FRANK'S INTERNATIONAL N.V.
Form DEF 14A
December 11, 2018
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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

FRANK S INTERNATIONAL N.V.

(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.

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

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FRANK S INTERNATIONAL N.V.

Mastenmakersweg 1, 1786 PB Den Helder

The Netherlands

To the shareholders of Frank s International N.V.:

You are cordially invited to attend the special meeting of the shareholders of Frank s International N.V. (the Company) to be held on January 15, 2019, at 2:00 p.m. Central European Time (CET), at J.J. Viottastraat 52, 1071 JT, Amsterdam, The Netherlands. This special meeting has been called by the Company s board of managing directors (the Management Board) and the Company s board of supervisory directors (the Supervisory Board). At this meeting, you will be asked to consider and vote upon the following proposal:

1. To approve the increase of the number of supervisory directors from 8 to 9 members, and to elect Melanie Montague Trent to the Supervisory Board to serve until the Company s annual meeting of shareholders in 2019.

Your vote is very important. Holders of the Company s shares of common stock, each with a nominal value of 0.01 (the Common Stock), held as of December 18, 2018, the day of registration (*dag van registratie*) as referred to in the Dutch Civil Code, are entitled to vote on the matters before the special meeting. Even if you plan to attend the special meeting, the Company urges you to promptly vote your shares of Common Stock in advance of the special meeting. You will retain the right to revoke your proxy at any time before the vote, or to vote your shares of Common Stock personally if you attend the special meeting. Voting your shares of Common Stock in advance of the special meeting will not prevent you from attending the special meeting and voting in person. Please note, however, that if you hold your shares of Common Stock through a broker or other nominee, and you wish to vote in person at the special meeting, you must obtain from your broker or other nominee a proxy issued in your name.

I urge you to review carefully the proxy statement, which contains detailed descriptions of the proposals to be voted upon at the annual meeting.

Sincerely,

Michael C. Kearney

Chairman of the Supervisory Board

Den Helder, The Netherlands

December 11, 2018

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF

PROXY MATERIALS FOR THE SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JANUARY 15, 2019

The Notice of Special Meeting of Shareholders and the Proxy Statement for the Special Meeting of Shareholders, along with the Company s Annual Report to Shareholders, is available free of charge at ***www.proxydocs.com/fi***.

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FRANK S INTERNATIONAL N.V.

Mastenmakersweg 1, 1786 PB Den Helder

The Netherlands

PROXY STATEMENT

SPECIAL MEETING OF SHAREHOLDERS

December 11, 2018

This proxy statement is being furnished to you in connection with the solicitation of proxies by the Management Board and the Supervisory Board of the Company for use at the Company s special meeting. This proxy statement and the accompanying form of proxy are first being mailed to the Company s shareholders of record as of December 18, 2018 on or about December 27, 2018.

QUESTIONS AND ANSWERS

Shareholders are urged to carefully read this proxy statement in its entirety. FOR COPIES OF THIS PROXY STATEMENT, OR IF YOU HAVE ANY QUESTIONS ABOUT THE SPECIAL MEETING OR NEED ASSISTANCE VOTING, PLEASE CONTACT OUR INVESTOR RELATIONS DEPARTMENT AT (713) 231-2463 OR BY EMAIL TO INVESTOR.INFO@FRANKSINTL.COM.

Q: When and where is the special meeting?

A: The special meeting will be held on January 15, 2019, at 2:00 p.m. CET, at J.J. Viottastraat 52, 1071 JT, Amsterdam, The Netherlands.

Q: Who is soliciting my proxy?

A: The Management Board and the Supervisory Board are sending you this proxy statement in connection with their solicitation of proxies for use at the Company s special meeting.

Q: Who is entitled to vote at the annual meeting?

A: All shareholders who own shares of Common Stock as of the record date, December 18, 2018, are entitled to vote the shares of Common Stock that they hold as of that date. Each shareholder that attends the special meeting in person may be asked to present valid picture identification, such as a driver s license or passport.

Each shareholder is entitled to one vote for each share of Common Stock owned by them on the record date, December 18, 2018, on all matters to be considered. On December 4, 2018, 224,289,902 shares of Common Stock were outstanding.

Q: What vote is required to approve the proposals?

A: The affirmative vote of a simple majority of the votes cast is required to elect the supervisory director nominee at the special meeting. Under Dutch law, there is no required quorum for shareholder action at a properly convened shareholder meeting.

A properly executed proxy (for a holder as of the record date of the special meeting) will be voted in accordance with the instructions on the proxy. If you properly complete and submit a proxy, but do not indicate any contrary voting instructions, your shares will be voted as follows:

FOR the increase of the number of supervisory directors from 8 to 9 members and the election of the supervisory director nominee named in this proxy statement.

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Q: How do I vote?

A: You may vote by any of the following four methods:

Internet. Vote on the Internet at *www.proxyvote.com*. This web site also allows electronic proxy voting using smartphones, tablets and other web-connected mobile devices (additional charges may apply pursuant to your service provider plan). Simply follow the instructions on the proxy card and you can confirm that your vote has been properly recorded. If you vote on the Internet, you can request electronic delivery of future proxy materials. Internet voting facilities will be available 24 hours a day and will close at 11:59 p.m. Eastern Standard Time (EST) on January 14, 2019, or 5:59 a.m. CET on January 15, 2019.

Telephone. Vote by telephone by following the instructions on the proxy card. Easy-to-follow voice prompts allow you to vote your shares of Common Stock and confirm that your vote has been properly recorded. Telephone voting facilities for shareholders will be available 24 hours a day and will close at 11:59 p.m. EST on January 14, 2019, or 5:59 a.m. CET on January 15, 2019.

Mail. Vote by mail by completing, signing, dating and returning your proxy card in the pre-addressed, postage-paid envelope provided. If you vote by mail and your proxy card is returned unsigned, then your vote cannot be counted. If you vote by mail and the returned proxy card is signed without indicating how you want to vote, then your proxy will be voted as recommended by the Board. If you mail in your proxy card, it must be received by the Company before the voting polls close at the special meeting.

In person. You may attend and vote at the special meeting.

The Board recommends that you vote using one of the first three methods discussed above, as it is not practical for most shareholders to attend and vote at the special meeting. Using one of the first three methods discussed above to vote will not limit your right to vote at the special meeting if you later decide to attend in person. If you are a beneficial owner of Common Stock held in street name, you must either direct your broker or other nominee as to how to vote your Common Stock, or obtain a legal proxy from your broker or other nominee to vote at the special meeting. Please refer to the voter instruction card provided by your broker or other nominee for specific instructions on methods of voting.

Even if you plan to attend the special meeting, please vote your proxy in advance of the special meeting using one of the methods above as soon as possible so that your shares of Common Stock will be represented at the special meeting if for any reason you are unable to attend in person.

