

KEY ENERGY SERVICES INC
Form DEF 14A
November 01, 2007

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Key Energy Services, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

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

Edgar Filing: KEY ENERGY SERVICES INC - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Key Energy Services, Inc. to be held at the Inn at the Ballpark, 1520 Texas Avenue, Houston, Texas at 9:00 a.m. (Central Standard Time) on Thursday, December 6, 2007.

The notice of meeting and proxy statement that follow this letter describe the business to be conducted at the Annual Meeting, including the election of four Class I Directors.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we strongly encourage you to provide your proxy by telephone, the Internet or on the enclosed proxy card at your earliest convenience.

Thank you for your cooperation and support.

Sincerely,

Dick Alario
Chairman of the Board,
President and Chief Executive Officer

KEY ENERGY SERVICES, INC.
1301 McKinney Street
Suite 1800
Houston, Texas 77010

NOTICE OF 2007 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on December 6, 2007

To our stockholders:

We invite you to our 2007 annual meeting of stockholders, which will be held at the Inn at the Ballpark, 1520 Texas Avenue, Houston, Texas, on Thursday, December 6, 2007 at 9:00 a.m. local time. At the meeting, stockholders will consider and act upon the following matters:

- (1) To elect four Class I Directors for the ensuing three years;
- (2) To adopt our 2007 Equity and Cash Incentive Plan;
- (3) To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for the current fiscal year; and
- (4) To transact such other business as may properly come before the meeting or any adjournment thereof.

Stockholders of record at the close of business on October 29th, 2007, the record date for the annual meeting, are entitled to notice of, and to vote at, the meeting. Your vote is important regardless of the number of shares you own. Whether or not you expect to attend the meeting, we hope you will take the time to vote your shares. If you are a stockholder of record, you may vote over the Internet, by telephone or by completing and mailing the enclosed proxy card in the envelope provided. If your shares are held in "street name," that is, held for your account by a broker or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted.

Our stock transfer books will remain open for the purchase and sale of our common stock.

By Order of the Board of Directors,

Newton W. Wilson III
Corporate Secretary

Houston, Texas
November 1, 2007

TABLE OF CONTENTS

IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

DELIVERY OF SECURITY HOLDER DOCUMENTS
STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

PROPOSAL 1 ELECTION OF DIRECTORS

NOMINEES FOR TERM EXPIRING IN 2010 (CLASS I DIRECTORS)
DIRECTORS WHOSE TERMS EXPIRE IN 2008 (CLASS II DIRECTORS)
DIRECTORS WHOSE TERMS EXPIRE IN 2009 (CLASS III DIRECTORS)
BOARD RECOMMENDATION

CORPORATE GOVERNANCE

GENERAL
CORPORATE GOVERNANCE GUIDELINES
DIRECTOR INDEPENDENCE
DIRECTOR NOMINATION PROCESS
BOARD MEETINGS AND ATTENDANCE
DIRECTOR ATTENDANCE AT ANNUAL MEETING OF STOCKHOLDERS
BOARD COMMITTEES
AUDIT COMMITTEES
COMPENSATION COMMITTEE
CORPORATE GOVERNANCE AND NOMINATING COMMITTEE
EXECUTIVE COMMITTEE
CODE OF BUSINESS CONDUCT AND CODE OF BUSINESS CONDUCT AND ETHICS FOR MEMBERS OF THE BOARD OF DIRECTORS
REPORT OF THE AUDIT COMMITTEE
EXECUTIVE OFFICERS
FEES OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
POLICY FOR APPROVAL OF AUDIT AND NON-AUDIT FEES
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

INFORMATION ABOUT EXECUTIVE AND DIRECTOR COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS
COMPENSATION OF EXECUTIVE OFFICERS
DIRECTOR COMPENSATION
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION
REPORT OF THE COMPENSATION COMMITTEE

PROPOSAL 2 ADOPTION OF THE 2007 CASH AND EQUITY INCENTIVE PLAN

SUMMARY OF THE 2007 CASH AND EQUITY INCENTIVE PLAN
U.S. FEDERAL INCOME TAX CONSEQUENCES
BOARD RECOMMENDATION
SECURITIES AUTHORIZED FOR ISSUANCE UNDER OUR EQUITY COMPENSATION PLANS

PROPOSAL 3 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BOARD RECOMMENDATION

OTHER MATTERS

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE
STOCKHOLDER COMMUNICATIONS TO THE BOARD OF DIRECTORS
STOCKHOLDER PROPOSALS FOR THE 2008 ANNUAL MEETING

KEY ENERGY SERVICES, INC.
1301 McKinney Street
Suite 1800
Houston, Texas 77010

Proxy Statement for the 2007 Annual Meeting of Stockholders

To Be Held on December 6, 2007

This proxy statement contains information about the 2007 annual meeting of stockholders of Key Energy Services, Inc.. We are holding the meeting at the Inn at the Ballpark, 1520 Texas Avenue, Houston, Texas, on Thursday, December 6, 2007 at 9:00 a.m., local time.

In this proxy statement, we refer to Key Energy Services, Inc. as "Key," the "Company," "we" and "us."

We are sending you this proxy statement in connection with the solicitation of proxies by our Board of Directors ("Board") for use at the annual meeting.

We are mailing our Annual Report to Stockholders for the year ended December 31, 2006 with these proxy materials on or about November 1, 2007.

You can find our Annual Report on Form 10-K for the year ended December 31, 2006 through the Securities and Exchange Commission's electronic data system, called EDGAR, at www.sec.gov. You may also obtain a printed copy of our Annual Report on Form 10-K, free of charge, from us by sending a written request to: Investor Relations, Key Energy Services, Inc., 1301 McKinney Street, Suite 1800, Houston, Texas 77010. Exhibits will be provided upon written request and payment of an appropriate processing fee.

IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

- | | |
|--|---|
| Q. Who can vote at the annual meeting? | A. To be able to vote, you must have been a stockholder of record at the close of business on October 29, 2007, the record date for our annual meeting. The number of outstanding shares entitled to vote at the meeting is 132,671,423 shares of common stock.

