. Brightman, our Chief Executive Officer, were in compliance on the required date. Executive officers appointed after February 2008 have five years following attainment of executive officer status to be in compliance.

Effective February 16, 2016, our Nominating and Corporate Governance Committee recommended to our Board of Directors, and the board approved, an increase in Mr. Brightman's multiple of base salary from three to five times his base salary. Under the policy, in the event the multiple of an executive officer's base salary is increased, the executive officer will have five years from the time of such increase to meet the new guideline.

As of the date of this proxy statement, all covered officers are in compliance with the policy. In addition, Mr. Brightman is in compliance with his increased multiple of base salary guideline.

Non-Employee Directors - including the Chairman of the Board of Directors, are required to hold shares of our common stock and/or common units of CSI Compressco LP having a value equal to five-times their annual cash retainer. Non-employee directors as of February 2008 were required to be in compliance with the policy by the date of our 2012 Annual Meeting. Non-employee directors elected after February 2008 have four years from the date of their election or appointment to be in compliance. As of the date of this proxy statement, all directors are in compliance with the policy.

Board Committees and Meetings

Board Committees. The Board of Directors assigns responsibilities and delegates authority to its committees, as appropriate, and the committees regularly report on their activities to the full board. During 2016, the standing committees of the Board of Directors consisted of an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. Each committee can engage outside experts, advisors, and legal counsel to assist the committee in its work.

The following table identifies the current committee members. As discussed above, the board has determined that each member of the Audit, Compensation, and Nominating and Corporate Governance Committees is independent in

accordance with NYSE standards.

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and independent directors.
Committee Chair

Meetings and Attendance. During 2016, the Board of Directors held eight meetings, including five regular and three special meetings. Each member of the Board of Directors attended 75% or more of the meetings of the Board of Directors held while serving as a member of the board and the meetings of each committee of the Board of Directors of which he was a member that were held during the time he was a member. Our Corporate Governance Guidelines provide that our preference is to have our directors attend the annual meeting of stockholders. All members of our Board of Directors who were serving at the time of the annual meeting, attended the Annual Meeting of Stockholders in 2016, with the exception of Mr. Snider, who was unable to attend due to a conflict that existed prior to his election to our Board of Directors.

Audit Committee. The Audit Committee's primary purpose is to assist the Board of Directors in its oversight of:

- (i) the integrity of our financial statements;
- (ii) our compliance with legal and regulatory requirements;
- (iii) the independent auditor's qualifications; and
- (iv) the performance of our internal audit function and independent auditors.

The Audit Committee has sole authority to appoint and terminate our independent auditors. To promote the independence of the audit, the Audit Committee consults separately and jointly with the independent auditors, the internal auditors, and management. As required by NYSE and SEC rules regarding audit committees, the Board of Directors has reviewed the qualifications of its Audit Committee and has determined that none of the current members of the Audit Committee has a relationship with us that might interfere with the exercise of their independence from us or our management, as independence is defined in the listing standards of the NYSE. Accordingly, our Board of Directors has determined that all current members of our Audit Committee are independent as defined in Section 10A of the Exchange Act and as defined in the listing standards of the NYSE. Further, our board has determined that Mr. Baldwin, the current Audit Committee chairman, is an "audit committee financial expert" within the definition established by the SEC.

Compensation Committee. The functions performed by the Compensation Committee include:

- (i) reviewing and establishing overall management compensation;
- (ii) administering our equity compensation plans;
- (iii) approving salary and bonus awards to our executive officers; and

- (iv) reviewing the compensation of our non-employee directors and providing director compensation recommendations to the Board of Directors for approval.

Our Board of Directors has determined that each member of the Compensation Committee is independent, as independence is defined in the listing standards of the NYSE. The Compensation Committee may designate a subcommittee and delegate authority to such subcommittee as it deems appropriate.

Our equity compensation plans include provisions that enable the Compensation Committee to delegate its authority to approve certain grants of awards under those plans to a committee of our Board of Directors that may consist of one director. The Board of Directors established the Non-Executive Award Committee (the "NEA Committee"), which is a committee of one or more members of our Board of Directors. The NEA Committee is currently comprised of one member - Mr. Brightman. The Compensation Committee has delegated authority to the NEA Committee to make special inducement, merit, and retention awards, other than regular annual awards, to participants under those plans who are not subject to Section 16 of the Exchange Act and the rules and regulations promulgated thereunder, subject to certain limitations, including limitations on the number of awards that may be granted in a given time period, as may be imposed from time-to-time by the Compensation Committee.

Compensation decisions for our Chief Executive Officer are made by the Compensation Committee. The Compensation Committee is also responsible for approving the compensation of our other executive officers and in such process, it reviews and gives significant consideration to the recommendations made by the Chief Executive Officer for such other executive officers. As part of its role in reviewing and approving management compensation, the Compensation Committee administers our equity compensation plans and our cash incentive plan under which cash incentives may be awarded to our executive officers and other key employees based on performance, including the attainment of performance goals. Our Chief Executive Officer, with input from senior management, recommends to the Compensation Committee base salaries, target cash incentive levels, actual cash incentive payouts, and equity awards, as well as company, division, and individual performance measures for our executive officers other than the Chief Executive Officer. The Compensation Committee considers, discusses, and takes action on such proposals as it deems appropriate.

In addition, since our CSI Compressco subsidiary does not have its own compensation committee, our Compensation Committee is also responsible for the oversight of compensation programs that apply to a broad base of employees of CSI Compressco and for specific compensation decisions that relate to the President and other officers of CSI Compressco.

Independent Compensation Consultant. The Compensation Committee has the authority to retain, approve fees and other terms for, and terminate any compensation consultant, outside counsel, or other advisors to assist the committee in the discharge of its duties. The Compensation Committee has retained the services of Pearl Meyer & Partners ("Pearl Meyer"), an independent provider of compensation consulting services, to review our compensation programs and practices and to assist in the review of compensation disclosures included in this proxy statement. Pearl Meyer acted as independent advisor to the Compensation Committee and does not provide any other services to us or earn any compensation from us outside of the services provided as an independent advisor to the Compensation Committee.

Compensation Committee Interlocks and Insider Participation. The members of the Compensation Committee during 2016 were Mr. Bates, as Chairman, and Messrs. Glick, Snider, and White, none of whom is or was previously an officer or employee of ours, and none of whom had any relationship required to be disclosed under this section.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee:

- (i) investigates and makes recommendations to the Board of Directors with regard to all matters of corporate governance, including the structure, operation, and evaluation of the board and its committees;

- (ii) investigates and makes recommendations to the Board of Directors with respect to qualified candidates to be nominated for election to the board; and
- (iii) reviews and makes recommendations to the board with regard to candidates for directors properly nominated by stockholders in accordance with our bylaws.

Our Board of Directors has determined that each current member of the Nominating and Corporate Governance Committee is independent, as independence is defined in the listing standards of the NYSE.

Board and Committee Succession Planning

The Nominating and Corporate Governance Committee's ongoing succession planning process takes into account the importance of board refreshment and having an appropriate balance of experience and perspectives on our board and each of its committees. Beginning in 2013, the committee oversaw a multi-year succession planning process that added four new directors to infuse new ideas and fresh perspectives into our boardroom. In addition, four directors retired from our board during the 2014-2016 time-period.

Director Tenure

The following chart illustrates the tenure of the current members of our Board of Directors. We believe the tenure of the members of our board provides the appropriate balance of expertise, experience, continuity and perspective to our board to serve the best interests of our stockholders.

Balanced Director Tenure

(current directors)

4 directors 2 directors 3 directors

≤5 years 6-9 years >9 years

Years on Board of Directors

Executive Succession Planning

The Compensation Committee, the CEO, and the Vice President of Human Resources evaluate, from time to time each year, executive development and succession planning to prepare us for future success. The succession planning process covers the CEO position as well as all senior management positions. This review of executive talent determines readiness to take on additional leadership roles and identifies developmental opportunities needed to prepare our executives for greater responsibilities. Our short and long-term business strategy is considered when evaluating candidates and their skills. Where possible, our board gains insight through exposure to internal succession candidates from their presentations to the board, work with individual directors or board committees, and participation in board activities. The CEO makes a formal succession planning presentation to the Compensation Committee annually in which our directors who are not members of the Compensation Committee are invited to attend.

Director Orientation and Continuing Education

We provide each new director with an orientation that consists of a series of in-person briefings provided by corporate officers on our business operations, strategic plans, significant accounting and risk management issues, corporate governance, compliance, and key policies and practices. The orientation sessions are tailored to the particular director depending on their orientation needs. Each director is expected to participate in continuing educational programs as necessary to maintain expertise to perform his or her responsibilities as a director. In this regard, from time to time we provide pertinent articles and information relating to our business, financial affairs, risks, competitors, corporate governance, and changes in legal and regulatory issues. We may also coordinate training and educational sessions for directors from outside experts and provide directors with tours of our facilities from time to time. We reimburse directors for reasonable costs associated with attending other relevant director education programs.

Board and Committee Self-Evaluation Process

Each committee, as well as the full board, performs an annual self-evaluation with regard to its responsibilities, structure and functioning, and information and resources. The results of the evaluations are discussed by each respective body as a scheduled meeting agenda item. The results of the committee self-evaluations, including any action items, are available to the full Board.