Q: What do I do if I want to change my vote after I have already voted by proxy?

A: If you are a shareholder of record as of the record date, you may change or revoke your vote at any time before the voting polls close at the special meeting by:

- voting at a later time by Internet or telephone until 11:59 p.m. EDT on January 14, 2019, or 5:59 a.m. CET on January 15, 2019;

- delivering a later-dated, executed proxy card to the address indicated in the envelope accompanying the proxy card;

- delivering a written notice of revocation of your proxy to the Company, Attention: Corporate Secretary at 10260 Westheimer Rd., Suite 700, Houston, Texas 77042; or

- attending the special meeting and voting in person. Please note that attendance at the special meeting will not by itself (i.e., without also voting) revoke a previously granted proxy.

If you are a beneficial owner of Common Stock held in street name and you have instructed your broker or other nominee to vote your Common Stock, you must follow the procedure your broker or other nominee provides to change those instructions. You may also vote in person at the special meeting if you obtain a legal proxy from your broker or other nominee.

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Q: If my shares of Common Stock are held in street name by my broker or other nominee, will my broker or other nominee vote my Common Stock for me?

A: Brokers who hold shares in street name for customers are required to vote shares in accordance with instructions received from the beneficial owners. Brokers are permitted to vote on discretionary items if they have not received instructions from the beneficial owners, but they are not permitted to vote (a broker non-vote) on non-discretionary items absent instructions from the beneficial owner. Brokers do not have discretionary voting authority with respect to the election of the supervisory director nominee. Neither abstentions nor broker non-votes will have any effect on the outcome of voting on the election of the supervisory director nominee because they are not considered votes cast. If any other business properly comes before the special meeting, your shares will be voted in accordance with the discretion of the holders of the proxy. The Management Board and the Supervisory Board know of no matters, other than those previously stated, to be presented for consideration at the special meeting.

Q: Who covers the expense of the proxy solicitation?

A: The expense of preparing, printing and mailing these proxy materials and the proxies solicited hereby will be borne by the Company. In addition to the use of the mail, proxies may be solicited by employees of the Company, without additional remuneration, by mail, phone, fax or in person. The Company will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of the Company s Common Stock as of December 18, 2018 and will provide reimbursement for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly voting your shares of Common Stock by following the instructions on the proxy card will help to avoid additional expense.

Q: Are dissenters rights available to holders of Common Stock?

A: Subject to certain exceptions, Dutch law does not recognize the concept of dissenters rights. Accordingly, dissenters rights are not available to the holders of the Company s Common Stock with respect to matters to be voted upon at the special meeting.

Q: Who can I contact for further information?

A: If you have questions or need assistance voting, please contact Investor Relations at (713) 231-2463 or investor.info@franksintl.com.

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ITEM ONE APPROVAL TO INCREASE THE NUMBER OF SUPERVISORY DIRECTORS FROM 8 TO 9 MEMBERS AND ELECTION OF SUPERVISORY DIRECTOR

The Management Board and the Supervisory Board propose to increase the number of supervisory directors from 8 to 9 members and have nominated Melanie Montague Trent for election to the Supervisory Board, with a term beginning on January 15, 2019 to serve until the Company s 2019 annual meeting of shareholders or until her successor is elected and qualified or upon earlier of death, disability, resignation or removal. Biographical information for the nominee, as well as for the Company s current executive officers, is contained in Management.

The Company s diversity policy is part of its Corporate Governance Guidelines and Nominating and Governance Committee Charter, which are under continuous consideration and review by the Nominating and Governance Committee and the Supervisory Board. The most recent changes have been made during October 2018.

The Corporate Governance Guidelines confirm that an important component of the Supervisory Board and the Management Board is diversity. In addition, the Supervisory Board acknowledges that under Dutch law, to which the Company is subject, the Company should as much as possible take into account a balanced gender representation when making nominations for appointment and drawing up profiles, and that such balanced memberships of a board exists if at least 30% of the members are men and if at least 30% of the members are women. The Company has established through the Nominating and Governance Committee selection criteria that identify desirable skills and experience for prospective Supervisory Board and Management Board members. In considering diversity of both boards, the Nominating and Governance Committee will take into account various factors and perspectives, including differences of viewpoint, professional experience, education, skill and other individual qualities, such as gender, race, ethnicity and age, and the variety of attributes that contribute to the relevant board s collective strength.

The Nominating and Governance Committee Charter states that the Nominating and Governance Committee will actively seek individuals qualified to become members of the Supervisory Board and Management Board for recommendation to the Supervisory Board. An important component of each board is diversity including not only background, skills, experience and expertise, but also gender, race and culture. In identifying the most qualified individuals as candidates for a board membership, the Committee will also seek to attain diversity in the composition of the Supervisory Board and the Management Board. Any search firms retained to assist the Committee will be specifically advised to seek to include qualified, diverse candidates from traditional and nontraditional environments, including women and minorities.

Although the proposed election will improve the Supervisory Board s diversity, the Company will not yet have achieved all of the targets of its diversity policy. The Company believes that the composition of the Supervisory Board (following the proposed election) and Management Board, taking into account the knowledge and experience of the current members, is in the best interest of the Company and its businesses. In the future, however, we will continue to pursue a more diverse composition for the boards, although it is not possible to predict when we will be able to fully achieve all targets.

Neither the Management Board nor the Supervisory Board has any reason to believe that its nominee will be unable or unwilling to serve if elected. If the nominee becomes unable or unwilling to accept nomination or election, the number of members of the Company s Supervisory Board will remain unchanged, until a meeting is called to appoint a substitute nominee that the Management Board and the Supervisory Board recommend.

With respect to the remuneration of Ms. Trent, reference is made to the relevant resolution on the remuneration of the members of the Supervisory Board, as adopted at the annual general meeting held on May 23, 2018. Such remuneration will apply for the period from her appointment until the 2019 annual general meeting.

The affirmative vote of a simple majority of the votes cast at the special meeting is required to approve the increase of the number of supervisory directors from 8 to 9 members and to elect the supervisory director nominee.

EACH OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE INCREASE OF THE NUMBER OF SUPERVISORY DIRECTORS FROM 8 TO 9 MEMBERS AND THE ELECTION OF THE SUPERVISORY DIRECTOR NOMINEE.

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MANAGEMENT

Board Structure

The Company currently has a two-tier board structure, consisting of the Management Board and the Supervisory Board, each of which must consist of at least one member under the Company s Articles of Association (the Articles). No person can serve on both the Management Board and the Supervisory Board. This structure is customary for Dutch companies.

Supervisory Board

Under Dutch law, the Supervisory Board s duties include supervising and advising the Management Board in performing its management tasks. The Supervisory Board exercises oversight of management with the Company s interests in mind. Assuming the shareholders elect the nominee as set forth in Item 1 Approval to Increase the Number of Supervisory Director from 8 to 9 Members and Election of Supervisory Director, the Company s Supervisory Board will consist of nine members, three of whom are members of the Mosing family.