If you were a stockholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the annual meeting, or any postponements or adjournments of the meeting. |
| Q. What are the voting rights of the holders of common stock? | A. Each outstanding share of our common stock will be entitled to one vote on each matter considered at the annual meeting. |

Q. How do I vote?

A. If you are a record holder, meaning your shares are registered in your name, you may vote:

- (1) **Over the Internet:** Go to the website of our tabulator, American Stock Transfer & Trust Company, at www.voteproxy.com. Use the vote control number printed on your enclosed proxy card to access your account and vote your shares. You must specify how you want your shares voted or your Internet vote cannot be completed and you will receive an error message. Your shares will be voted according to your instructions.
- (2) **By Telephone:** Call 1-800-Proxies (1-800-776-9437) toll free from the U.S. and Canada, and follow the instructions on your enclosed proxy card. You must specify how you want your shares voted and confirm your vote at the end of the call or your telephone vote cannot be completed. Your shares will be voted according to your instructions.
- (3) **By Mail:** Complete and sign your enclosed proxy card and mail it in the enclosed postage prepaid. Your shares will be voted according to your instructions. If you do not specify how you want your shares voted, they will be voted as recommended by the Board.
- (4) **In Person at the Meeting:** If you attend the meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which we will provide to you at the meeting.

If your shares are held in "street name," meaning they are held for your account by a broker or other nominee, you may vote:

- (1) **Over the Internet or by Telephone:** You will receive instructions from your broker or other nominee stating if they permit Internet or telephone voting and, if they do, explaining how to do so. You should follow those instructions.
- (2) **By Mail:** You will receive instructions from your broker or other nominee explaining how you can vote your shares by mail. You should follow those instructions.
- (3) **In Person at the Meeting:** You must contact your broker or other nominee who holds your shares to obtain a brokers' proxy card and bring it with you to the meeting. **You will not be able to vote in person at the meeting unless you have a proxy from your broker issued in your name giving you the right to vote your shares.**

- Q. Can I change my vote?**
- A.** Yes. You may revoke your proxy and change your vote at any time before the meeting, unless the proxy is irrevocable and is coupled with an interest. To revoke your proxy and change your vote, you must do one of the following:
- (1) Vote over the Internet or by telephone as instructed above. Only your latest Internet or telephone vote is counted.
 - (2) Sign a new proxy and submit it as instructed above. Only your latest dated proxy will be counted.
 - (3) Attend the meeting, request that your proxy be revoked and vote in person as instructed above. Attending the meeting will not revoke your proxy unless you specifically request it.
- Q. Will my shares be voted if I don't return my proxy?**
- A.** If your shares are registered directly in your name, your shares will not be voted if you do not vote over the Internet, by telephone, by returning your proxy or voting by ballot at the meeting. If your shares are held in "street name," your brokerage firm may under certain circumstances vote your shares even if you do not return your proxy. If you do not return a proxy to your brokerage firm to vote your shares, your brokerage firm may, on routine matters, either vote your shares or leave your shares unvoted. Your brokerage firm cannot vote your shares on any matter that is not considered routine.
- Proposal 1, the election of directors, and Proposal 3, ratification of the selection of our independent registered public accounting firm, are both considered routine matters. However, Proposal 2, adoption of the 2007 Cash and Equity Incentive Plan, is not a routine matter. We encourage you to provide voting instructions to your brokerage firm by giving your proxy to them. This ensures that your shares will be voted at the meeting according to your instructions. You should receive directions from your brokerage firm about how to submit your proxy to them at the time you receive this proxy statement.
- Q. How many shares must be present to hold the meeting?**
- A.** A majority of our outstanding shares of common stock must be present at the meeting to hold the meeting and conduct business. This is called a quorum. For purposes of determining whether a quorum exists, we count as present any shares that are voted over the Internet, by telephone or by completing and submitting a proxy, or that are represented in person at the meeting. Further, for purposes of establishing a quorum, we will count as present shares that a stockholder holds even if the stockholder votes to abstain or does not vote on one or more of the matters to be voted upon.
- If a quorum is not present, we expect to adjourn the meeting until we obtain a quorum.

Q. What vote is required to approve each matter and how are votes counted?

A. Proposal 1 Election of Four Class I Directors

The four nominees for director to receive the highest number of votes FOR election will be elected as directors. Abstentions are not counted for purposes of electing directors. If your shares are held by your broker in "street name," and you do not vote your shares, your brokerage firm may vote your unvoted shares on Proposal 1. You may:

vote FOR all nominees; or

vote FOR one, two or three nominees and WITHHOLD your vote from the other nominee(s).

Votes that are withheld will not be included in the vote tally for the election of directors and will not affect the results of the vote.

Proposal 2 Adoption of the 2007 Cash and Equity Incentive Plan

To approve Proposal 2, stockholders holding a majority of the votes cast on the matter must vote FOR the proposal. Proposal 2 is not considered a routine matter. Therefore, if your shares are held by your broker in "street name," and you do not vote your shares, your brokerage firm cannot vote your shares on Proposal 2. Shares held in "street name" by brokers or nominees who indicate on their proxies that they do not have authority to vote the shares on Proposal 2, will not be counted as votes in favor of or against the proposal, and will also not be counted as votes cast on the proposal. If you vote to ABSTAIN on Proposal 2, your shares will not be voted for or against the proposal and will also not be counted as votes cast on the proposal. As a result, "broker non-votes" and votes to ABSTAIN will have no effect on the voting on the proposal.

Proposal 3 Ratification of Selection of Independent Registered Public Accounting Firm

To approve Proposal 3, stockholders holding a majority of the votes cast on the matter must vote FOR the proposal. If your shares are held by your broker in "street name," and you do not vote your shares, your brokerage firm may vote your unvoted shares on Proposal 3. If you vote to ABSTAIN on Proposal 3, your shares will not be voted in favor of or against the proposal and will also not be counted as votes cast on the proposal. As a result, voting to ABSTAIN will have no effect on the voting on the proposal.

Although stockholder approval of our Audit Committee's selection of Grant Thornton LLP as our independent registered public accounting firm is not required, we believe that it is advisable to give stockholders an opportunity to ratify this selection. If this proposal is not approved at the annual meeting, our Audit Committee will reconsider its selection of Grant Thornton LLP.