Executive Sessions of the Board of Directors

Our independent non-management directors meet in executive session at least four times per year. These executive sessions are presided over by Mr. Sullivan or, in his absence, another non-management director. The non-management directors presently consist of all current directors except Mr. Brightman.

Communications with Directors

Our security holders and other interested parties may communicate with one or more of our directors (including the non-management directors as a group) by mail in care of our Corporate Secretary, TETRA Technologies, Inc., 24955 Interstate 45 North, The Woodlands, Texas 77380, or by email at corpsecretary@tetratec.com. Such communications should specify the intended recipient or recipients. All such communications, other than commercial solicitations or communications, will be forwarded to the appropriate director or directors.

Director Nominations Submitted by Stockholders

The Nominating and Corporate Governance Committee will consider proposals for nominees for director from our stockholders. In order to nominate a director at the annual meeting, our bylaws require that a stockholder follow the procedures set forth in Article III, Section 3 of our bylaws. (This bylaw provision is available in the Corporate Governance section of the Investor Relations area of our website at www.tetratec.com.) In order to recommend a nominee for a director position, a stockholder must be a stockholder of record at the time the stockholder gives notice of the recommendation, and the stockholder must be entitled to vote for the election of directors at the meeting at which such nominee will be considered.

Stockholder recommendations must be made pursuant to written notice delivered to our Corporate Secretary at our principal executive offices no later than 80 days prior to the date of the annual or special meeting at which directors are to be elected; provided, that if the date of the annual or special meeting is not publicly announced more than 90 days prior to the annual or special meeting, such notice by the stockholder will be considered timely if delivered to the Corporate Secretary no later than the close of business on the tenth day following the day on which such announcement of the date of the meeting was communicated to the stockholders.

The stockholder notice must set forth the following:

1. name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated;
2. a representation that the stockholder is a holder of record of common stock entitled to vote at the meeting and intends to appear in person or by proxy to nominate the person or persons specified;
3. a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons under which the nomination(s) are to be made by the stockholder;
4. for each person the stockholder proposes to nominate for election as a director, all information relating to such person that would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Schedule 14A promulgated under the Exchange Act; and

5. for each person nominated, a written consent to serve as a director, if elected.

In addition to complying with the foregoing procedures, any stockholder nominating a director must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder.

Director Nominations by the Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee selects each nominee for recommendation to the Board of Directors. As set forth in our Corporate Governance Guidelines, the following are considered, among other things, in selecting candidates for the Board of Directors:

- (i) independence;
- (ii) knowledge, experience, and skill in areas critical to understanding us and our business;
- (iii) personal characteristics such as integrity and judgment;
- (iv) diversity; and
- (v) other commitments, including service on the boards of other companies.

When seeking nominees for director, the Nominating and Corporate Governance Committee may solicit suggestions from incumbent directors, management, stockholders, or others. After an initial evaluation of a potential nominee, the committee will interview him or her if it believes he or she might be suitable to be a director. The committee may also ask the potential nominee to meet with management. If the committee believes a potential nominee would be a valuable addition to the Board of Directors, it will recommend to the full Board of Directors that candidate's nomination. The committee also has authority under its charter to retain a search firm to assist it in identifying directors for this purpose and provide guidance to search firms it retains about the particular qualifications the board is then seeking.

Diversity. Although we have not adopted a formal policy with regard to the consideration of diversity when evaluating candidates for election to the board, our Corporate Governance Guidelines provide that when assessing candidates, we will consider diversity. The Nominating and Corporate Governance Committee does believe that board membership should reflect diversity in the broadest sense, and so when reviewing candidates for nomination to the Board of Directors, the committee considers each nominee's diversity, taking into account our needs and the current composition of the board. We strive to maintain a reasonable diversity of backgrounds and experience among the members of the board, as we believe this improves the quality of the board's deliberations. The Board of Directors' final selection of board nominees is based on merit, giving consideration to the nominee's knowledge, experience, skills in areas deemed critical to understanding our business, personal characteristics such as integrity and judgment, diversity, including gender, ethnicity, and background, and the candidates' other time commitments.

Insider Trading Policy

We acknowledge that sales of our common stock by our executive officers will occur periodically. In particular, we believe that our executive officers who have a significant portion of their net worth in our common stock may desire to diversify their investment portfolios over time and may be required to sell our common stock to finance stock option exercises and to pay related taxes. We have established a policy for trading in our common stock. This policy is designed to help ensure compliance with federal securities laws and allow the anticipated periodic sales to occur in an orderly fashion. The trading policy also prohibits our directors, officers, and employees from engaging in short sales of our common stock, from buying or selling puts, calls or other derivative instruments involving our common stock, and from engaging in certain forms of hedging or monetization transactions involving our common stock.

Certain Transactions

Related Person Transaction Policy. The Board of Directors, upon recommendation of the Audit Committee, has adopted the Policy and Procedures with respect to Related Person Transactions (the “Policy”), for the review and approval of related person transactions. The Policy covers transactions in which (i) we, or any

subsidiary of ours, are a participant, (ii) the aggregate amount involved exceeds \$100,000, and (iii) any related party (generally, directors and executive officers, and their immediate family members, and 5% stockholders) has a direct or indirect material interest. The Policy generally requires that such transactions be approved in advance by the Audit Committee. Under the Policy, the Audit Committee will consider all relevant facts and circumstances available to the committee and will approve such transactions only if they are in, or are not inconsistent with, our best interests and the best interests of our stockholders. In the event a transaction is not identified as a related person transaction in advance, it will be submitted to the Audit Committee, which will evaluate the transaction, including ratification or rescission of the transaction, and possible disciplinary action.

Transactions with Related Persons. We have determined that there are no material transactions involving a director or any other related person that require disclosure.

Equity Compensation Plan Information

The following table provides information as of December 31, 2016, regarding compensation plans (including individual compensation arrangements) under which equity securities are authorized for issuance.

Plan Category	Number of Securities to be Issued upon Exercise of Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance under Equity Comp. Plans (Excluding Securities Shown in the First Column)
Equity compensation plans approved by stockholders ⁽¹⁾			
2006 Equity Incentive	3,000	\$ 23.09	—
2007 Long Term Incentive ⁽²⁾	2,150,141	\$ 10.55	328,823
2011 Long Term Incentive ⁽³⁾	2,155,265	\$ 9.18	5,551,101
Total	4,308,406	\$ 9.87	5,879,924
Equity compensation plans not approved by stockholders ⁽⁴⁾			
1996 Nonexecutive Plan	—	\$ —	—
Serrano Plan	79,051	\$ 6.60	—
Total	79,051	\$ 6.60	—
All Plans ⁽⁵⁾			
Total	4,387,457	\$ 9.81	5,879,924

(1)

Consists of the Amended and Restated 2006 Equity Incentive Compensation Plan, the Amended and Restated 2007 Long Term Incentive Compensation Plan and the Third Amended and Restated 2011 Long Term Incentive Compensation Plan.

(2) Under the Amended and Restated 2007 Long Term Incentive Compensation Plan, for the purpose of determining the number of shares available for future awards, an award of one stock option or one stock appreciation right with respect to one share of common stock is deemed to be an award of one share on the grant date. Any other awards granted under the Amended and Restated 2007 Long Term Incentive Compensation Plan with respect to one share of common stock, including an award of a restricted share, a bonus share, or a performance share, is deemed to be an award of 1.15 shares of common stock on the grant date. No further awards may be made under the Amended and Restated 2007 Long Term Incentive Compensation Plan after February 27, 2017.

(3) Under the Third Amended and Restated 2011 Long Term Incentive Compensation Plan, for the purpose of determining the number of shares available for future awards, an award of one stock option or one stock appreciation right with respect to one share of common stock is deemed to be an award of one share on the grant date. Any other awards granted under the Third Amended and Restated 2011 Long Term Incentive Compensation Plan with respect to one share of common stock, including an award of a restricted share, a bonus share, or a performance share, is deemed to be an award of 1.38 shares of common stock on the grant date.

(4) Consists of the 1996 Stock Option Plan for Nonexecutive Employees and Consultants (the “1996 Nonexecutive Plan”), under which awards were outstanding during 2016, and the award granted to Mr. Serrano in connection with his initial employment. A description of each of these plans follows.

(5) The table above does not include information as of December 31, 2016 regarding 732,230 shares of restricted stock subject to awards outstanding under the Amended and Restated 2007 Long Term Incentive Compensation Plan and the Third Amended and Restated 2011 Long Term Incentive Compensation Plan and 73,208 shares of restricted stock outstanding under the award granted to Joseph Elkhoury on June 16, 2014, as an inducement to his initial employment.

Non-Stockholder Approved Plans

1996 Stock Option Plan for Nonexecutive Employees and Consultants

The TETRA Technologies, Inc. 1996 Stock Option Plan for Nonexecutive Employees and Consultants (the “1996 Nonexecutive Plan”) was adopted effective July 25, 1996. As of December 31, 2016, there were no awards outstanding under the 1996 Nonexecutive Plan, and no options under the 1996 Nonexecutive Plan were exercised during the year ended December 31, 2016. No grants of awards were permitted to be made under the 1996 Nonexecutive Plan after May 2, 2006.