Management Board

The Management Board s members are currently Burney J. Latiolais, Jr. and Kyle McClure. As managing directors, their duties include the management of the Company, consulting with the Supervisory Board on important matters and submitting certain important decisions to the Supervisory Board for its prior approval.

Supervisory Directors and Executive Officers

Officers of the Company have been appointed by the Management Board with approval from the Supervisory Board pursuant to Dutch law. Set forth below are the names and ages of the supervisory directors, the supervisory director nominee, as well as the names, ages and positions of the Company s executive officers. All supervisory directors are elected for a term of one year or to serve until their successors are elected and qualified or upon earlier of death, disability, resignation or removal. All executive officers hold office until their successors are elected and qualified or upon earlier of death, disability, resignation or removal. If elected, the supervisory director nominee will serve until the 2019 annual meeting of shareholders or until her successor is elected and qualified or upon the earlier of her death, disability, resignation or removal.

Name	Age	Position
Michael C. Kearney	69	Chairman of the Supervisory Board, President and Chief Executive Officer
William B. Berry	66	Lead Supervisory Director
Robert W. Drummond	58	Supervisory Director
Michael E. McMahon	71	Supervisory Director
D. Keith Mosing	68	Supervisory Director
Kirkland D. Mosing	59	Supervisory Director
S. Brent Mosing	63	Supervisory Director
Alexander Vriesendorp	65	Supervisory Director
Steven Russell.	51	President, Tubular Running Services
Scott A. McCurdy	42	President, Blackhawk Specialty Tools
Nigel M. Lakey	60	President, Tubular and Drilling Technologies

Kyle McClure	43	Senior Vice President and Chief Financial Officer, Managing Director
John Symington	57	Senior Vice President, General Counsel, Secretary and Chief Compliance Officer
Melanie M. Trent	54	Supervisory Director Nominee

Michael C. Kearney. Mr. Kearney currently serves as the Company s Chairman, President and Chief Executive Officer, a position he has held since September 2017. Mr. Kearney has served as a member of the Supervisory Board since 2013 and has over 25 years of upstream energy executive and Board experience, principally in the oil services sector. Mr. Kearney was appointed to the Supervisory Board in 2013 and was Lead Supervisory Director from May 2014 until December 31, 2015, when he was named Chairman. In addition, he served on the Audit Committee from 2013 until 2017 and the Compensation Committee from 2014 until 2016. Mr. Kearney previously served as President and Chief Executive Officer of DeepFlex Inc., a privately held oil service company which was engaged in the manufacture of flexible composite pipe used in offshore oil and gas production, from September

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2009 until June 2013, and had served as the Chief Financial Officer of DeepFlex Inc. from January 2008 until September 2009. Mr. Kearney served as Executive Vice President and Chief Financial Officer of Tesco Corporation from October 2004 to January 2007. From 1998 until 2004, Mr. Kearney served as the Chief Financial Officer and Vice President Administration of Hydril Company. In addition to his executive experience, Mr. Kearney s oil service experience extends to serving on the Board of Core Laboratories from 2004 until 2017, most recently as its Lead Director, and serving on the Board and Audit Committee of Fairmount Santrol from 2015 until its merger with Unimin Corporation in 2018. Mr. Kearney currently serves on the Board and Audit Committee of Ranger Energy Services, Inc., an independent provider of well service rigs and associated services, since 2018. Mr. Kearney received a Bachelor of Business Administration degree from Texas A&M University, as well as a Master of Science degree in Accountancy from the University of Houston. Mr. Kearney was selected as a supervisory director because of his experience in the oil and gas industry and his experience serving on the board of directors of other companies.

William B. Berry. Mr. Berry was appointed to the Supervisory Board in January 2015. Mr. Berry served as Executive Vice President, Exploration and Production, of ConocoPhillips Company (ConocoPhillips), a major international integrated energy company, from 2003 until his retirement on January 1, 2008. He has over 30 years of experience with ConocoPhillips and Phillips Petroleum Company, which became a part of ConocoPhillips in August 2002. While with these companies, he served at various times in other executive positions including President, Asia Pacific; Senior Vice President of Exploration and Production, Eurasia-Middle East; Vice President of Exploration and Production, Eurasia; and Vice President of International Exploration and Production, New Ventures. He currently serves on the boards of directors of Continental Resources, Inc. since May 2014 and Oceaneering International, Inc. since August 2016. He served on the boards of directors of Teekay Corporation from June 2011 to December 2015, Willbros Group, Inc. from February 2008 to May 2014, Nexen Inc. from December 2008 to June 2013 and Access Midstream Partners, L.P. from June 2013 to June 2014. Mr. Berry holds a Bachelor of Science and Master of Science degree in petroleum engineering from Mississippi State University. Mr. Berry brings extensive domestic and international experience in the oil and gas exploration and production industry and management expertise to the Board. Mr. Berry also brings considerable director experience from his position as a director with several other companies involved in the energy industry. Mr. Berry was selected as a supervisory director because of his extensive industry, management and director expertise.

Robert W. Drummond. Mr. Drummond was appointed to the Supervisory Board in May 2017. He currently serves as Chief Executive Officer of Keane Group, Inc., a position he has held since August 2018. He also serves on the Board of Directors of Keane Group, Inc. since August 2018. Prior to serving in his current position, Mr. Drummond served as President and Chief Executive Officer of Key Energy Services, Inc. from March 2016 to May 2018, prior to which he was President and Chief Operating Officer since June 2015. He also served on the Board of Directors of Key Energy Services, Inc. from November 2015 until August 2018. Prior to joining Key, Mr. Drummond was previously employed for 31 years by Schlumberger Limited, where he served in multiple engineering, marketing, operations, and leadership positions throughout North America. His positions at Schlumberger included President of North America from January 2011 to June 2015; President of North America Offshore & Alaska from May 2010 to December 2010; Vice President and General Manager for the US Gulf of Mexico from May 2009 to May 2010; Vice President of Global Sales from July 2007 to April 2009; Vice President and General Manager for US Land from February 2004 to June 2007; Wireline Operations Manager from October 2003 to January 2004; Vice President and General Manager for Atlantic and Eastern Canada from July 2000 to September 2003; and Oilfield Services Sales Manager from January 1998 to June 2000. Mr. Drummond began his career in 1984 with Schlumberger. Mr. Drummond is a member of the Society of Petroleum Engineers and serves on the Advisory Board for the Petroleum Equipment Suppliers Association and the University of Alabama College of Engineering Board. Formerly, he served as a member of the Board of Directors of the National Ocean Industries Association; the Board of Directors for the Greater Houston Partnership and on the Board of Trustees for the Hibernia Platform Employees Organization Newfoundland; and as an advisory board member for each of the University of Houston Global Energy Management Institute, the Texas

Tech University Petroleum Engineers and Memorial University s Oil and Gas Development Partnership.
Mr. Drummond received his Bachelors of Science in Mineral/Petroleum Engineering from the University of Alabama in 1983. Mr. Drummond was selected as a supervisory director because of his extensive industry and management expertise.