- Q. Are there other matters to be voted on at the meeting?**
- A.** We do not know of any other matters that may come before the meeting other than the election of four Class I directors, the adoption of the 2007 Cash and Equity Incentive Plan and the ratification of the selection of our independent registered public accounting firm. If any other matters are properly presented to the meeting, the persons named in the accompanying proxy intend to vote, or otherwise act, in accordance with their judgment on the matter.
- Q. Where can I find the voting results?**
- A.** We expect to report the voting results in our Annual Report on Form 10-K for the year ending December 31, 2007, which we anticipate filing with the Securities and Exchange Commission, or SEC, in February 2008.
- Q. What are the costs of soliciting these proxies?**
- A.** We will bear the cost of soliciting proxies. In addition to these proxy materials, our directors, officers and employees may solicit proxies by telephone, e-mail, facsimile or in person, without additional compensation. In addition, we have retained D.F. King to solicit proxies by mail, courier, telephone and facsimile and to request brokers, custodians and fiduciaries to forward proxy soliciting materials to the owners of the stock held in their names. For these services, we will pay a fee of \$6,000 plus expenses. Upon request, we will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for distributing proxy materials.

Delivery of Security Holder Documents

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our proxy statement or annual report to stockholders may have been sent to multiple stockholders in your household, unless we have received contrary instructions. We will promptly deliver a separate copy of either document to you if you request it by writing to or calling us at the following address or telephone number: 1301 McKinney Street, Suite 1800, Houston, Texas 77010, Attention: Investor Relations; 713-651-4300. If you want to receive separate copies of the proxy statement or annual report to stockholders in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and telephone number.

Stock Ownership of Certain Beneficial Owners and Management

This section provides information about the beneficial ownership of our common stock by our directors and executive officers. The number of shares of our common stock beneficially owned by each person is determined under the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days through the exercise of any stock option or other right. Unless otherwise indicated, each person has sole investment and voting power, or shares such power with his or her spouse, with respect to the shares set forth in the following table. The inclusion in this table of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of those shares.

Edgar Filing: KEY ENERGY SERVICES INC - Form DEF 14A

The address for each person identified below is care of Key Energy Services, Inc., 1301 McKinney Street, Suite 1800, Houston, Texas 77010.

Throughout this proxy statement, the individuals who served as our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") during fiscal 2006, and each of our three other most highly compensated executive officers are referred to as the "Named Executive Officers" or "NEOs".

Set forth below is certain information with respect to beneficial ownership of the common stock as of October 12, 2007 by each executive officer and director and the directors and executive officers as a group. The following table does not include 5,704 shares owned by Robert K. Reeves that were granted to him on his appointment to the board of directors on October 26, 2007.

Name of Beneficial Owner	Number of Shares(1)	Percentage of Outstanding Shares(2)
Richard J. Alario(3)	573,632	*
David J. Breazzano(4)	337,571	*
Lynn R. Coleman	5,000	*
Kevin P. Collins(5)	272,643	*
William D. Fertig(6)	122,571	*
W. Phillip Marcum(7)	272,643	*
Ralph S. Michael, III(8)	41,371	*
William F. Owens	11,365	*
J. Robinson West(9)	67,571	*
Arlene M. Yocum	5,000	*
William M. Austin(10)	274,611	*
Newton W. Wilson III(11)	288,430	*
Kim B. Clarke(12)	85,781	*
Don D. Weinheimer(13)	41,119	*
Phil Coyne(14)	24,048	*
Jim D. Flynt(15)	211,002	*
J. Marshall Dodson(16)	46,666	*
D. Bryan Norwood(17)	4,472	*
Current Directors and Executive Officers as a group (18 persons)	2,685,496	2.04%

*
Less than 1%

(1) Includes all shares with respect to which each director or executive officer directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares the power to vote or to direct voting of such shares and/or to dispose or to direct the disposition of such shares. Includes shares that may be purchased under stock options that are exercisable currently or within 60 days.

(2) An individual's percentage ownership of common stock outstanding is based on 131,898,469 shares of our common stock outstanding as of October 12, 2007. Shares of common stock subject to stock options currently exercisable, or exercisable within 60 days, are deemed outstanding for purposes of the percentage ownership of the person holding such securities but are not deemed outstanding for computing the percentage ownership of any other person.

(3) Includes 133,333 shares issuable upon the exercise of vested options. Includes 200,000 shares of restricted stock that have not vested.

(4)

Includes 250,000 shares issuable upon the exercise of vested options.

Edgar Filing: KEY ENERGY SERVICES INC - Form DEF 14A

- (5) Includes 250,000 shares issuable upon the exercise of vested options.
- (6) Includes 100,000 shares issuable upon the exercise of vested options.
- (7) Includes 250,000 shares issuable upon the exercise of vested options.
- (8) Includes 20,000 shares issuable upon the exercise of vested options. Also includes 700 shares held jointly with Mr. Michael's spouse.
- (9) Includes 50,000 shares issuable upon the exercise of vested options.
- (10) Includes 100,000 shares issuable upon the exercise of vested options. Includes 83,334 shares of restricted stock that have not vested.
- (11) Includes 125,000 shares issuable upon the exercise of vested options. Includes 83,334 shares of restricted stock that have not vested.
- (12) Includes 11,666 shares issuable upon the exercise of vested options. Includes 43,334 shares of restricted stock that have not vested.
- (13) Includes 16,667 shares of restricted stock that have not vested.
- (14) Includes 10,000 shares issuable upon the exercise of vested options.
- (15) Includes 196,667 shares issuable upon the exercise of vested options. Does not include 500 shares held by Mr. Flynt's spouse.
- (16) Includes 6,666 shares issuable upon the exercise of vested options. Includes 40,000 shares of restricted stock that have not vested.
- (17) Does not include 20,200 shares issuable pursuant to options that have not vested.

The following table sets forth, as of October 12, 2007, certain information regarding the beneficial ownership of common stock by each person, other than the Company's directors or executive officers, who is known by the Company to own beneficially more than 5% of the outstanding shares of common stock.