Serrano Plan

On August 1, 2012, Elijio V. Serrano was appointed by our Board of Directors to the positions of Senior Vice President and Chief Financial Officer. In connection with Mr. Serrano’s appointment, the Board of Directors authorized the grant to Mr. Serrano of an employment inducement award of 79,051 nonqualified stock options and 46,898 shares of restricted stock to be effective as of August 15, 2012. The exercise price of the nonqualified stock options is \$6.60, which is equal to the closing price per share of our common stock on the New York Stock Exchange on August 15, 2012. Subject to Mr. Serrano’s continued employment and other terms and conditions set forth in the Employee Equity Award Agreement between us and Mr. Serrano, the nonqualified stock options vested 33.3334% on the first anniversary date of the award, continued to vest an additional 2.7778% each month, and became fully vested on the third anniversary date of the award. The award will expire on August 12, 2022.

AUDIT COMMITTEE REPORT

The Audit Committee oversees our financial reporting, internal controls, and audit functions on behalf of the Board of Directors. Our management has the primary responsibility for preparing our financial statements in accordance with generally accepted accounting principles, maintaining effective internal control over financial reporting and assessing the effectiveness of our internal control over financial reporting. We have a full-time internal audit department that reports to the Audit Committee. This department is responsible for the evaluation of the adequacy and effectiveness of the organizations’ governance, risk management, and internal controls as well as carrying out assigned responsibilities to achieve the organizations’ stated goals and objectives.

Our independent registered public accountants, Ernst & Young, LLP, or E&Y, are responsible for auditing our financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States), or PCAOB, and issuing their reports based on that audit. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements and schedule for the year ended December 31, 2016 that are included in our Annual Report filed with the Securities and Exchange Commission with our management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee is comprised of four non-employee directors and is governed by a written charter adopted by the Board of Directors that was last amended on December 18, 2015, which is available in the Corporate Governance section of the Investor Relations area of our website at www.tetrathec.com. Under the charter, the primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities as to, among other duties: (1) the integrity of our financial statements, including a review of the application of accounting principles, significant financial reporting issues and judgments in connection with the preparation of the financial statements, and the effects of regulatory and accounting initiatives on the financial statements; (2) reviewing and discussing with management and our independent registered public accountants our earnings press releases, as well as public earnings guidance; (3) recommending to the Board the filing of our audited financial statements with the Securities and Exchange

Commission; (4) our disclosure controls and procedures and internal control over financial reporting, including review of any material issues as to the adequacy of internal control over financial reporting; (5) our compliance with legal and regulatory requirements and our Code of Business Conduct; (6) the performance of our internal audit function; (7) the performance of our compliance function; (8) our enterprise risk management process; and (9) the evaluation, appointment and retention of our independent registered public accountants, including a review of the firm's qualifications, services, independence, fees and performance. In connection with the evaluation, appointment, compensation, retention and oversight of the independent registered

public accountants, each year the Audit Committee reviews and evaluates the qualifications, performance and independence of the independent registered public accountants and lead partner, including taking into account the opinions of management and our internal auditor. In doing so, the Audit Committee considers a number of factors including, but not limited to: quality of services provided; technical expertise and knowledge of the industry; effective communication; objectivity; and independence.

Further, the Audit Committee reviews in advance and pre-approves, explicitly, audit and permissible non-audit services provided to us by E&Y. For more information regarding the Audit Committee's preapproval procedures, please read "Audit Committee Preapproval Policies and Procedures" below.

The Audit Committee has also established procedures for the receipt, retention, and treatment, on a confidential basis, of any complaints related to accounting or compliance matters we receive. We encourage employees and third-party individuals and organizations to report concerns about our accounting controls, auditing matters, or anything else that appears to involve financial or other wrongdoing through one of the methods described in our Whistleblower Policy which is available in the Corporate Governance section of the Investor Relations area of our website at www.tetratec.com.

As discussed more fully in Proposal No. 2 on page 8 of the Proxy Statement, the Audit Committee and Board believe that it is in the best interests of the Company and its stockholders to continue the retention of E&Y to serve as our independent registered public accountants. The Audit Committee has continued retention of E&Y as the company's independent auditor for 2017. E&Y has been the independent auditor for the company since 1981. Although the Audit Committee has the sole authority to appoint the independent registered public accountants, the Audit Committee will continue to recommend that the Board request the stockholders, at the Annual Meeting, to ratify the appointment of the independent registered public accountants.

The Board of Directors has determined that each member of the Audit Committee is independent and possesses the necessary level of financial literacy required to enable him to effectively serve as an Audit Committee member and that our Audit Committee Chairman qualifies as Audit Committee Financial Expert. There were six meetings of the Audit Committee during the year ended December 31, 2016. The meetings of the Audit Committee are designed to facilitate and encourage communication among the committee, the Company, our internal audit function and E&Y.

In connection with the preparation of the audited consolidated financial statements and schedule included in our Annual Report on Form 10-K for the year ended December 31, 2016, the Audit Committee discussed with the Company's internal auditors and E&Y the overall scope and plans for their respective audits. The Audit Committee met with the internal auditors and E&Y, with and without management present, to discuss the results of their examinations, their evaluations of our internal control, including internal control over financial reporting, and the overall quality of our financial reporting.

The Audit Committee reviewed with E&Y, which is responsible for expressing an opinion on the conformity of those audited consolidated financial statements and schedule with US generally accepted accounting principles, E&Y's judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the committee by the applicable requirements of the PCAOB, including PCAOB Auditing Standard No. 16, Communications with Audit Committees, the rules of the SEC, and other applicable regulations. In addition, the Audit Committee has discussed with E&Y their independence from our management and the Company, including the matters contained in the letter from E&Y required by PCAOB Rule 3526, Communication with Audit Committees Concerning Independence, and considered the compatibility of non-audit services performed by E&Y with E&Y's independence.

The Audit Committee also reviewed and discussed together with management and E&Y our audited consolidated financial statements for the year ended December 31, 2016, and the results of management's assessment of the effectiveness of our internal control over financial reporting and E&Y's audit of internal control over financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that our audited consolidated financial statements and schedule

be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed by the Company with the SEC.

Submitted by the Audit Committee of the Board of Directors,
 Mark E. Baldwin, Chairman
 Paul D. Coombs
 Kenneth E. White, Jr.
 Joseph C. Winkler III

This report of the Audit Committee shall not be deemed “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically request that the information be treated as soliciting material or specifically incorporate it by reference into a document filed under the Securities Act of 1933 (the “Securities Act”) or the Exchange Act. Further, this report will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate this information by reference.

Fees Paid to Principal Accounting Firm

The following table sets forth the aggregate fees for professional services rendered to us by our principal accounting firm, Ernst & Young LLP, for the fiscal years ended December 31, 2016, and 2015, respectively:

	2016	2015
Audit fees	\$ 1,984,000	\$ 1,626,000
Audit related fees ⁽¹⁾	67,000	66,000
Tax fees ⁽²⁾	9,000	10,000
Total fees ⁽³⁾	\$ 2,060,000	\$ 1,702,000

(1) Consists primarily of fees for an employee benefit plan audit in 2016 that will be completed in mid-2017.

(2) Consists of fees for international tax compliance review in 2016 and 2015.

Ernst & Young LLP also served as the auditor of CSI Compressco. The above table does not include the following (3) fees related to the CSI Compressco audit: \$1,572,000 in audit fees in 2016 and \$2,058,000 in audit fees in 2015.

CSI Compressco incurred no audit related fees or tax fees in either 2016 or 2015.

The Audit Committee preapproved 100% of these fees shown in the above table. Before approving these fees, the Audit Committee considered whether the provision of services by Ernst & Young LLP that are not related to the audit of our financial statements was compatible with maintaining the independence of Ernst & Young LLP, and the Audit Committee concluded that it was.

Audit Committee Preapproval Policies and Procedures

The Audit Committee has adopted a pre-approval policy with respect to the services which may be performed by our independent registered public accounting firm (the “Audit Firm”). This policy provides that all audit and non-audit services to be performed by the Audit Firm must be specifically pre-approved on a case-by-case basis by the Audit Committee. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions made by the member to the entire Audit Committee at or before its next scheduled meeting. As of the date hereof, the Audit Committee has delegated this authority to the Chairman of the Audit Committee. Neither the Audit Committee, nor the person to whom pre-approval authority is delegated, may delegate to management their responsibilities to pre-approve services performed by the Audit Firm.

All requests or applications by the Audit Firm to provide services to us must be submitted to the Audit Committee or its chairman by both the Audit Firm and the Chief Financial Officer and must include a description of the services being requested for pre-approval and a joint statement as to whether, in their view, the request or application is consistent with applicable laws, rules, and regulations relating to auditor independence.

Executive Officers

Our current executive officers and their ages and positions are as follows:

Name	Age	Position
Stuart M. Brightman	60	President and Chief Executive Officer
Joseph Elkhoury	47	Senior Vice President and Chief Operating Officer
Elijio V. Serrano	59	Senior Vice President and Chief Financial Officer
Bass C. Wallace, Jr.	58	Senior Vice President and General Counsel
Peter J. Pintar	58	Senior Vice President
Matthew Sanderson	43	Senior Vice President
Timothy A. Knox	48	President - CSI Compressco GP Inc.
Ben C. Chambers	61	Vice President - Accounting and Controller
Elisabeth K. Evans	54	Vice President - Human Resources
Joseph J. Meyer	54	Vice President - Finance and Treasurer

(Information regarding the business experience of Mr. Brightman is set forth above under “Nominees for Director.”)