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Michael E. McMahon. Mr. McMahon was appointed to the Supervisory Board in May 2016. He is a founder and former partner of Pine Brook Partners LLC, a private equity firm, established in July 2006. Prior thereto, he served as Executive Director of Rhode Island Economic Development Corporation from January 2003 to July 2006. He was also a founder and partner of RockPort Capital Partners, a venture capital firm, from 2000 to 2003. Mr. McMahon has served on the board of directors of several public companies, including Bancorp Rhode Island, a publicly held banking and investments company, from 2006 until 2012 as well as serving on its Compensation Committee and Governance and Nominating Committee, Transocean Ltd., an offshore drilling company, from 2005 until 2007 as well as its Audit Committee, and Spinnaker Exploration Inc, an oil and gas exploration and production company, from 1999 to 2005 as well as serving as Chairman of its Audit Committee. He has also served on the board of directors for The Marine Drilling Companies Inc., an offshore drilling services company, TPC Corporation, a natural gas storage company, Numar Corporation, a company specializing in well logging technology used in oil and gas wells, and Triton Energy, an oil and gas exploration and production company. Mr. McMahon holds an A.B. in American Civilization from Brown University and was a member of the Program for Management Development (PMD 33) at Harvard Business School. Mr. McMahon was selected as a supervisory director because of his business acumen, capital market expertise and public company experience.

D. Keith Mosing. Mr. Mosing was appointed to the Supervisory Board in connection with the Company s initial public offering in August 2013. He currently serves as CEO and President of Western Airways, Inc., a private aviation charter company, as well as Mosing Properties and other related family real estate companies which engage in the sale, purchase and management of commercial real estate. He previously served as Executive Chairman of the Company from January 2015 until December 2015. He served as the Chairman of the Company s Supervisory Board since the Company s initial public offering in August 2013 until December 2015, and previously served as the Company s Chief Executive Officer and President from July 2011 until January 2015. He began his career as an employee of Frank s Casing Crew and Rental Tools, LLC (FCC) in 1965. Upon graduation from college and completion of military service he rejoined FCC in 1972, and in 1981 founded the Company s international operations and formally organized the international business as a separate company named Frank s International (a predecessor to the Company), with Mr. Mosing serving as Chairman, President and Chief Executive Officer. Mr. Mosing attended the University of Louisiana at Lafayette and Embry-Riddle Aeronautical University, where he graduated with a Bachelor of Science degree. Mr. Mosing is a member of the Society of Petroleum Engineers (SPE) and National Oil-Equipment Manufacturers and Delegate Society (NOMADS). Mr. Mosing was selected as a supervisory director because he is the founder of the Company s international operations, a driving force behind the expansion of the Company s U.S. operations and because of his extensive experience and familiarity with the Company s business and customers. Mr. Mosing is the cousin of Kirkland D. Mosing and S. Brent Mosing.

Kirkland D. Mosing. Mr. Mosing was appointed to the Supervisory Board in connection with the Company s initial public offering in August 2013. Mr. Mosing served as a technical sales representative for FCC from 1986 until his retirement on June 2015. Mr. Mosing has a Doctor of Veterinary Medicine from Louisiana State University. Mr. Mosing was selected as a supervisory director because of his extensive experience and familiarity with the Frank s companies. Mr. Mosing is the cousin of D. Keith Mosing and S. Brent Mosing.

S. Brent Mosing. Mr. Mosing was appointed to the Supervisory Board in connection with the Company s initial public offering in August 2013. Mr. Mosing has served on the board of directors for FCC and Frank s Tong Service, Inc. since 2000. Additionally, Mr. Mosing was a director of Shoreline Energy LLC, an independent exploration and production company, from May 2009 until November 2016. Mr. Mosing began his career with Frank s full time in 1978 and has held various positions, including field sales, office sales, information technology and marketing. Mr. Mosing received his Bachelor of Science Degree in Economics from the University of Louisiana at Lafayette in 1978 and his Master of Business Administration from the Northwestern State University in 1993. Mr. Mosing was selected as a supervisory director because of his extensive experience and familiarity with the Frank s companies.

Mr. Mosing is the cousin of D. Keith Mosing and Kirkland D. Mosing.

Alexander Vriesendorp. Mr. Vriesendorp was appointed to the Supervisory Board in May 2016. Mr. Vriesendorp has been a partner of Shamrock Partners B.V. since 1996, which serves as the manager for the Vreedenlust venture capital funds. From 1998 until 2001, Mr. Vriesendorp served as chief executive officer of RMI Holland B.V., a valve manufacturer, in The Netherlands. From 1991 until 1995, he served as chief executive officer of the Nienhuis Group, a manufacturer and worldwide distributor of Montessori materials with its head office in The Netherlands. From 2000 until 2012, Mr. Vriesendorp served as a member of the Supervisory Board of Core Laboratories N.V., a Dutch company providing proprietary and patented reservoir description, production enhancement and reservoir management services and products to the oil and gas industry. He was also a member of the supervisory board of SAS Gouda for 12 years. SAS originally founded in 1896 in Gouda, The Netherlands, specialized in designing and manufacturing reliable deck equipment for the offshore oil and gas market. Mr. Vriesendorp has also served on the supervisory boards of various privately-held European companies. Mr. Vriesendorp received a Master in Law degree from Leiden University in The Netherlands. Mr. Vriesendorp was selected as a supervisory director because of his broad international experience, his knowledge of Dutch corporate governance based on his legal background, and his general business knowledge regarding European companies.

Steven Russell. Mr. Russell currently serves as the President, Tubular Running Services, a position he has held since June 2018. Prior to serving in his current position, he served as the Company s Senior Vice President, Human Resources from May 2017. Prior to joining the Company, Mr. Russell served as Vice President, Human Resources for Archer Ltd., a global oil services company, from 2011 until 2017. Previously, he served as Global Inventory Manager for Schlumberger Ltd. (NYSE: SLB), a global oilfield services company, and prior to that, Mr. Russell served in a variety of roles for Schlumberger Ltd. Mr. Russell has over 25 years of experience in the oilfield services industry, with an emphasis on strong line management in North America, Europe, Asia, and Russia. Mr. Russell received a Masters in Chemical Engineering from the Imperial College of Science & Technology in London, England.