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Number	Percent
Guardian Life Insurance Company of America(1) 388 Market Street, Suite 1700 San Francisco, CA 9411	14,348,500	10.9%
MHR Fund Management LLC(2) 40 West 57 th Street, 24 th Floor New York, NY 10019	12,675,000	9.6%

- (1) As reported on Schedule 13G filed with the SEC on February 9, 2007, The Guardian Life Insurance Company of America ("Guardian") holds 14,348,500 shares. As a result of being subsidiaries of Guardian, Guardian Investor Services LLC and RS

Edgar Filing: KEY ENERGY SERVICES INC - Form DEF 14A

Investment Management Co, LLC may be deemed to be indirect beneficial owners of the shares held by Guardian.

(2)

As reported on Schedule 13G/A filed with the SEC on August 27, 2007 on behalf of MHR Institutional Partners III LP, MHR Institutional Advisors III LLC, MHR Fund Management LLC and Mark H. Rachesky, M.D. relating to an aggregate amount of 12,675,000 shares held for the accounts of MHR Capital Partners Master Account LP, MHR Capital Partners (100) LP, MHR Institutional Partners II LP, MHR Institutional Partners IIA LP and MHR Institutional Partners III LP.

PROPOSAL 1 ELECTION OF DIRECTORS

Our Board is divided into three classes. One class is elected each year and members of each class hold office for three-year terms. The Board has set the number of directors at eleven. There are four Class I Directors, four Class II Directors and three Class III Directors. At this year's annual meeting, the terms of our Class I Directors will expire. The Class I Directors elected at this year's annual meeting will serve three year terms expiring at the annual meeting in 2010, or until their successors are elected and qualified. The Class II and Class III Directors will serve until the annual meetings of stockholders to be held in 2008 and 2009, respectively, and until their respective successors are elected and qualified.

The persons named in the enclosed proxy will vote to elect as Class I Directors Lynn R. Coleman, Kevin P. Collins, W. Phillip Marcum and William F. Owens, unless you indicate on your proxy card that your shares should be withheld from one or more of the nominees. Our Corporate Governance and Nominating Committee has recommended, and the Board has nominated, each of the nominees for election as Class I directors. Each of the nominees is currently a member of the Board. Messrs. Coleman and Owens have been nominated for election as directors for the first time. Mr. Coleman was appointed by our Board as a new director in October 2007. He was originally proposed to the Committee by a non-management director and the Board determined to include him among its nominees. Mr. Owens was appointed by the Board as a new director in January 2007. He was originally proposed to the Committee by a non-management director and the Board determined to include him among its nominees.

If they are elected, Messrs. Coleman, Collins, Marcum and Owens will each hold office until our annual meeting of stockholders in 2010 and until his successor is duly elected and qualified. Each of the nominees has indicated his willingness to serve, if elected; however, if any nominee should be unable to serve, the shares of common stock represented by proxies may be voted for a substitute nominee designated by the Board.

There are no family relationships between or among any of our officers or directors.

Below are the names, ages and certain other information of each member of the Board, including the nominees for election as Class I Directors. Information with respect to the number of shares of common stock beneficially owned by each director as of October 12, 2007 appears above under the heading "Stock Ownership of Certain Beneficial Owners and Management."

Nominees for Term Expiring in 2010 (Class I Directors)

Lynn R. Coleman, age 68, has been a partner in the energy practice of the law firm of Skadden, Arps, Slate, Meagher and Flom LLP since 1981. Prior to joining Skadden, Mr. Coleman served as the general counsel of the U.S. Department of Energy and later as deputy secretary. He holds an LLB degree from the University of Texas and a BA from Abilene Christian College.

Kevin P. Collins, age 57, has been Managing Member of The Old Hill Company LLC since 1997. From 1992 to 1997, he served as a principal of JHP Enterprises, Ltd., and from 1985 to 1992, as Senior Vice President of DG Investment Bank, Ltd., both of which were engaged in providing corporate finance and advisory services. Mr. Collins was a director of WellTech, Inc. ("WellTech") from January 1994 until March 1996, when WellTech was merged into the Company. Mr. Collins is also a director of The Penn Traffic Company, PowerSecure International, Inc. and Contractors Holding, Inc. He holds BS and MBA degrees from the University of Minnesota. Mr. Collins is a CFA Charterholder.

W. Phillip Marcum, age 63, was a director of WellTech from January 1994 until March 1996, when WellTech was merged into the Company. From October 1995 until March 1996, Mr. Marcum was the acting Chairman of the Board of Directors of WellTech. He was Chairman of the Board, President and Chief Executive Officer of Metrotek Technologies, Inc., formerly known as Marcum Natural Gas

Services, Inc., from January 1991 to April 2007 when he retired. He is presently a principal in MG Advisors, LLC. He holds a BBA from Texas Tech University.

William F. Owens, age 57, served as Governor of Colorado from 1999 to 2007. Mr. Owens served as a member of the Colorado state house of representatives from 1982 to 1988, as a member of the state senate from 1988 to 1994 and as Colorado state treasurer from 1994 to 1998. Prior to his public service, Mr. Owens was a consultant with Touche Ross & Co., now Deloitte & Touche, LLP. In addition to his public service, Mr. Owens served for more than 10 years as Executive Director of the Colorado Petroleum Association, which represented 400 energy firms doing business in the Rockies. He holds a master's degree in public administration from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin and an undergraduate degree from Stephen F. Austin University.

Directors Whose Terms Expire in 2008 (Class II Directors)

David J. Breazzano, age 51, was named Lead Director in August 2004. Mr. Breazzano is one of the founding principals of DDJ Capital Management, LLC, an investment management firm established in 1996. He holds a BA from Union College, where he serves on the Board of Trustees, and an MBA from Cornell University.

William D. Fertig, age 51, has been Co-Chairman and Chief Investment Officer of Context Capital Management, an investment advisory firm since 2002. Mr. Fertig was a Principal and a Senior Managing Director of McMahan Securities from 1990 through April 2002. Mr. Fertig previously served in various senior capacities at Drexel Burnham Lambert and Credit Suisse First Boston from 1980 through 1990. He holds a BS from Allegheny College and an MBA from the Stern Business School of New York University.