Joseph Elkhoury has served as our Senior Vice President and Chief Operating Officer since June, 2014. Prior to his employment by us, Mr. Elkhoury served at Schlumberger for 20 years, and held several international and North America positions, most recently as Vice President and General Manager Microseismic Services since October 2012. From December 2010 until September 2012, Mr. Elkhoury served as Schlumberger’s vice president of information solutions in North America, and from December 2009 until December 2010, vice president of production services. Earlier in his Schlumberger career from 1994 until 2009, Mr. Elkhoury held numerous other management positions, serving in operating and administrative areas such as marketing and communications, global supply chain and procurement, area operations support, geomarket operations, training and development, and wireline engineering. Mr. Elkhoury received his B.E. degree in Electrical Engineering from the American University of Beirut in Lebanon.

Elijio V. Serrano has served as our Senior Vice President and Chief Financial Officer since August 2012. Mr. Serrano served as chief financial officer of UniversalPegasus International, a global project management, engineering and construction management company, from October 2009 through July 2012. Following his resignation from Paradigm BV in February 2009 and until his acceptance of the position with UniversalPegasus International in October 2009, Mr. Serrano was retired. From February 2006 through February 2009, Mr. Serrano served as chief financial officer and executive vice president of Paradigm BV (formerly, Paradigm Geophysical Ltd.), a provider of enterprise software solutions to the oil and gas industry. From October 1999 through February 2006, Mr. Serrano served as chief financial officer of EGL, Inc., a publicly-traded transportation and logistics company subject to the reporting requirements of the Securities Exchange Act of 1934. From 1982 through October 1999, Mr. Serrano was employed in various capacities by Schlumberger Ltd., including as vice president and general manager of the western hemisphere operations of Schlumberger’s Geco-Prakla seismic division (from 1997 to 1999), as group controller for the global operations of the Geco-Prakla seismic division (from 1996 to 1997), and from 1992 to 1996, as controller of various geographical units of the Geco-Prakla seismic division. Mr. Serrano currently serves as a director, chairman of the audit committee, and as a member of the corporate governance and nominating committee of Tesco Corporation, a public company subject to the reporting requirements of the Exchange Act. Mr. Serrano received his B.B.A. degree in Accounting and Finance from the University of Texas at El Paso. Mr. Serrano was a certified public accountant in the State of Texas from 1986 until March 2002, at which time his license became inactive.

Bass C. Wallace, Jr. has served as our General Counsel since 1994 and as a Senior Vice President since May 2011. Mr. Wallace served as our Corporate Secretary from 1996 until May 2013. From 1984 to 1994 he was engaged in the private practice of law. Mr. Wallace received his B.A. degree in Economics from the University of Virginia and his J.D. degree from the University of Texas School of Law.

Peter J. Pintar has served as Senior Vice President with responsibility for our Offshore Services Division since January 2015. Mr. Pintar served as our Senior Vice President, Corporate Strategy and Development from November 2011 until January 2015. From September 2010 through November 2011, Mr. Pintar was self-employed. Mr. Pintar previously served as vice president corporate strategy and development with Smith International, Inc. from August 2005 through September 2010. Prior to its merger with Schlumberger in August 2010, Smith International, Inc. was a public company subject to the reporting requirements of the Exchange Act that was a leading global supplier of products and services to the oil and gas industry. Mr. Pintar held various positions with DTE Energy Company, including director, corporate development,

managing director, venture capital investments, and director, investor relations from October 1997 through August 2005. From November 1990 through September 1997, Mr. Pintar was a management consultant with McKinsey & Company, where he assisted U.S. and international corporations in strategic planning and business development. Mr. Pintar received his B.A. degree in Economics from the University of Wisconsin, his M.A. degree in International Relations from The Johns Hopkins University and his M.B.A. degree in Finance from The Wharton School.

Matthew Sanderson has served as Senior Vice President with responsibility for our Energy Services Group since December 2016. Prior to joining TETRA, Mr. Sanderson most recently served as Regional Vice President - U.S. West at Schlumberger from October 2015 to November 2016. Mr. Sanderson started his career as a Field Engineer at Schlumberger in 1997 and held various engineering and managerial roles with increasing responsibility, including Vice President Wireline Production Services from December 2014 to September 2015 and QHSE Manager from October 2012 to November 2014. As Senior Vice President at TETRA, Mr. Sanderson also has primary responsibility for the Production Testing and Fluids engineering groups in addition to his managerial responsibilities at TETRA. He earned a Bachelor of Applied Science in Civil Engineering from Queen's University in Kingston, Canada and a Master's of Science in Oil & Gas Industry Management from Heriot-Watt University in Edinburgh, Scotland.

Timothy A. Knox has served as President and a director of our subsidiary, CSI Compressco GP Inc., the general partner of CSI Compressco LP, since August 2014. Mr. Knox served as president and chief operating officer of Compressor Systems, Inc. (CSI) from September 2010 until it was acquired by CSI Compressco in August 2014. Mr. Knox served as senior vice president of CSI from August 2009 to September 2010 and as vice president - engineering and manufacturing of CSI from December 2004 to August 2009, having served as director - engineering and manufacturing since July, 2003. Mr. Knox joined CSI as a regional account manager in 1996, was promoted to manager of the mid-continent business unit in 1998, serving in that role until 2003. From 1991 to 1996, Mr. Knox served in multiple roles for Dresser-Rand Compression Services including; applications, project engineering, project management and sales. Mr. Knox has 26 years of industry experience, including 18 years with CSI. He received his B.S. degree in Mechanical Engineering from the University of Oklahoma in 1990 and an M.B.A. from Oklahoma State University in 1999.

Ben C. Chambers has served as our Vice President - Accounting and Controller since May 2001. He served as Chief Accounting Officer from May 2000 to May 2001. He was first employed by us in 1993, and served as Controller of our Oil & Gas Services Division from January 1995 to May 2000. From 1979 to 1992, Mr. Chambers held various management positions with Baker Hughes, Inc., ultimately serving as controller for its Tubular Services Division. Mr. Chambers received his B.S. degree in Accounting from the University of Oklahoma, and he is a certified public accountant.

Elisabeth K. Evans has served as our Vice President - Human Resources since January 2013. Ms. Evans served as senior vice president of human resources and corporate communications of Boardwalk Pipeline Partners, LP, a midstream master limited partnership that provides transportation, storage, gathering, and processing of natural gas and liquids, from February 2009 through September 2012. Following her departure from Boardwalk Pipeline Partners, LP and until her acceptance of the position with us in January 2013, Ms. Evans was engaged in independent consulting on human resources issues. From April 2003 through January 2009, Ms. Evans served as vice president of human resources and administrative services for AGL Resources Inc., and from 1999 through 2001, she served as a global human resources director for Accenture, Ltd. Ms. Evans was employed in various capacities by ARAMARK Corporation, including as human resources director, from 1994 through 1999. From 1988 through 1994, Ms. Evans served in human resources positions with BP. Ms. Evans received her B.A. and M.A. degrees in Economics from Indiana University.

Joseph J. Meyer has served as our Vice President - Finance and Treasurer since February 2015. He served as treasurer of JBT Corporation, a multi-national equipment and technology solutions provider to the food processing and air

transportation industries, from July 2008 through May 2014. From June 2014 until January 2015, Mr. Meyer was self-employed. From June 2001 until July 2008, Mr. Meyer served as director, treasury operations of FMC Technologies, Inc., a multi-national company within the oil and gas equipment and services industry, food processing equipment industry, and air transportation equipment industry, and from 1995 until 2001 served in various managerial roles within the treasury department of FMC Corporation. From 1988 through 1994, Mr. Meyer held positions with increasing responsibility with several national banks. Mr. Meyer received his B.S. degree in Finance from the University of Illinois at Urbana-Champaign and his MS in Management from Northwestern University.

COMPENSATION DISCUSSION & ANALYSIS (“CD&A”)

This Compensation Discussion and Analysis (“CD&A”) is designed to provide our stockholders with an understanding of our compensation philosophy and objectives and insight into the process by which our specific compensation practices are established and specific compensation decisions are made. Although the Compensation Committee of our Board of Directors (the “Committee”) is responsible for the oversight of all of our compensation programs, many of which apply to a broad-base of our employees, much of the discussion within the CD&A focuses on the compensation of our Chief Executive Officer and the officers named in the Summary Compensation Table (collectively, the “Named Executive Officers” or “NEOs”) and other employees designated as our senior officers (together with our NEOs, “Senior Management”).

Executive Summary

We are a leading, geographically diversified oil and gas services company, focused on completion fluids and associated products and services, water management, frac flowback, production well testing, offshore rig cooling, compression services and equipment, and selected offshore services including well plugging and abandonment, decommissioning and diving. We are in the process of winding down the operations of our Maritech segment, which now consist primarily of the well abandonment and decommissioning work required to complete Maritech’s remaining asset retirement obligations.