Scott A. McCurdy. Mr. McCurdy currently serves as President of the Blackhawk Specialty Tools division of the Company, a position he has held since November 2016. He previously served as Chief Financial Officer of Blackhawk from June 2011 through November 2016. Prior to joining Blackhawk, Mr. McCurdy served as Senior Vice President and Chief Financial Officer of Geokinetics Inc. (NYSE AMEX: GOK), and Vice President of Finance and Chief Financial Officer for Grant Geophysical, Inc. He has over 17 years of oilfield experience, and began his career with a Big Five international public accounting firm focused on oilfield service clients. Mr. McCurdy earned a BBA in Accounting and a Master of Accountancy from Baylor University. He is a licensed CPA and a member of the Society for Professional Engineers.

Nigel M. Lakey. Mr. Lakey currently serves as the Company s President, Tubular and Drilling Technologies, a position he has held since June 2018. Prior to joining the Company, he served as President and Chief Executive Officer of Reservoir Drilling Solutions, Inc. (Reservoir Drilling Solutions), a privately held drilling, completions and production technology business since founding Reservoir Drilling Solutions in October 2013 until June 2018. Additionally, Mr. Lakey currently serves as a Director and Chief Executive Officer of Fratex Incorporated, a privately held company active in the development and commercialization of intellectual property associated with drilling, completion and reservoir exploitation technology, a role he has held since June 2012, and as President and Chief Executive Officer of Condor Asset Management, LLC, a privately held company focused on the maximization of asset performance and hydrocarbon recovery through the application and implementation of novel reservoir access and management solutions, a role he has held since June 2012. Prior to the assumption of his current roles, Mr. Lakey served as Vice President, Exploration and Production for Turnkey E&P Corporation from 2009 to 2010 and Senior Vice President, Marketing & Business Development for Tesco Corporation from 1997 to 2009. Mr. Lakey has over 38 years of upstream sector experience, including his more than 10 years as an executive officer of a publicly traded global oilfield service and supply company. Mr. Lakey received his Bachelor of Science in Mechanical Engineering from the University of Alberta, and he is a Certified Petroleum Engineer.

Kyle McClure. Mr. McClure currently serves as the Company s Senior Vice President and Chief Financial Officer, a position he has held since June 2017. Prior to serving in his current position, he served as the Company s Senior Vice President of Finance and Treasurer since March 2015 with responsibility for global treasury, insurance, investor relations and financial planning and analysis. In August 2016, he assumed additional responsibilities for finance leadership of the Western Hemisphere business. In March 2017, he was appointed as the interim Chief Financial Officer in addition to his other duties. Prior to joining the Company, Mr. McClure served as Treasurer for Ascend Performance Materials, a specialty chemicals company, from January 2013 to March 2015, where he was responsible for capital funding, cash and liquidity management, insurance, credit and treasury operations and controls. Mr. McClure s previous experience also includes serving as Director of Treasury and Investor Relations for Cooper Industries, an electrical products manufacturer, from December 2008 until its acquisition by Eaton Corp in December 2012. He also served in multiple financial roles of increasing leadership at Dell over a ten-year period, including treasury, corporate planning, operations, and sales finance support. In addition, he worked in public accounting for Arthur Andersen. Mr. McClure holds a Bachelor of Arts degree in Economics from The University of Texas at Austin and a Master of Business Administration from Baylor University. Mr. McClure was selected as a managing director because of his experience and familiarity with the Company s business.

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John Symington. Mr. Symington currently serves as the Company s Senior Vice President, General Counsel, Secretary and Chief Compliance Officer, a position he has held since June 2018. Prior to joining the Company, Mr. Symington was engaged in private law practice as Of Counsel to the firm of Selman, Munson & Lerner, PC, in Houston, Texas from June 2015 through June 2018. Mr. Symington previously served in several positions within the legal department of Seadrill Limited, an offshore drilling contractor, from September 2008 through May 2015, including serving as general counsel for Seadrill Management Limited from April 2013 through May 2015. While serving as general counsel for Seadrill, he was also the chief legal officer for its publicly traded affiliates Seadrill Partners, North Atlantic Drilling, and Sevan Drilling. Prior to joining Seadrill, Mr. Symington worked in private legal practice and various in-house legal positions including serving as General Counsel of Enventure Global Technology, a provider of expandable oilfield well casing from September 2003 through September 2007, and various positions within the legal department of Schlumberger Limited, a diversified oilfield services provider, from March 1990 through December 2000. Mr. Symington s experience includes assignments abroad in the United Kingdom, Venezuela and Brazil, and he is fluent in Spanish and Portuguese. Mr. Symington holds a Juris Doctor degree from the University of Texas School of Law and a Bachelor of Arts from Duke University.

Melanie M. Trent. Ms. Trent served in various legal, administrative and compliance capacities for Rowan Companies plc (NYSE: RDC), a global offshore drilling contractor active in the Middle East, United Kingdom, Norway, Gulf of Mexico and Trinidad, from 2005 until April 2017, including as an Executive Vice President, General Counsel and Chief Administrative Officer from 2014 until April 2017, as Senior Vice President, Chief Administrative Officer and Company Secretary from 2011 until 2014, as Vice President and Corporate Secretary from 2010 until 2011, and in various other legal and compliance roles from 2005 to 2010. Prior to her tenure at Rowan Companies plc, Ms. Trent was an independent contractor from 2004 to 2005, and served in various legal, administrative and investor relations capacities for Reliant Energy Incorporated (and its predecessor Houston Industries), a commercial and residential electric utility business, from 1998 until 2003 and in various legal capacities for Compaq Computer Corporation from 1996 until 1998 prior to its acquisition by Hewlett-Packard in 2013. Prior to these positions, Ms. Trent was an associate at Andrews Kurth LLP practicing corporate and securities law from 1991 until 1996. Ms. Trent currently serves as a director of Diamondback Energy, Inc, an independent oil and natural gas company (NASDAQ: FANG) focused on the acquisition, development, exploration and exploitation of unconventional, onshore oil and natural gas reserves in the Permian Basin in West Texas, since April 2018, as well as on its Audit, Compensation and Nominating Committees. She also currently serves as a director of Arcosa, Inc. (NYSE: ACA), a provider of infrastructure-related products and solutions, with leading positions in construction, energy and transportation markets, since November 2018, as well as on its Audit and Corporate Governance and Directors Nominating Committees. Ms. Trent holds a Bachelor s degree from Middlebury College and holds a Juris Doctorate degree from Georgetown University Law Center. We believe that Ms. Trent s strong legal and executive management experience, diverse background and knowledge of oil and gas and energy industries qualify her to serve as a supervisory director.