Robert K. Reeves, age 49, is Senior Vice President, General Counsel and Chief Administrative Officer of Anadarko Petroleum Corporation. From 2004 to February 2007, Mr. Reeves served as Senior Vice President, Corporate Affairs & Law and Chief Governance Officer of Anadarko. Prior to joining Anadarko, he served as Executive Vice President, Administration and General Counsel of North Sea New Ventures from 2003 to 2004, and as Executive Vice President, General Counsel and Secretary of Ocean Energy, Inc. and its predecessor companies from 1997 to 2003.

J. Robinson West, age 61, is the founder, and since 1984 has served as Chairman and a director, of PFC Energy, strategic advisers to international oil and gas companies, national oil companies, and petroleum ministries. Previously, Mr. West served as U.S. Assistant Secretary of the Interior with responsibility for offshore oil leasing policy from 1981 through 1983. He was Deputy Assistant Secretary of Defense for International Economic Affairs from 1976 through 1977 and a member of the White House Staff from 1974 through 1976. He is currently a member of the Council on Foreign Relations and the National Petroleum Council, and serves as Chairman of the Board of the United States Institute of Peace. Mr. West is also a director of Cheniere Energy, Inc. He holds a BA from the University of North Carolina at Chapel Hill and a JD from Temple University Law School.

Directors Whose Terms Expire in 2009 (Class III Directors)

Richard J. Alario, age 52, joined the Company as President and Chief Operating Officer effective January 1, 2004. On May 1, 2004, Mr. Alario was promoted to Chief Executive Officer and appointed to the Board. He was elected Chairman of the Board on August 25, 2004. Prior to joining the Company, Mr. Alario was employed by BJ Services Company, where he served as Vice President from May 2002 after OSCA, Inc. was acquired by BJ Services. Prior to joining BJ Services, Mr. Alario had over 21 years of service in various capacities with OSCA, an oilfield services company, most recently serving as its Executive Vice President. Mr. Alario received a BA from Louisiana State University.

Ralph S. Michael, III, age 52, was President and Chief Operating Officer of the Ohio Casualty Insurance Company from July 25, 2005 until its sale on August 24, 2007. From 2004 through July 2005,

Mr. Michael served as Executive Vice President and Manager of West Commercial Banking for U.S. Bank, National Association and then as Executive Vice President and Manager of Private Asset Management for U.S. Bank. He also served as President of U.S. Bank Oregon from 2003 to 2005. From 2001 to 2002, he served as Executive Vice President and Group Executive of PNC Financial Services Group, with responsibility for PNC Advisors, PNC Capital Markets and PNC Leasing. From 1996 to 2001, he served as Executive Vice President and Chief Executive Officer of PNC Corporate Banking. He was a director of Integrated Alarm Services Group from January 2003 until April 2007 and a director of T.H.E. Inc. from 1991 to 2004. He has been a director of Cincinnati Bengals, Inc. since April 2005. Mr. Michael also served as a director of Ohio Casualty Corporation from April 2002 until July 25, 2005. Mr. Michael began serving as a director of Friedman, Billings, Ramsey Group, Inc. in June 2006 and as a director of AK Steel Corporation in July 2007. He holds a BA from Stanford University and an MBA from the Graduate School of Management of the University of California Los Angeles.

Arlene M. Yocum, age 50, has been Executive Vice President, Managing Executive of Client Service and Distribution for PNC's Wealth Management and Institutional Investment Groups since 2003. Prior to that she served as an Executive Vice President of PNC's Institutional Investment Group from 2000 to 2003. Ms. Yocum is a director of Protection One, Inc. She holds a JD from Villanova School of Law and a BA from Dickinson College.

Board Recommendation

The Board of Directors believes that approval of the election of Lynn R. Coleman, Kevin P. Collins, W. Phillip Marcum and William F. Owens to serve as Class I directors is in our best interests and the best interests of our stockholders and therefore recommends a vote FOR each of the nominees.

CORPORATE GOVERNANCE

General

This section describes key corporate governance guidelines and practices that we have adopted. Complete copies of our corporate governance guidelines, committee charters and codes of conduct described below are available on our website at www.keyenergy.com. Alternatively, you can request a copy of any of these documents by writing to: Investor Relations, Key Energy Services, Inc., 1301 McKinney Street, Suite 1800, Houston, Texas 77010. Our Board strongly believes that good corporate governance is important to ensure that Key is managed for the long-term benefit of our stockholders.

Corporate Governance Guidelines

Our Board has adopted Corporate Governance Guidelines that address significant issues of corporate governance and set forth the procedures by which the Board carries out its responsibilities. Among the areas addressed by the Guidelines are director qualifications and responsibilities, Board committee responsibilities, director compensation and tenure, director orientation and continuing education, access to management and independent advisors, succession planning and management development, and Board and committee performance evaluations. The Corporate Governance and Nominating Committee is responsible for assessing and periodically reviewing the adequacy of these Guidelines and recommending proposed changes to the Board, as appropriate. The Guidelines are posted on the Company's website at www.keyenergy.com. The Company will provide Guidelines in print, free of charge, to shareholders who request them.

Director Independence

Under applicable rules of the New York Stock Exchange, or NYSE, a director will only qualify as "independent" if our Board affirmatively determines that he or she has no direct or indirect material

relationship with the Company. In addition, all members of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are also required to meet the applicable independence requirements set forth in the rules of the NYSE and the SEC.

The Board has determined that, except for Mr. Alario, who serves as the President and Chief Executive Officer, each of our current directors is independent within the meaning of the foregoing rules. Our Board reached a similar determination with respect to two former directors who served during 2006: Daniel Dienstbier, who served as a director from January 2006 until his death in April 2007, and Morton Wolkowitz, who served as a director from 1989 until September 2007.

Director Nomination Process

On October 29, 2004, the Board adopted a Selection Process for New Director Candidates, which sets forth guidelines for nomination as a director of the Company and the process for the selection of new candidates for the Board. It also includes procedures to be followed by shareholders who wish to recommend candidates to the Corporate Governance and Nominating Committee for its consideration in connection with its selection of director candidates to the Board. The process followed by our Corporate Governance and Nominating Committee to identify and evaluate director candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Committee and the Board. In addition, during fiscal 2005, the Committee retained the services of an executive search firm to help identify and evaluate potential director candidates.