Our compensation practices for fiscal year 2016 were strongly influenced by the unprecedented decline in oil and natural gas prices that began in June 2014 and continued through 2015 and most of 2016. Decreased demand for most of our products and services during 2016 reflected the industry-wide reduction in drilling and completion activity and resulted in decreased revenues for each of our segments in 2016 compared to the prior year. This decreased demand, along with competitive pricing pressures experienced by the majority of our businesses, contributed to increased losses on a consolidated basis, despite aggressive reductions in operating costs that each of our businesses made through headcount reductions, salary reductions, work week reductions, suspension of company matching contributions under our 401(k) retirement plan, and other cost reduction efforts. In January of 2017, in light of signs of what we believe to be the beginning of a long-awaited but slow recovery of our industry and concerns regarding employee retention, a portion of reduced salaries, including a portion of the reduced salaries of our Senior Management, was restored.

Throughout 2016, a primary focus of our Senior Management was structuring and implementing transactions to improve our liquidity, strengthen our balance sheet, and to ensure compliance with our debt covenants, both for ourselves and for our CSI Compressco LP subsidiary (“CCLP”). In May of 2016 we repurchased \$100 million aggregate principal amount of our outstanding senior notes. In June 2016 we issued 11.5 million shares of our common stock in a public offering and in December 2016 we issued an additional 22.3 million shares of our common stock and warrants to purchase 11.2 million shares of our common stock in a subsequent public offering. The net proceeds from these equity offerings of \$168.3 million were primarily used to retire outstanding indebtedness. In July and December 2016 we favorably amended certain covenants in the agreements governing our bank revolving credit facility and our 11% senior note, and in May and November 2016, CCLP favorably amended certain covenants in the agreement governing its bank revolving credit facility. In August 2016 and September 2016, CCLP issued Series A convertible preferred units in private placements and used the net proceeds of \$77.3 million to reduce outstanding indebtedness under its bank credit facility and 7.25% senior notes. These actions not only ensured our and CCLP’s

compliance with debt covenants, but they also positioned both of us to capitalize on growth opportunities as they arise.

Consideration of Prior Year's Advisory Vote & Stockholder Outreach

In May 2016, our stockholders approved the compensation of our NEOs as described in our 2016 proxy statement, with approximately 70% of stockholder votes cast in favor of our 2016 “say-on-pay” resolution. This was a decrease in support from prior years when approximately 97% of stockholder votes cast in favor in 2015 and 2014. Following our 2016 Annual Meeting, the chairman of our Committee conducted a significant stockholder outreach to ensure stockholder perspectives and feedback were heard and well understood. We contacted stockholders who owned approximately 72% of our then outstanding common stock and requested an opportunity to have calls or in-person meetings with them. Stockholders who owned approximately 30% of our then outstanding common stock accepted the Committee's offer and participated in calls and in-person meetings with our Committee chairman and members of senior management from our human resources and legal departments. Their comments were summarized and discussed with both the Committee and our Board of Directors. During the engagement, stockholders were generally supportive of our compensation programs.

What we heard:

1) Magnitude of 2015 CEO pay was high relative to performance.

Our response:

Several components of 2015 CEO pay were one-time grants related to the CSI acquisition. In addition, our CEO earned a significant payout under our long-term performance-based cash plan based on our performance relative to our peers which placed us in the top quartile of total stockholder returns in our peer group. As noted below, 2016 pay was down significantly from 2015 pay levels. Also, no awards were earned under the 2016 bonus plan.

What we heard:

2) The proxy disclosure made it hard for stockholders to understand the pay program. Stockholders want to see more disclosure around our pay philosophy.

Our response:

We have made additional disclosure this in year's proxy around explaining how the programs work and our overall pay philosophy.

What we heard:

3) The proxy needed to be more readily understandable.

Our response:

We have added more tables, charts, and graphs.

What we heard:

4) Some stockholders expressed a desire to see different metrics in the long-term plan from those used in the short-term plan (e.g., Free Cash Flow was used in both).

Our response:

This has been changed in 2017.

Impact of the Industry Downturn on Compensation

The recent unprecedented and lengthy downturn experienced by the oil and gas service industry required us to take certain cost reduction actions that have had a significant impact on several elements of Senior Management compensation:

Reductions in Base Pay. As part of our ongoing cost reduction efforts, in February 2016 the Committee approved a 10% reduction in the base salaries of all of our NEOs employed by TETRA, and in May 2016 the Committee * approved an additional reduction in the amount of 10% of the previously reduced base salaries of our NEOs employed by TETRA as well as a 10% reduction in the base salary of Mr. Knox, who is employed at the CCLP level. Portions of our NEOs' (other than Mr. Knox) base salaries were restored in January of 2017, but as of the date of this proxy statement each of their base

salaries is still reduced 10% from its level as of January 1, 2016. The continuing 10% reduction will remain in effect until March 31, 2017 unless extended by the Committee.

* Suspension of Company Match under 401(K) Plan. As part of our cost reduction efforts, in May of 2016 we suspended making matching contributions under our 401(K) Plan, which impacted all of our NEOs.

Payment of 2015 Earned Annual Incentive in 2016 with Stock. As disclosed in our 2016 proxy statement, annual cash incentive awards were earned by certain members of Senior Management for 2015 performance as a result of our success in generating free cash flow in the rapidly declining oil and gas markets of 2015. During the first quarter of 2016 when the earned portions of those 2015 annual cash incentive awards would normally have been paid,

* payments of such earned portions to certain of our NEOs and other members of Senior Management were deferred, in order to conserve cash. In June of 2016, the Committee settled the earned portions of the 2015 cash incentive awards to Messrs. Brightman, Elkhoury, Serrano, and Wallace with awards of Bonus Stock under the TETRA equity plans that were equal in value to the earned amounts of such awards. For purposes of our discussion and analysis of our compensation programs and in the Summary Compensation Table that appears on page 52 of this proxy statement, we have reflected the values of these awards in 2015, which is the period in which they were earned.

No Payout of 2016 Annual Incentive Awards. Based on our 2016 financial performance compared to the * performance measures established by the Committee for our 2016 annual cash incentive awards, no portion of such awards granted to our NEOs was determined to be earned.

Components of Compensation

We seek to structure a balance between achieving positive short-term annual results and ensuring long-term viability and success by providing both annual and long-term incentive opportunities. The following graphic illustrates the components of the total compensation opportunities available to members of our Senior Management:

Competitive Compensation

In order to maintain our ability to attract and retain highly-skilled executives and managers, the Committee believes that the total compensation of our NEOs and other members of Senior Management should be competitive with the markets in which we compete for talent. In order to assess the competitiveness of our compensation programs, the Committee reviews compensation paid by our peer group companies as well as broader oilfield services compensation data. The Committee generally seeks to target NEO compensation near market median levels. However, target levels of NEO pay are not based on strict adherence to the market median and may vary from median levels based on a number of factors, including individual performance, internal equity, and general industry conditions. Some of the challenges that we face in recruiting and retaining highly-skilled executives and senior management include:

The declines in the market prices of our common stock and CCLP's common units has significantly decreased the retention value of outstanding equity awards granted to our NEOs and Senior Management. Although many * companies in the oilfield services industry have experienced similar market price declines, the reduced values of our executives' outstanding equity awards creates an opportunity for our peer group companies or other companies seeking to fill open positions.

As a result of the cost reduction measures we have undertaken, most members of our Senior Management have not * received an increase in annual base pay since April of 2014. In addition, as disclosed above, in February of 2016 the Committee approved a 10% reduction in the base salaries of

of our NEOs employed by TETRA, and in May of 2016 the Committee approved an additional reduction in the amount of 10% of the previously reduced base salaries of our NEOs employed by TETRA as well as a 10% reduction in the base salary of Mr. Knox. A portion of our NEOs' (other than Mr. Knox) base salaries was restored in January of 2017, but as of the date of this proxy statement, each of their base salaries is still reduced 10% from their January 1, 2016 levels. The continuing 10% reduction will remain in effect until March 31, 2017 unless extended by the Committee.

In evaluating the competitiveness of our compensation programs, the Committee gives significant consideration to these challenges. From time-to-time, the Committee may increase individual NEO and Senior Management compensation levels in order to protect our investment in their talent.

Pay for Performance

In establishing target compensation levels, the Committee places a significant portion of our NEOs' compensation "at-risk" through the use of variable compensation, much of which is performance-based. Variable pay includes performance-based cash incentives for achievement of specified performance objectives on an annual basis, performance-based long-term incentives (equity and cash) that are earned only if specified long-term performance objectives are achieved, and time-based equity compensation, the long-term value of which depends on the market price for our common stock or CCLP's common units.

By weighting our NEOs' target compensation toward variable pay, we ensure that the compensation earned by our NEOs is aligned with company performance, particularly over the long term. For 2016, approximately 83% of the target compensation opportunities for our CEO and 70% of the target compensation opportunities for our other NEOs were variable or "at-risk."

2016 NEO TARGET TOTAL DIRECT COMPENSATION

CEO	Other NEOs
-----	------------

83% Variable / At-Risk 70% Variable / At-Risk

2016 NEO ACTUAL TOTAL DIRECT
COMPENSATION

CEO Other NEOs
81% Variable / At-Risk 63% Variable / At-Risk

Alignment of Pay and Performance

Given the significant portions of our NEOs' total compensation that are comprised of long-term equity awards, we believe that it is important to consider our compensation programs within the context of our longer-term performance. Equity awards granted to our CEO and other NEOs are intended to align their interests with those of our stockholders by providing an incentive that rewards them over time for driving future increases in stockholder value. In particular, we view awards of stock options as performance-based compensation because such awards only have value to the extent that the market price for our stock appreciates after the date of grant.