Status as a Controlled Company

On November 20, 2018, the Company was notified that the Voting Agreement, dated July 22, 2013, by and among Ginsoma Family C.V., FWW B.V., Mosing Holdings, LLC and the other parties thereto had been terminated effective November 20, 2018. Due to this termination, the Company will no longer be treated as a controlled company under Section 303A of the NYSE Listed Company Manual. As a result, the Company will no longer be exempted from certain NYSE corporate governance requirements, including: (1) the requirement that a majority of its board of directors consist of independent directors; (2) the requirement that it have a Nominating and Governance Committee composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and (3) the requirement that it have a Compensation Committee composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities. Notwithstanding the Company s previous status as a controlled company, the Company has voluntarily maintained a Compensation

Committee and a Nominating and Governance Committee composed entirely of independent directors. The Company notes that, upon the election of Ms. Trent, a majority of the Company s board of supervisory directors will consist of independent directors.

Committees of the Supervisory Board

The Company s Supervisory Board currently has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Each of the three committees have the composition and responsibilities described below. The Company may decide in the future to create additional committees. For a description of the two-tier board structure, please see Management Board Structure section above.

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Audit Committee

The Audit Committee oversees, reviews, acts on and reports on various auditing and accounting matters to the Company s Supervisory Board, including: the selection of the Company s independent accountants, the scope of the Company s annual audits, fees to be paid to the independent accountants, the performance of the Company s independent accountants and the Company s accounting practices. In addition, the Audit Committee oversees the Company s compliance programs relating to legal and regulatory requirements. The Company has adopted an audit committee charter defining the committee s primary duties in a manner consistent with the rules of the Securities and Exchange Commission (the SEC) and the NYSE market standards, which is available at *www.franksinternational.com*.

Mr. Drummond, Mr. McMahon, and Mr. Vriesendorp are the current members of the Audit Committee and Mr. McMahon is the Chairman of the Audit Committee. An audit committee financial expert is defined as a person who, based on his or her experience, possesses the attributes outlined in Regulation S-K Item 407(d)(5)(ii) and (iii). The Supervisory Board has determined that Mr. McMahon is an audit committee financial expert as defined by the rules and regulations of the SEC.

If elected to the Supervisory Board, Ms. Trent will replace Mr. Drummond on the Audit Committee. The Company has determined that each of Messrs. Drummond, McMahon, Trent and Vriesendorp are financially literate as defined by the rules and regulations of the SEC.

Compensation Committee

The Company s Compensation Committee was formed in August 2014 and currently consists of Mr. Berry, Mr. Drummond and Mr. Vriesendorp, with Mr. Drummond serving as the Chairman.

The Compensation Committee oversees, reviews, acts on and reports on various compensation matters to the Company s Supervisory Board, including: the compensation of the Company s executive officers, supervisory directors and management directors; the Compensation Discussion and Analysis included in the Company s proxy statement or Annual Report on Form 10-K and the Compensation Committee Report; compensation matters required by Dutch Law; and the discharge of the Supervisory Board s responsibilities relating to compensation of the Company s executive officers, supervisory directors and managing directors. The Company has adopted a compensation committee charter defining the committee s primary duties, which is available at *www.franksinternational.com*.

The Compensation Committee is delegated all authority of the Supervisory Board as may be required or advisable to fulfill the purposes of the Compensation Committee. The Compensation Committee may form and delegate some or all of its authority to subcommittees or to its Chairman when it deems appropriate. Meetings may, at the discretion of the Compensation Committee, include other supervisory directors, members of the Company s management, consultants or advisors, and such other persons as the Compensation Committee believes to be necessary or appropriate. Further, Meridian Consultants, LLC has been engaged to provide advice and recommendations regarding compensation.

Nominating and Governance Committee

The Company s Nominating and Governance Committee was formed in May 2016 and currently consists of Mr. Berry, Mr. McMahon and Mr. Vriesendorp, with Mr. Berry serving as the Chairman.

The Nominating and Governance Committee oversees, reviews, acts on and reports on various corporate governance matters to the Company s Supervisory Board, including selection of director nominees; composition of the Supervisory Board and its committees; compliance with corporate governance guidelines; annual performance evaluations of the Supervisory Board and its committees; and succession planning for the Chief Executive Officer. The Company has adopted a nominating and governance committee charter defining the committee s primary duties, which is available at *www.franksinternational.com*.

The Nominating and Governance Committee is delegated all authority of the Supervisory Board as may be required or advisable to fulfill the purposes of the Nominating and Governance Committee. The Nominating and Governance Committee may form and delegate some or all of its authority to subcommittees or to its Chairman when it deems appropriate. Meetings may, at the discretion of the Nominating and Governance Committee, include other supervisory directors, members of the Company s management, consultants or advisors, and such other persons as the Nominating and Governance Committee believes to be necessary or appropriate.

Director Independence

Rather than adopting categorical standards, the Supervisory Board assesses director independence on a case-by-case basis, in each case consistent with applicable legal requirements and the listing standards of the NYSE. After reviewing all relationships each director has with the Company, including the nature and extent of any business relationships between the Company and each director, as well as any significant charitable contributions the Company makes to organizations where its directors serve as board members or executive officers, the Supervisory Board has affirmatively determined each of Messrs. Berry, Drummond, McMahon, Vriesendorp and Ms. Trent have no material relationships with the Company and are independent as defined by Section 10A of the Securities Exchange Act of 1934, as amended (the Exchange Act) and by the standards set forth by the NYSE and, to the extent consistent therewith, the Dutch Code.

Board and Committee Meetings

The Supervisory Board held nine meetings, the Audit Committee of the Supervisory Board held six meetings, the Compensation Committee of the Supervisory Board held three meetings and the Nominating and Governance Committee held six meetings during 2017. The Management Board held one formal meeting in 2017, in Amsterdam, The Netherlands, after the Company s 2017 annual general meeting, but meets weekly on an informal basis to coordinate the management of the business of the Company. During 2017, each of the Company s supervisory directors attended at least 75% of the Supervisory Board meetings and the meetings of the committees on which that director served. The Company s directors are encouraged to attend the annual meeting of shareholders either in person or telephonically. Each of the Company s supervisory directors at the time attended the 2017 annual meeting of stockholders either in person or through electronic conferencing and were available to answer questions.

Selection of Supervisory Director Nominees and Shareholder Participation

Pursuant to the Company s Articles, supervisory directors are appointed by the shareholders voting at a general meeting. The number of members of the Company s Supervisory Board is determined from time to time at a general meeting upon a proposal by the Supervisory Board, but will not be greater than nine. Pursuant to the Company s Articles, the Mosing Family (as defined in the Articles) has the right to make a binding recommendation of one director for nomination to the Supervisory Board for each 10% of the outstanding Common Stock, they collectively beneficially own, up to a maximum of five directors.

The general meeting is free to appoint the remaining supervisory directors, as well as any supervisory director for which the Mosing Family does not exercise its recommendation right within three months of a position becoming vacant. A recommendation submitted on time by the Mosing Family is binding. However, the general meeting may disregard the recommendation by the Mosing Family if it adopts a resolution to that effect by a majority of no less than two-thirds of the votes cast, representing over one-half of the issued capital.