In considering whether to recommend any particular candidate for inclusion in the Board's slate of recommended director nominees, our Corporate Governance and Nominating Committee applies the criteria set forth in the guidelines contained in the Selection Process for New Director Candidates, which are available in the Corporate Governance section of our website, *www.keyenergy.com*. These criteria include the candidate's integrity, business acumen, a commitment to understand our business and industry, experience, conflicts of interest and the ability to act in the interests of all stockholders. The Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. Our Board believes that the backgrounds and qualifications of its directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow it to fulfill its responsibilities.

Shareholders may nominate candidates to Key's Board by submitting such nominations in writing to the Company's Secretary no later than 120 days prior to the scheduled date for the annual meeting of shareholders. (For the 2008 annual meeting, any shareholder nominations should be submitted no later than January 30, 2008.) The Corporate Governance and Nominating Committee will consider candidates proposed by shareholders in the same manner as other candidates, so long as the shareholder meets certain eligibility standards.

Shareholder nominations must include the name, age, business and residence address and principal occupation or employment of the proposed nominee. An explanation of how the nominee meets the Company's selection criteria, as set forth in the guidelines, is required. The nomination also must include the name and residence address of the shareholder and the number of shares of Company common stock owned by the shareholder. The shareholder must also provide the total number of shares of Company common stock that, to the shareholder's knowledge, will be voted for the proposed nominee and are owned by the proposed nominee. A signed consent of the proposed nominee to serve if elected must be submitted, and any other information relating to the proposed nominee that is required to be disclosed in solicitations of proxies for the election of directors under Regulation 14A of the Securities Exchange Act of 1934.

Board Meetings and Attendance

The Board held three meetings, either in person or by teleconference, during the year ended December 31, 2006. During that year, each of our directors attended at least 75% of the aggregate number of Board meetings and meetings held by all committees on which he then served.

Director Attendance at Annual Meeting of Stockholders

Our Corporate Governance Guidelines provide that directors are expected to attend the annual meeting of stockholders. We did not hold a 2006 annual meeting of stockholders, but we expect substantially all of our directors to attend the 2007 annual meeting.

Board Committees

The Board has established four standing committees: Audit, Compensation, Corporate Governance and Nominating and Executive. Current copies of the charters of each of Audit, Compensation and Corporate Governance and Nominating committees are posted on the Corporate Governance section of our website, www.keyenergy.com.

The Board has determined that all of the members of each of the Board's standing committees, other than the Executive Committee, are independent as defined under the NYSE rules, including, in the case of all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Audit Committee

The responsibilities of the Audit Committee include the following:

appointing, evaluating, approving the services provided by and the compensation of, and assessing the independence of, our independent registered public accounting firm;

overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of certain reports from such firm;

reviewing with the internal auditors and our independent registered public accounting firm the overall scope and plans for audits, and reviewing with the independent registered accounting firm any audit problems or difficulties and management's response;

reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;

reviewing and discussing with management and the independent registered public accounting firm our system of internal controls, financial and critical accounting practices and policies relating to risk assessment and risk management;

reviewing the effectiveness of our system for monitoring compliance with laws and regulations;

preparing the Audit Committee report required by SEC rules (which is included on pages 15-16 of this proxy statement).

On October 26, 2007, the composition of the Audit Committee was reconstituted. The current members of our Audit Committee are Messrs. Collins, Michael and Owens and Ms. Yocum. During 2006 and through October 25, 2007, Mr. Marcum served as a member of the Audit Committee. Mr. Michael is the Chair of the Committee. All members of Key's Audit Committee would meet the financial literacy standard

Edgar Filing: KEY ENERGY SERVICES INC - Form DEF 14A

required by the New York Stock Exchange rules and at least one member qualifies as having accounting or related financial management expertise under the NYSE rules. In addition, as required by the Sarbanes-Oxley Act of 2002, the SEC adopted rules requiring that each public company disclose whether or not its audit committee has an "audit committee financial expert" as a member. An "audit committee financial expert" is defined as a person who, based on his or her experience, satisfies all of the following attributes:

an understanding of generally accepted accounting principles and financial statements;

an ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;

experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of issues that can reasonably be expected to be raised by Key's financial statements, or experience actively supervising one or more persons engaged in such activities;

an understanding of internal controls over financial reporting; and

an understanding of audit committee functions.

The Board has determined that Mr. Michael satisfies the definition of "audit committee financial expert," and has designated Mr. Michael as an "audit committee financial expert."

The Audit Committee held 11 meetings in 2006. In addition, members of the Audit Committee speak regularly with our independent registered public accounting firm and separately with the members of management to discuss any matters that the Audit Committee or these individuals believe should be discussed, including any significant issues or disagreements concerning our accounting practices or financial statements. See "Report of the Audit Committee" below.

The Audit Committee has the authority to retain legal, accounting or other experts that it determines to be necessary or appropriate to carry out its duties. We will provide the appropriate funding, as determined by the Committee, for the payment of compensation to our independent registered public accounting firm and to any legal, accounting or other experts retained by the Committee and for the payment of the Committee's ordinary administrative expenses necessary and appropriate for carrying out the duties of the Committee.

The charter of our Audit Committee can be accessed on the Corporate Governance section of our website, www.keyenergy.com.

Compensation Committee

The Compensation Committee has responsibility for establishing, implementing and continually monitoring adherence with our compensation philosophy. The responsibilities of the Compensation Committee include the following:

reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer ("CEO");

evaluating the CEO's performance in light of corporate goals and objectives and, together with the other independent directors (as directed by the Board), determining and approving the CEO's compensation level based on this evaluation;

reviewing and approving the compensation of senior executive officers other than the CEO;

reviewing and approving any incentive-compensation plans or equity-based plans;

overseeing the activities of the individuals and committees responsible for administering incentive-compensation plans or equity-based plans, including the 401(k) plan; and discharging any responsibilities imposed on the Compensation Committee by any of these plans;

approving any new equity compensation plan or any material change to an existing plan where shareholder approval has not been obtained;

Edgar Filing: KEY ENERGY SERVICES INC - Form DEF 14A

in consultation with management, overseeing regulatory compliance with respect to compensation matters, including overseeing Key's policies on structuring compensation programs to preserve tax deductibility;

making recommendations to the Board with respect to any severance or similar termination payments proposed to be made to any current or former senior executive officer or member of senior management of Key;

reviewing and recommending director compensation to the Board;

preparing an annual report of the Compensation Committee on executive compensation for inclusion in Key's annual proxy statement or annual report in accordance with applicable SEC rules and regulations; and

reviewing and approving the Compensation Disclosure and Analysis for inclusion in Key's annual proxy statement or annual report in accordance with applicable SEC rules and regulations.