To demonstrate the role that equity awards play in the total compensation provided to our CEO, Mr. Brightman, we have summarized below the components of Mr. Brightman's "realized compensation" and "net realizable compensation" in contrast to the amounts presented in the Summary Compensation Table. The following table and accompanying graphs represent supplemental information that is not intended to be a substitute for the information provided in the Summary Compensation Table on page 52, which has been prepared in accordance with the SEC's disclosure rules. In the table below, we have described three measures of our CEO's compensation: total direct compensation as reported in the Summary Compensation Table; realized compensation; and, net realizable compensation. All three measures include actual cash compensation, but differ in their treatment of the equity award component:

Measure of Compensation	Components Included				TETRA Stock Options	TETRA Restricted Stock & CCLP Phantom Units
	Base Salary	Annual Cash Incentive	Long-term Cash Incentive			
Summary Compensation Table: Total direct compensation	Actual Salary	Actual cash award earned for annual performance	Actual cash award earned for 3-year performance		Grant date value of awards made during the year	Grant date value of awards made during the year
Realized compensation	Same	Same	Same		Value realized from options exercised during the year	Value realized from stock vesting during the year
Net realizable compensation	Same	Same	Same		Value realized from options exercised during the year PLUS the year/year change in the intrinsic value of stock options exercisable at year-end	Value realized from stock vesting during the year

Realized Compensation. The graphs below show Mr. Brightman's "realized compensation" in contrast to the amounts presented in the Summary Compensation Table and our one-year stockholder returns for 2014, 2015, and 2016.

Net Realizable Compensation. The chart below demonstrates the alignment of our CEO's "net realizable compensation" and total direct compensation as presented in the Summary Compensation Table with our total stockholder returns for the three-year periods ended December 31, 2014, 2015, and 2016. As illustrated by the chart below, our CEO's net realizable compensation has been well-aligned with stockholder returns over the three-years ended December 31, 2016, due in large part to the significant portion of his pay that is comprised of equity awards.

CEO Net Realizable Compensation

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Key Compensation Practices and Policies

We have implemented and continue to maintain compensation practices and policies that we believe contribute to good governance.

In summary, our compensation philosophies and programs are subject to a thorough process that includes input and recommendations from management, the Committee, the Board of Directors, and our CEO, as well as review and approval by the Committee, the Board of Directors, and/or our CEO, as appropriate, the advice of an independent, third-party compensation consultant engaged by the Committee from time to time, and guidelines concerning the granting of our equity awards.

Oversight of Executive Compensation Program

The Committee is responsible for discharging the responsibilities of our Board of Directors relating to the compensation of our executive officers (including those of CCLP) and non-employee directors and advising our board on our compensation philosophy, programs, and objectives. The Committee oversees our and CCLP's compensation programs, which include components that are designed specifically for our NEOs, other members of our Senior Management, and a broad-base of our and CCLP's employees. The Committee is responsible for the review and approval of all compensation decisions relating to the CEO and with the review and oversight of all compensation decisions relating to the other members of Senior Management.

Consistent with the requirements of the NYSE, the Committee is composed entirely of independent, non-management members of our Board of Directors. With the exception of awards received under our 2011 Plan and 2007 Plan, no Committee member participates in any of our employee compensation programs. Each year, we review any and all relationships that each director has with us, and the Board of Directors subsequently reviews our findings. The Board of Directors has determined that none of the Committee members has a material business relationship with us.

The responsibilities of the Committee include the following:

- establishing a compensation philosophy to support our overall business strategy and objectives and a compensation strategy designed to attract and retain executive talent, motivate executive officers

to improve their performance and our financial performance, and otherwise implement the compensation philosophy;

- annually reviewing and establishing annual and long-term performance goals and objectives for our Senior Management that are intended to implement our compensation philosophy and strategy;
- annually evaluating the performance of our CEO and reviewing the performance of other NEOs against established performance goals and objectives;
- annually reviewing and approving the compensation of the CEO and other NEOs, including annual salary, performance-based cash incentive awards, and other cash incentive opportunities including long-term incentive opportunities against each NEO's individual performance evaluation, and any other matter relating to the compensation of the CEO and other NEOs that the Committee considers appropriate;
- reviewing at least annually all equity-based compensation plans and arrangements, including the amount of equity remaining available for issuance under those plans, and making recommendations to our Board of Directors regarding the need to amend existing plans or to adopt new plans for the purposes of implementing the Committee's goals regarding long-term and equity-based compensation;
- granting awards under or, when appropriate, recommending awards to the Board for its approval under our equity-based compensation plans, taking into consideration the results of the most recent "say-on-pay" vote;
- reviewing at least annually all components of compensation paid or made available to the CEO and other NEOs, which may include salary, cash incentives (both performance-based and otherwise), long-term incentive compensation, perquisites, and other personal benefits, to determine the appropriateness of each component in light of our compensation philosophy and strategy and the results of the most recent "say-on-pay" vote;
- reviewing and approving all employment, severance, change of control, and other compensation agreements or arrangements to be entered into or otherwise established with our CEO and other NEOs;
- reviewing and discussing with management our CD&A each year for inclusion in our proxy statement or Annual Report on Form 10-K in accordance with the rules and regulations of the SEC;
- reviewing at least annually the components of compensation paid or made available to our non-employee directors, including without limitation annual retainers, meeting fees, and equity compensation, and making recommendations to the Board for its approval;
- producing a Committee report each year for inclusion in our proxy statement or Annual Report on Form 10-K in accordance with the rules and regulations of the SEC;
- reviewing with the CEO matters relating to management succession, including compensation related issues; and
- evaluating whether any compensation consultant retained by the Committee has any conflict of interest in accordance with applicable regulatory requirements.

Overview of Compensation Philosophy and Objectives

In order to recruit and retain highly qualified and competent individuals as Senior Management, we strive to maintain a compensation program that is competitive in the labor markets in which we operate. Our guiding philosophy is to maintain an executive compensation program that will attract, retain, motivate, and reward highly qualified and talented individuals to enable us to perform better than our competitors. The following are our key objectives in setting the compensation programs for our Senior Management:

- design competitive total compensation programs that enhance our ability to attract and retain knowledgeable and experienced Senior Management;
- motivate our Senior Management to deliver outstanding financial performance and meet or exceed general and specific business, operational, and individual performance objectives;
- establish salary and annual cash incentive compensation levels that reflect competitive market practices in relevant markets, taking into consideration compensation practices for the relevant peer group;

- provide equity incentive compensation and long-term cash incentive compensation opportunities that are consistent with our overall compensation philosophy;
- provide a significant percentage of total compensation that is “at risk,” or “variable,” based on predetermined performance measures and objectives; and
- ensure that a significant portion of the total compensation package is determined by increases in stockholder value, thus assuring an alignment of Senior Management and our stockholders’ interests.

Implementation and Management of Compensation Programs

Role of Committee. The Committee determines our overall compensation philosophy, sets the compensation of our CEO, approves the compensation of our NEOs, and oversees the compensation of the other members of Senior Management. In making compensation decisions, the Committee considers all of the following factors:

- our financial results and relative stockholder returns over the relevant period;
- our strategic goals and accomplishments;
- the performance and potential of our CEO and other members of Senior Management;
- compensation paid by companies in our peer group;
- compensation data from available surveys of the oilfield services industry for executive officers with similar positions and with roles and responsibilities similar to our Senior Management;
- market data and analysis and recommendations provided by any compensation consultant engaged by the Committee;
- overall compensation paid to our CEO and members of Senior Management in previous years, including the value of equity-based compensation;
- the recommendations of our CEO with respect to specific compensation matters, including changes in compensation for our Senior Management; and
- the retention value of long-term compensation plans.

The Committee has the authority to retain compensation consultants, outside counsel, or other advisors to assist the Committee in the discharge of its duties. In any given year, the Committee bases its decision on whether to retain a compensation consultant on factors including prevailing market conditions, regulatory changes governing executive compensation, and the quality of any other relevant data that may be available. If a compensation consultant is engaged, the Chairman of the Committee maintains a direct line of communication with the consultant and arranges meetings with the consultant that may include other members of the Committee and/or the CEO and certain members of Senior Management. The Committee, and/or its Chairman, also periodically meets with the compensation consultant independently of management. Through this communication with the Chairman of the Committee, the consultant reports to, and acts at the direction of, the Committee. Although our CEO and certain members of Senior Management may receive the consultant’s report and data, the Committee retains and exercises sole control and authority over the compensation consultant.

Role of Compensation Consultant. In October 2015, the Committee retained the services of Pearl Meyer & Partners (“Pearl Meyer”), an independent provider of compensation consulting services, to assist the Committee in its review of our 2015 compensation programs, and consideration of prospective changes for 2016. Before engaging Pearl Meyer, the Committee confirmed that Pearl Meyer did not provide other services to us, had procedures in place to prevent conflicts of interest, and did not have a business or personal relationship with any of our executive officers or any member of the Committee. The Committee discussed these considerations and concluded that there were no conflicts of interest with us with respect to the compensation consulting services provided by Pearl Meyer. The Committee continues to consider these matters on an ongoing basis.