In evaluating supervisory director candidates, the Company assesses whether a candidate possesses the integrity, judgment, knowledge, experience, skills and expertise that are likely to enhance the Supervisory Board s ability to oversee and direct the Company s affairs and business, including, when applicable, to enhance the ability of committees of the Supervisory Board to fulfill their duties and the quality of the Supervisory Board s deliberations and decisions. In evaluating supervisory directors, the Company considers diversity in its broadest sense, including persons diverse in perspectives, personal and professional experiences, geography, gender, race and ethnicity.

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In order to assist the Supervisory Board in the supervisory director selection process as well as in the selection of Supervisory Board committee composition, the Nominating and Governance Committee has developed a written matrix of the ideal characteristics and competencies of a public company board of directors, including the best practice compositions for members of an audit committee, compensation committee and nominating and governance committee. Criteria includes (i) senior leadership experience, (ii) business development/mergers and acquisition experience, (iii) financial expertise and financial literacy, (iv) public board experience, (v) the number of public boards on which the individual is currently serving, (vi) diversity, (vii) global experience, (viii) industry experience, (ix) operational/manufacturing experience, (x) information technology experience, (xi) brand marketing experience, (xii) independence, (xiii) drilling/service company experience, (xiv) controlled company experience, (xv) strategy and vision development, (xvi) collegiality and respectfulness with regards to the ideas of others, and (xvii) emergency CEO capability.

The Company will consider director candidates recommended by shareholders on the same basis as candidates recommended by the Supervisory Board and other sources. For a description of the procedures and qualifications required to submit shareholder proposals, including for nominating directors, please see Shareholder Proposals. Other than as described above, the Company does not have a policy regarding consideration of director candidates submitted by shareholders.

Communications with Directors of the Company

The Supervisory Board welcomes questions or comments about the Company and its operations. Interested parties who wish to communicate with the Supervisory Board, the non-employee or independent directors, or any individual director, may write to Frank s International N.V., c/o U.S. Headquarters, Attention: Corporate Secretary 10260 Westheimer Rd., Suite 700, Houston, Texas 77042, Attention: Corporate Secretary. If requested, any questions or comments will be kept confidential to the extent reasonably possible. Depending on the subject matter, the Corporate Secretary, will:

- forward the communication to the director or directors to whom it is addressed;
- refer the inquiry to the appropriate corporate department if it is a matter that does not appear to require direct attention by the Supervisory Board or an individual director; or
- not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

Compensation Committee Interlocks and Insider Participation

None of the Company s executive officers serve on the board of directors or compensation committee of a company that has an executive officer that serves on the Company s Supervisory Board. No member of the Company s Supervisory Board is an executive officer of a company in which one of the Company s executive officers serves as a member of the board of directors or compensation committee of that company.

In August 2014, the Supervisory Board established a Compensation Committee, consisting of Messrs. Erikson, Luquette and Kearney. Mr. Berry replaced Mr. Luquette on the Compensation Committee in connection with Mr. Luquette s appointment as President and Chief Executive Officer in January 2015. In May 2016, Mr. Vriesendorp replaced Mr. Kearney. Upon Mr. Erikson s retirement from the Supervisory Board in May 2017, Mr. Drummond became a member of the Compensation Committee. We expect that the Compensation Committee will continue to handle compensation matters for the fiscal year ending December 31, 2019.

Risk Oversight

The Supervisory Board is actively involved in oversight of risks that could affect the Company. This oversight function is conducted primarily through the Audit Committee, but the full Supervisory Board retains responsibility for general oversight of risks. The Audit Committee is charged with oversight of the Company s system of internal controls and risks relating to financial reporting, legal, regulatory and accounting compliance. The Company s Supervisory Board will continue to satisfy its oversight responsibility through full reports from the Audit Committee chair regarding the committee s considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks. In addition, the Company has internal audit systems in place to monitor adherence to policies and procedures and to support the Company s internal audit function. The Company has an established practice of conducting enterprise risk assessments and fraud risk assessments on a recurring basis, the results of which are reviewed by the Supervisory Board.

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Executive Sessions of the Supervisory Board

The non-management supervisory directors have regularly scheduled meetings in executive session. In the event the non-management supervisory directors include supervisory directors who are not independent under the listing requirements of the NYSE, then at least once a year, there will be an executive session including only independent supervisory directors. Mr. Kearney has presided at these meetings since May 14, 2014 when he was appointed as Lead Supervisory Director , the supervisory director who presides at these meetings. On January 1, 2016, Mr. Kearney assumed the position of non-Executive Chairman of the Supervisory Board. As Lead Supervisory Director, then non-Executive Chairman, he was responsible for preparing an agenda for the meetings of the independent supervisory directors and conducting these meetings in executive session. As a result of Mr. Kearney s appointment as the Company s President and Chief Executive Officer, Mr. Berry became Lead Supervisory Director effective September 26, 2017.

Board Leadership Structure

Currently, Michael C. Kearney serves as both the Company s Chief Executive Officer and Chairman of the Supervisory Board. While the Supervisory Board believes it is important to retain the flexibility to determine whether the roles of Chairman and Chief Executive Officer should be separated or combined in one individual, the Supervisory Board believes that the current Chief Executive Officer is the individual with the necessary experience, commitment and support of the other members of the Supervisory Board to effectively carry out the role of Chairman.

The Supervisory Board believes this structure promotes better alignment of strategic development and execution, more effective implementation of strategic initiatives and clearer accountability for the Company s success or failure. Moreover, the Supervisory Board believes that combining the Chairman and Chief Executive Officer positions does not impede independent oversight of the Company.

Annual Performance Evaluation of the Supervisory Board and its Committees

The Supervisory Board conducts an annual self-evaluation to determine whether it is functioning effectively. The self-evaluation process is overseen by the Supervisory Board. As part of this process, the Lead Supervisory Director will receive comments from each supervisory director in response to a distributed questionnaire and will determine whether the Supervisory Board should discuss the findings.

The Supervisory Board s committees also conduct an annual self-evaluation to determine whether the committees are functioning effectively. The self-evaluation process is overseen by the Supervisory Board. As part of this process, the Chairman of each committee will receive comments from each of the committee members in response to a distributed questionnaire and will determine whether the applicable committee or the Supervisory Board should discuss the findings.

Code of Ethics for Chief Executive Officer, Chief Financial Officer, Controller and Certain Other Officers

The Company s Supervisory Board has adopted a Financial Code of Ethics for its Chief Executive Officer, Chief Financial Officer and all other financial and accounting officers. Any change to, or waiver from, the Financial Code of Ethics will be promptly disclosed as required by applicable U.S. federal securities laws and the corporate governance rules of the NYSE. A copy of the Company s Financial Code of Ethics for its Chief Executive Officer, Chief Financial Officer, Controller and Certain Other Officers is available on the Company s website at *www.franksinternational.com*.