On October 26, 2007, the composition of the Compensation Committee was reconstituted. The current members of the Compensation Committee are Messrs. Breazzano, Fertig, Marcum, Reeves and West, all of whom are independent, non-management members of the Board. During 2006 and through October 25, 2007, the members of the Compensation Committee were Messrs. Breazzano, Fertig, Michael and West. No Compensation Committee member participates in any of the Company's employee compensation programs other than the Key Energy Group, Inc. 1997 Incentive Plan. The Compensation Committee held nine meetings in 2006.

The Compensation Committee has the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. With respect to compensation consultants retained to assist in the evaluation of director, CEO or executive officer compensation, this authority is vested solely in the Committee.

The charter of our Compensation Committee can be accessed on the Corporate Governance section of our website, www.keyenergy.com.

Corporate Governance and Nominating Committee

The responsibilities of the Corporate Governance and Nominating Committee include the following:

identify and recommend individuals to the Board for nomination as members of the Board and its committees, consistent with criteria approved by the Board;

develop and recommend to the Board corporate governance guidelines applicable to Key; and

oversee the evaluation of the Board and management of Key.

The Corporate Governance and Nominating Committee is composed entirely of independent directors, as that term is defined by applicable NYSE rules. On October 26, 2007, the composition of the Corporate Governance and Nominating Committee was reconstituted. The current members of the Corporate Governance and Nominating Committee are Messrs. Fertig, Breazzano, Coleman and West. The Corporate Governance and Nominating Committee held three meetings in 2006.

The Corporate Governance and Nominating Committee has the authority and funding to retain counsel and other experts or consultants, including the sole authority to select, retain and terminate any search firm to be used to identify director candidates and to approve the search firm's fees and other retention terms.

The charter of our Corporate Governance and Nominating Committee can be accessed on the Corporate Governance section of our website, www.keyenergy.com.

Executive Committee

By unanimous written consent dated May 11, 2005, the Board of Directors expanded the membership and authority of the Executive Committee of the Board. The Executive Committee was delegated all of the powers of the Board, except those powers reserved to the full Board of Directors under Maryland law. From May 11, 2005 through October 25, 2007, the Executive Committee largely acted in place of the Board of Directors. During 2006, Messrs. Alario, Breazzano, Collins, Dienstbier, Fertig, Marcum, Michael, and West served on the Executive Committee. The Executive Committee held 13 meetings in 2006.

Effective October 26, 2007, the Executive Committee's membership was modified. The members of the Executive Committee shall consist of the CEO and Chairman, the lead director and each chairperson of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee of the Board of Directors. The current members of the Executive Committee are Messrs. Alario, Breazzano, Fertig and Michael. The Executive Committee will no longer act in place of the Board of Directors, except in situations where it may be impracticable to assemble the full Board to consider a matter on a timely basis. Any action by the Executive Committee will be promptly reported to the full Board.

Code of Business Conduct and Code of Business Conduct and Ethics for Members of the Board of Directors

We adopted a Code of Business Conduct on April 5, 2006 that superseded our Code of Business Conduct and Ethics, which was adopted in October 2004. The new policy applies to all of our employees, including our Chief Executive Officer, Chief Financial Officer and senior financial and accounting officers. In addition, we adopted a Code of Business Conduct and Ethics for Members of the Board of Directors on April 18, 2005. Among other matters, the Code of Business Conduct and the Board Code of Conduct establish policies to deter wrongdoing and to promote both honest and ethical conduct, including ethical handling of actual or apparent conflicts of interest, compliance with applicable laws, rules and regulations, full, fair, accurate, timely and understandable disclosure in public communications and prompt internal reporting of violations of the Code of Business Conduct. We also have an Ethics Committee, composed of members of management, which administers our ethics and compliance program with respect to our employees. In addition, we provide an ethics line for reporting any violations on a confidential basis. Copies of our Code of Business Conduct and the Board Code of Conduct are available on our website at www.keyenergy.com. We will post on our internet website all waivers to or amendments of our Code of Business Conduct and the Board Code of Conduct that are required to be disclosed by applicable law and the NYSE listing standards.

Report of the Audit Committee

The Audit Committee has reviewed our audited financial statements for the fiscal year ended December 31, 2006 and has discussed these financial statements with our management and independent registered public accounting firm.

The Audit Committee has also received from, and discussed with, Grant Thornton LLP, our independent registered public accounting firm, various communications that our independent registered public accounting firm is required to provide to the Audit Committee, including the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees).

Our independent registered public accounting firm also provided the Audit Committee with the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). The Audit Committee has discussed with the independent registered public accounting firm their independence from Key.

Based on its discussions with management and the independent registered public accounting firm, and its review of the representations and information provided by management and the independent registered public accounting firm, the Audit Committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2006.

By the Audit Committee of the Board of Directors

Ralph S. Michael, III, Chairman
Kevin P. Collins
W. Phillip Marcum
William F. Owens

Executive Officers

Below are the names, ages and certain other information on each of our executive officers, other than Mr. Alario, whose information is provided above.

William M. "Bill" Austin, age 61, Senior Vice President and Chief Financial Officer. On January 20, 2005, Mr. Austin was named Senior Vice President, Chief Financial Officer and Chief Accounting Officer. Mr. Austin served as an advisor, principally in a financial capacity, to the Company for six months prior to becoming an officer of Key. Prior to joining the Company, Mr. Austin served as Chief Restructuring Officer of Northwestern Corporation from 2003 to 2004, which declared bankruptcy in September 2003. Mr. Austin served as Chief Executive Officer, U.S. Operations, of Cable & Wireless/Exodus Communications from 2001 to 2002, which declared bankruptcy in September 2001. He also served as Chief Financial Officer of BMC Software from 1997 to 2001. Prior to that, Mr. Austin spent nearly six years at McDonnell Douglas Aerospace, a subsidiary of McDonnell Douglas Corporation, serving most recently as Vice President and Chief Financial Officer, and 18 years at Bankers Trust Company. Mr. Austin received a BS in Electrical Engineering from Brown University and an MBA from Columbia University.