2016 Peer Group. In order to ensure the competitiveness of our compensation program, the Committee reviews compensation paid by other companies in the oilfield services industry. In general, we endeavor to maintain a peer group of thirteen to fifteen companies.

In connection with its review of our compensation programs, Pearl Meyer constructed a peer group of fourteen companies that provided the foundation for their analysis of compensation trends across the drilling and

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related energy service sectors. In constructing the peer group, Pearl Meyer applied the following general selection criteria:

- direct competitors;
- companies within a reasonable range of our current revenue and market cap;
- companies that compete with us for executive talent;
- companies in a similar GICS code or sector; and
- companies that are generally subject to the same market conditions.

Based on Pearl Meyer's recommendation, the Committee adopted the following peer group to be used for the purpose of making appropriate peer comparisons for the Committee's evaluation of our 2015 compensation program and determination of changes to be made to Senior Management pay in 2016:

Basic Energy Services, Inc.	C&J Energy Services, Inc.	Exterran Holdings, Inc.
Flotek Industries Inc.	Forum Energy Technologies, Inc.	Helix Energy Solutions Group, Inc.
Key Energy Services, Inc.	Newpark Resources, Inc.	Oil States International Inc.
Patterson-UTI Energy Inc.	Pioneer Energy Services Corp.	RPC Inc.
Superior Energy Services, Inc.	Tidewater Inc.	

This 2016 peer group consists of fourteen companies, and includes twelve companies carried over from our 2015 peer group, which consisted of thirteen companies. Dresser-Rand Group Inc., which had been included in our 2015 peer group, was eliminated from the revised peer group.

The Role of Market Data. Pearl Meyer uses compensation data gathered from our peer group as well as supplemental data from market surveys to benchmark our Senior Management compensation. Our review of this data focuses on the main elements of Senior Management compensation: base salary, annual incentive opportunity, long-term compensation, and total direct compensation.

Although we review both target compensation and actual compensation paid, our focus is on target compensation, including the target amount of annual cash bonus opportunities, as it provides the best indication of competitive compensation levels for our Senior Management.

Role of CEO. Our CEO makes recommendations to the Committee with regard to salary adjustments and the annual and long-term incentives available to our Senior Management, excluding himself. Based upon his judgment and experience, taking into consideration available industry-based compensation surveys, peer group compensation data, and other data and analysis, including data provided by the Committee's consultant, if one is retained for that year, our CEO annually reviews with the Committee specific compensation recommendations for Senior Management. In preparation for these reviews, management prepares an annual compensation report that presents current annual base salaries, annual incentive targets, annual incentives earned, and the values of outstanding equity-based and other long-term compensation, to provide the Committee with a detailed picture of how the various components of total compensation paid or to be paid to each member of Senior Management, including our CEO, aggregate in the current year.

In its review of the annual compensation report and its consideration of whether changes in compensation recommended by the CEO are in line with our overall compensation philosophy, current competitive market conditions, and current economic conditions, the Committee considers the CEO's evaluations of and recommendations for each member of Senior Management as well as its own evaluations of Senior Management and, if a compensation consultant is retained for that year, the report and analysis of the consultant. The Committee reviews the compensation report in conjunction with our CEO and approves any prospective changes in compensation for Senior Management other than for our CEO. Subsequently, the Committee, in executive session, establishes the compensation for our CEO.

Timing of Compensation Decisions. Our CEO typically distributes the compensation report to the Committee prior to our December meeting. The Committee reviews the compensation report, information and recommendations provided by its compensation consultant, if any for that year, and such other information that it considers relevant, and typically approves prospective changes in base salary for Senior Management that may be

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implemented in the following year. Also at its December meeting, the Committee typically reviews a preliminary estimate of the aggregate amount of annual cash incentive compensation that may be awarded based on current year performance. Based upon the completed audit of our full year financial results, the actual aggregate amount of annual cash incentive compensation to be paid is finalized and approved and the specific amounts to be paid to Senior Management are reviewed and approved by the Committee prior to payment, typically at a meeting held during the first quarter of the following year. In February 2016, we adopted amendments to our Cash Incentive Compensation Plan that provide us with greater flexibility concerning the timing and manner of payment of awards earned under the plan. Finally, at its December meeting, the Committee reviews our company-wide headcount and aggregate compensation expense.

Compensation Elements

We strongly believe that Senior Management should be compensated with a package that includes, at a minimum, the following three elements:

- salary and industry-standard benefits,
- performance-based annual and long-term incentive compensation, and
- equity-based long-term incentive compensation.

A significant portion of the total prospective compensation paid to each member of Senior Management is intended to be tied to measurable financial and operational objectives. These objectives, whether on a divisional or company-wide basis, may include absolute performance and performance relative to a peer group. During periods when performance meets or exceeds established objectives, Senior Management should be paid at or above the levels targeted for such objectives. When performance objectives are not met, incentive award payments, if any, should be less than the levels targeted for such objectives. The Committee seeks to structure a balance between achieving strong short-term annual results and ensuring long-term viability and success. To reinforce the importance of this balance, we provide each member of Senior Management with both annual and long-term incentives. Currently, short-term incentive opportunities for Senior Management are in the form of annual cash incentives that are based on both objective performance criteria and subjective criteria. Long-term incentives generally include equity awards that typically vest over three years and performance-based cash and/or equity awards that vest at the end of a three-year period based on the level of attainment of established performance objectives. While the mix of salary, annual cash incentives, and long-term incentives earned by Senior Management can vary from year-to-year depending on individual performance and on our overall performance, the Committee believes that long-term incentives, the potential future value of which is heavily contingent on our long-term success, should constitute a significant portion of total compensation in any one year.

Salary. The Committee reviews relevant survey data and information and analysis provided by its compensation consultant, if one is retained for that year, or by management, if no compensation consultant is engaged, to ensure that our salary program is competitive. We believe that a competitive salary program and industry standard benefits are important factors in our ability to attract and retain Senior Management, and we generally compare base salaries paid to our Senior Management to the median base salaries reflected in the survey data. In this respect, the Committee uses the survey data and compensation offered by peer companies as a market check on the salaries and other elements of compensation it establishes. The Committee reviews the salaries of all members of Senior Management at least annually. Salaries may be adjusted for performance, which may include individual, business unit, and/or company-wide performance, expansion of duties and responsibilities, and changes in market salary levels. In considering salary adjustments, the Committee gives weight to the foregoing factors, with particular emphasis on corporate performance goals, our CEO's analysis of the individual's performance and potential, and our CEO's specific compensation recommendations (except with regard to his own salary). However, the Committee does not rely on formulas and considers all of the above factors when evaluating salary adjustments.

In its December 2015 review of our Senior Management compensation, the Committee noted that our CEO's 2015 base salary was below the 10th percentile of averaged peer group and survey data reflected in the report, and that base salaries for other members of Senior Management were generally at the 33rd percentile of the averaged peer group and survey data. The Committee also considered our CEO's evaluation of each individual member of Senior Management's performance during 2015, with the exception of himself. Although the Committee believed that increases in base salaries for our CEO and Senior Management were warranted, in light of the

prolonged downturn impacting our industry and concerns regarding our ability to maintain compliance with our debt covenants in 2016, the Committee did not approve increases in base salary for our CEO or other NEOs.

In February of 2016, as part of our cost reduction efforts and in connection with broad-based salary and wage reductions implemented for our U.S. employee population, the Committee approved a 10% reduction in the base salaries of all of our NEOs employed by TETRA, and in May of 2016 the Committee approved an additional reduction in the amount of 10% of the previously reduced base salaries of our NEOs employed by TETRA as well as a 10% reduction in the base salary of Mr. Knox, who is employed at the CCLP level. The following table sets forth the original base salaries that were in effect for our NEOs as of January 1, 2016, the reduced base salaries in effect as of year-end 2016, and base salaries in effect as of the date of this proxy statement. A portion of our NEOs' (other than Mr. Knox) base salaries was restored in January 2017. The current base salaries set forth below will remain in effect until March 31, 2017, unless the continuing 10% reduction is extended by the Committee. If the continuing reduction is not extended, the base salaries will return to the original base salaries set forth below on April 1, 2017:

Name	Title	Original Base Salary as of January 1, 2016	Reduced Base Salary in Effect as of Year End	Current Base Salary
Stuart M. Brightman	President & Chief Executive Officer	\$625,000	\$506,249	\$562,499
Joseph Elkhoury	Sr. Vice President & Chief Operating Officer	450,000	364,500	405,000
Elijio V. Serrano	Sr. Vice President & Chief Financial Officer	411,590	333,388	370,431
Bass C. Wallace, Jr.	Sr. Vice President & General Counsel	324,480	262,829	292,032
Timothy A. Knox	President, CSI Compressco	400,000	360,000	360,000

Performance-Based Cash Incentives. The Committee has adopted a Cash Incentive Compensation Plan that provides both annual and long-term cash incentive opportunities to our NEOs and other Senior Management, key employees, and consultants. Under the Cash Incentive Compensation Plan, the Committee may award short-term and long-term incentive opportunities that are based on both objective and subjective criteria and are intended to encourage greater focus on our strategic business objectives, further our compensation philosophy, emphasize pay-for-performance, minimize excessive risk taking, and provide competitive compensation opportunities.

Annual Performance-Based Cash Incentives. While the amount of each award paid to members of Senior Management under the Cash Incentive Compensation Plan is subject to the discretion of the Committee, the plan provides for annual cash award opportunities, calculated as a percentage of base salary, that are based on financial and non-financial performance measures. For each award opportunity, a threshold, target, stretch, and over-achievement performance objective is established for each applicable performance measure and the amount of the award payment that may be received is based on the level of achievement of such objectives.

As part of its December 2015 review of Senior Management compensation, the Committee reviewed a preliminary estimate of the aggregate amount of annual cash incentive compensation to be awarded under our Cash Incentive Compensation Plan based on 2015 performance and discussed the overall effectiveness of the plan in furthering our compensation philosophy. In its consideration of changes for the 2016 plan year, the Committee did not specifically benchmark Cash Incentive Compensation Plan award opportunities relative to any survey or peer group data; however, the Committee did note that the report provided by Pearl Meyer indicated that our CEO's total target cash compensation (which includes base salary plus target annual cash incentive compensation) was also below the 10th percentile of averaged peer group and survey data, and that, as with base salaries, total target cash compensation for other Senior Management was generally at the 32nd percentile of such data. In consideration of the prolonged downturn impacting our industry, the Committee elected not to make changes to the award opportunities available to

our NEOs for the 2016 plan year.

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The following table sets forth the award opportunities for the 2016 plan year, shown as a percentage of annual base salary, for our CEO and each of our NEOs under the Cash Incentive Compensation Plan:

2016 Award Opportunities - Annual Cash Incentive Compensation Plan

	Threshold	Target	Stretch	Over Achievement
Stuart M. Brightman	36 %	120 %	180 %	240 %
Joseph Elkhoury	24 %	80 %	120 %	160 %
Elijio V. Serrano	24 %	80 %	120 %	160 %
Bass C. Wallace, Jr.	18 %	60 %	90 %	120 %
Timothy A. Knox	18 %	60 %	90 %	120 %

Under the Cash Incentive Compensation Plan, financial and non-financial performance measures may be based on performance criteria described in the plan or on such other measures as may be determined by the Committee. As part of our ongoing efforts to build a robust culture of performance and a customer-centric environment, each performance measure under the 2016 plan was aligned to one of our four CØRE categories:

w Customers

w Drive to ZERØ

w Returns

w Employees

Under the Cash Incentive Compensation Plan for 2016, actual results must reach a minimum threshold level of 70% of established target performance objectives for any payments to be earned; below that level of performance, no amount may be paid for a given performance measure. When actual performance meets or exceeds 150% of the established target objective for a given performance measure, an “over-achievement” payout may be earned.

In considering appropriate performance measures for 2016, the overriding concern of the Committee and Senior Management was to ensure that any prospective payouts under the 2016 plan would be commensurate with performance measures aligned under the “Returns” category, particularly free cash flow. In addition, recognizing that maintaining compliance with our debt covenants would be a critical focus for the plan year, the Committee approved adjusted EBITDA as a 2016 performance measure “multiplier” that would have the effect of proportionately increasing (or reducing) payments earned under all other financial performance measures for the 2016 performance period. For 2016, at the discretion of the Committee, the threshold performance level for the adjusted EBITDA performance measure was set at 76.2% of target performance, and it was determined that no amounts under the 2016 plan would be paid out, regardless of achievement, unless the adjusted EBITDA threshold was achieved.

The following table shows each performance measure for our corporate NEOs (Messrs. Brightman, Serrano, Elkhoury, and Wallace) and our NEO with responsibility for a specific business area (Mr. Knox), the CØRE strategy to which it aligns, and the target performance objective under our 2016 annual incentive plan:

(1) Total Recordable Incident Rate, Environmental Incident Rate, Chargeable Vehicle Incident Rate & Behavior Based Observation Rate

The relative weight of specific performance measures varies based on each participant's responsibilities; however, for each NEO, performance measures in the Returns category comprise 70% of the total target annual incentive, reflecting our NEOs' significant focus on generating strong financial returns. The following table shows the weight of each CØRE category in each NEOs total award opportunity. For categories in which there is more than one performance measure (such as in the Drive to Zero category) each performance measure within the category carries an equal weight. Individual performance objectives ("IPOs") for each NEO are aligned to the CØRE strategies and were approved by the Committee in February of 2016.

	CUSTOMERS	DRIVE TO ZERO	RETURN	EMPLOYEES	IPOs	TOTAL WEIGHT
Stuart M. Brightman	0%	5%	70%	5%	20%	100%
Elijio V. Serrano	0%	5%	70%	5%	20%	100%
Joseph Elkhoury	0%	5%	70%	5%	20%	100%
Bass C. Wallace, Jr.	0%	5%	70%	5%	20%	100%
Timothy A. Knox	10%	5%	70%	5%	10%	100%

As our 2016 results for the adjusted EBITDA performance measure did not reach the required threshold level of performance, the Committee deemed that no payouts had been earned for the 2016 plan year. The table below sets forth the amount of the annual award opportunity earned by each of our NEOs for the 2016 plan year.

2016 Earned Award Opportunities - Annual Cash Incentive Compensation Plan

	Target Amount of Award Opportunity	Amount Earned for 2016 Performance	% of Target Amount Earned
Stuart M. Brightman	\$ 749,998	\$	—%
Joseph Elkhoury	360,000	—	—%
Elijio V. Serrano	329,272	—	—%
Bass C. Wallace, Jr.	194,688	—	—%
Timothy A. Knox	240,000	—	—%

Long-Term Performance-Based Cash Incentives. Our long-term, performance-based cash incentive awards work in conjunction with annual grants of long-term, equity-based awards to provide us with increased retention value and reward participants for both improved financial results and improved relative stock price performance. Mr. Knox, who receives long-term awards of performance-based CCLP units, did not receive a long-term, performance-based cash incentive award in 2016.

In May 2016, the Committee established performance measures and performance objectives applicable to long-term incentive awards granted to our NEOs (other than Mr. Knox) under the Cash Incentive Compensation Plan for the performance period ending on December 31, 2018. The performance measures and the relative weight of each such performance measure for these long-term incentive awards, are:

- total stockholder return relative to a peer group for the three-year period ending December 31, 2018, weighted 50%;
- and
- TETRA's three-year cumulative free cash flow for the period ending December 31, 2018, weighted 50%.

For each performance measure, a threshold, target, stretch, and over achievement performance objective has been established by the Committee. The amount of the award that may be earned by a participant at the end of the three-year performance period will be based on our attainment of such performance objectives, subject to the discretion of the Committee.

In establishing the target amounts of the long-term, performance-based cash incentive opportunities, the Committee considered peer group compensation practices, but it did not specifically benchmark the value of the awards relative to any survey or peer group data. Although it did not rely on formulas, the Committee determined that the performance-based cash incentive awards would comprise approximately 25% to 40% of the total value of long-term incentive awards granted to certain NEOs during 2016. The following table sets forth the long-term cash incentive award opportunity that may be earned by Messrs. Brightman, Elkhoury, Serrano, and Wallace under the Cash Incentive Compensation Plan for the three-year performance period ending on December 31, 2018:

3-Year Award Opportunities - Long-Term Cash Incentive Compensation Plan

	Threshold	Target	Stretch	Over Achievement
Stuart M. Brightman	\$ 125,000	\$ 625,000	\$ 1,125,000	\$ 1,250,000
Joseph Elkhoury	52,500	262,500	472,500	525,000
Elijio V. Serrano	47,500	237,500	427,500	475,000
Bass C. Wallace, Jr.	23,175	115,875	208,575	231,750

Payment of Long-Term Performance-Based Cash Incentives Granted in 2014. In May 2014, the Committee established performance measures and performance objectives applicable to long-term incentive awards granted to

certain of our NEOs under the Cash Incentive Compensation Plan for the three-year performance period ending on December 31, 2016. The performance measures for these long-term incentive awards, and the weight of each performance measure in the determination of payouts under the awards were:

- total stockholder return relative to a peer group, weighted 50%;
- cumulative free cash flow for the three-year period ended December 31, 2016, weighted 25%; and

average earnings per share excluding Maritech for the three-year period ended December 31, 2016, weighted 25%.

For each performance measure, a threshold, target, stretch, and over achievement performance objective was established by the Committee. Mr. Elkhoury, who was not employed by us until June 2014, and Mr. Knox, who receives awards of performance-based CCLP units, did not receive long-term performance-based cash incentive awards in 2014.

The following table provides the specific performance objective established by the Committee for each of the performance measures, and the portion of the target amount of the total award that would be earned at each level of performance:

Performance & Payout Levels - 2014 Long-Term Cash Incentive Compensation Plan

Performance Level	TSR v. Peer Group	Portion of Target Award Vested	3-Year Cumulative Free Cash Flow	Portion of Target Award Vested	3-Year Average EPS	Portion of Target Award Vested	Aggregate Award Opportunity
Below Threshold	below 25th %tile	0%	below \$216.0M	0%	below \$0.84	0%	0%
Threshold	25th %tile	10%	\$216.0M	5%	\$0.84	5%	20%
Target	50th %tile	50%	\$308.0M	25%	\$1.19	25%	