Newton W. Wilson III, age 56, Senior Vice President, General Counsel and Secretary. Mr. Wilson joined the Company as Senior Vice President and General Counsel effective January 24, 2005. He also was appointed Secretary effective January 24, 2005. Previously, Mr. Wilson served as Senior Vice President, General Counsel and Secretary of Forest Oil Corporation, which he joined in November 2000. Prior to joining Forest, Mr. Wilson was a consultant to the oil industry as well as an executive for two oil and gas companies, Union Texas Petroleum and Transco Energy Company. Mr. Wilson received a BBA from Southern Methodist University and a JD from the University of Texas.

Kim B. Clarke, age 51, Senior Vice President and Chief People Officer. Ms. Clarke joined the Company on November 22, 2004 as Vice President and Chief People Officer. She was elected as an executive officer in January 2005. As of January 1, 2006, Mr. Clarke serves as our Senior Vice President and Chief People Officer. Ms. Clarke previously served as Vice President of Human Resources for GC Services from 1999 to 2004. Prior to that she served in a number of senior level human resource roles for Browning-Ferris Industries (BFI) from 1988 to 1997 and as BFI's Vice President Human Resources from 1997 to 1999. Ms. Clarke's 25 years of work experience also includes industry experience with Baker Service Tools and National Oilwell. Ms. Clarke holds a BS Degree from the University of Houston.

Edgar Filing: KEY ENERGY SERVICES INC - Form DEF 14A

Don D. Weinheimer, age 48, Senior Vice President of Business Development, Technology and Strategic Planning. Mr. Weinheimer joined the Company on October 2, 2006. Previously, Mr. Weinheimer served as Vice President, Technology Globalization, within Halliburton's Energy Services Group from July 2006 to October 2006. Prior to that, Mr. Weinheimer served as Vice President, Innovation and Marketing within the Production Optimization Division of Halliburton from July 2004 to July 2006. Mr. Weinheimer has over 25 years of industry experience, including international operational and business development experience in both the Middle East and Algeria. Mr. Weinheimer holds a BS degree in Agricultural Engineering from Texas A&M University.

Phil G. Coyne, age 56, Senior Vice President Eastern Region. Mr. Coyne became Senior Vice President of the Company's Eastern Region in September 2004. He was appointed as an executive officer in April 2005. Mr. Coyne joined the Company as Vice President Eastern Region in April of 2004. Before joining the Company, Mr. Coyne was Vice President of North America for Owen Oil Tools, an explosives manufacturer and a division of Core Laboratories, from 2001 to 2004. He served as U.S. Operations Support Manager for Wood Group (a British based company) from 1999 to 2001. Mr. Coyne served in various positions with Western Atlas from 1984 to 2000, most recently serving as the District Manager of Atlas's Broussard, Louisiana offshore operations. Mr. Coyne is a Vietnam era veteran and was in the Air Force stationed primarily in Thailand.

Jim D. Flynt, age 61, Senior Vice President Western Division. Mr. Flynt assumed his current position as Senior Vice President Western Region effective September 2004. Mr. Flynt became an executive officer of the Company effective March 5, 2003 when he was promoted to Senior Vice President Production Services. From December 1999 to March 2003, Mr. Flynt served as Vice President Western Operations. Mr. Flynt joined the Company in September 1998 as the President of the Company's California Division, following the Company's acquisition of Dawson Production Services, Inc. From February 1997 to September 1998, Mr. Flynt served as the Regional Vice President of Dawson Production Services, Inc. Before joining Dawson Production Services, Inc., he was Vice President, Area Manager, of Pride Petroleum Services, Inc. from January 1996 to February 1997. From June 1995 to January 1996, he served as District Manager of Pool California Production Service, a subsidiary of Pool Energy Services Co. From March 1976 to June 1995, he served as Vice President, Operations, of California Production Services, Inc.

J. Marshall Dodson, age 36, Vice President and Chief Accounting Officer. Mr. Dodson joined the Company as Vice President and Chief Accounting Officer on August 22, 2005. Prior to joining the Company, Mr. Dodson served in various capacities at Dynege, Inc. from 2002 to August 2005, most recently serving as Managing Director and Controller, Dynege Generation since 2003. Mr. Dodson started his career with Arthur Andersen LLP in Houston, Texas in 1993, serving most recently as a senior manager prior to joining Dynege, Inc. Mr. Dodson is a Certified Public Accountant and received a BBA from the University of Texas at Austin in 1993.

D. Bryan Norwood, age 52, Vice President and Treasurer. Mr. Norwood was named Vice President and Treasurer effective October 20, 2006. Mr. Norwood has 28 years of experience, most recently as Eastern Region Controller for the Company, having served in that capacity from September 2005 to October 2006. Prior to joining Key, Mr. Norwood had a consulting company DBN Norwood Services, Inc., from September 2003 to September 2005. He served as Vice President Finance-Americas for Bredero Shaw Company from January 1998 to September 2003. Mr. Norwood is a Certified Public Accountant and is a graduate of the University of Texas at Austin, where he received his BBA.

Fees of Independent Registered Public Accounting Firm

Auditors Fees

Effective December 1, 2006, Grant Thornton LLP was engaged as the Company's registered independent public accountant. Grant Thornton did not bill us prior to 2007. We incurred

Edgar Filing: KEY ENERGY SERVICES INC - Form DEF 14A

approximately \$8.9 million in audit fees in 2007 related to the audits of the three years ended December 31, 2006. We have not engaged Grant Thornton for services beyond the audit or review of our financial statements and internal control over financial reporting.

Prior to the engagement of Grant Thornton, KPMG LLP served as our registered independent public accountant in 2005 and until December 1, 2006. Audit fees paid to