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Code of Business Conduct and Ethics

The Company s Supervisory Board has adopted a Code of Business Conduct and Ethics applicable to the Company s employees, supervisory directors, managing directors and officers, in accordance with applicable U.S. federal securities laws and the corporate governance rules of the NYSE. Any change to, or waiver from, this Code of Business Conduct and Ethics may be made only by the Company s Supervisory Board and will be promptly disclosed as required by applicable U.S. federal securities laws and the corporate governance rules of the NYSE. A copy of Company s Code of Business Conduct and Ethics is available on the Company s website at www.franksinternational.com.

Corporate Governance Guidelines

The Company s Supervisory Board has adopted corporate governance guidelines in accordance with the corporate governance rules of the NYSE. A copy of the Company s Corporate Governance Guidelines is available on the Company s website at *www.franksinternational.com*.

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COMPENSATION COMMITTEE REPORT

The Supervisory Board reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K promulgated by the SEC with management of the Company, and, based on such review and discussions, the Supervisory Board recommended that such Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Submitted by the Compensation Committee

Robert W. Drummond (Chairman)

William B. Berry

Alexander Vriesendorp

COMPENSATION DISCUSSION AND ANALYSIS AND EXECUTIVE COMPENSATION

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (this CD&A) provides information regarding the executive compensation program for (a) all individuals serving as the Company s principal executive officer for the last completed year, (b) for all individuals serving as the Company s principal financial officer for the last completed fiscal year, (c) the two other highest compensated executive officers at the end of such year (our only two other executive officers at the end of such year), and (d) one other individual who served as an executive officer during the last completed fiscal year who would have been among our three highest compensated executive officers (other than the principal executive officer and the principal financial officer) for 2017 had he still been serving as executive officers at the end of the last completed fiscal year (collectively, the Named Executive Officers) and is intended to provide perspective regarding the Company s executive compensation program, including the philosophy, objectives, compensation processes, and key components of compensation.

The following individuals were Named Executive Officers as of December 31, 2017:

- Michael C. Kearney, Chairman, President and Chief Executive Officer (CEO) beginning September 26, 2017;
- Douglas Stephens, President and CEO through September 26, 2017;
- Kyle McClure, Senior Vice President and Chief Financial Officer (CFO) beginning March 2, 2017;
- Jeffrey J. Bird, Executive Vice President and CFO through March 1, 2017;
- Burney J. Latiolais, Jr., Executive Vice President, Global Operations;
- Alejandro (Alex) Cestero, Senior Vice President, General Counsel, Secretary, and Chief Compliance Officer; and
- Daniel A. Allinger, Senior Vice President, Global Human Resources through January 27, 2017.

In 2017, several of our executive officers transitioned from their roles with the Company. Mr. Stephens stepped down from his role as our CEO and supervisory director effective at 5:00 pm CST on September 26, 2017, and Mr. Kearney became our President and CEO immediately thereafter. Mr. Bird stepped down from his role as our CFO effective March 1, 2017. Mr. McClure became our interim CFO at such time, and was appointed by the Board as Senior Vice President and CFO of the Company effective June 5, 2017. Additionally, effective January 27, 2017, Mr. Allinger terminated employment with the Company.

On February 19, 2018, Mr. Latiolais became President, Tubular Running Services, but was succeeded in this position by Steven Russell effective June 13, 2018. For purposes of this CD&A, Mr. Latiolais former title of Executive Vice President, Global Operations is used. Mr. Cestero departed the Company effective September 30, 2018, and

Mr. Latiolais, who is currently an Executive Advisor to our CEO, is expected to depart the Company on December 31, 2018. Since these actions took place in 2018, they are not reflected in the tables below, but they may affect which individuals are considered to be named executive officers in future years.

Although this CD&A focuses on the Company s executive compensation program during the last fiscal year, it also describes compensation actions taken before or after the 2017 fiscal year to the extent such discussion enhances the understanding of the Company s executive compensation disclosure.

Overview of Executive Compensation and our Compensation Process

The Compensation Committee has responsibility to, among other things, establish and oversee the compensation arrangements described below. Throughout 2017, the Compensation Committee had primary responsibility over our executive compensation program, including the decisions regarding the various levels and forms of compensation for each of the Named Executive Officers. Factors considered in making this determination included overall market conditions, the goal of remaining competitive in the marketplace and incentivizing performance, and the particular Named Executive Officer s role in contributing to the Company s results.

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We held our last advisory say-on-pay and say-on-frequency votes regarding executive compensation at our 2016 Annual Meeting. At that meeting, more than 99% of the votes cast by our shareholders approved the compensation paid to our named executive officers as described in the CD&A and the other related compensation tables and disclosures contained in our Proxy Statement filed with the SEC on March 30, 2016. The Company s Supervisory Board and the Compensation Committee reviewed the results of this vote and concluded that this level of approval reflects strong shareholder support of our compensation strategy and programs. Nevertheless, the Compensation Committee implemented certain changes in 2016 to strengthen our pay-for-performance program and to better align our compensation practices with shareholder value. We did not make any significant changes to our compensation program for our executive officers in 2017. In accordance with the say-on-frequency preference expressed by our shareholders to conduct an advisory vote on executive compensation every three years, the next advisory vote will occur as part of the 2019 Annual Meeting.

The main components of our executive compensation program for 2017 consisted of the following items, which are described in greater detail in the sections below:

- base salary;
- annual cash incentive awards;
- deferred compensation and equity-based long-term incentive compensation (comprised of both time-based vesting equity awards and performance-based equity awards); and
- severance benefits for certain terminations of employment.

In 2017, none of our Named Executive Officers was subject to a traditional employment agreement providing for guaranteed compensation amounts or severance protection for terminations of employment. However, Mr. Kearney, our Chief Executive Officer, is party to an Offer Letter that provides for an initial level of annual base salary, target bonus opportunities, equity based incentive awards, and certain termination benefits upon a qualifying termination of employment. Mr. McClure, our Chief Financial Officer, is party to an Offer Letter that provides for certain levels of annual base salary, target bonus opportunities, and equity based incentive awards. Mr. Latiolais is a party to a confidentiality and restrictive covenant agreement that provides for certain severance benefits. Our Executive Change-in-Control Severance Plan (the CIC Severance Plan) also provides severance protection in connection with certain qualifying terminations following a change in control for our Named Executive Officers who participate in this plan. See Potential Payments upon Termination or a Change in Control, for a more detailed discussion of all of our arrangements providing for payments upon a termination or change in control.

In order to facilitate alignment of our executives interests with those of our shareholders, the Compensation Committee maintains stock ownership guidelines for our executive officers and members of the Supervisory Board, which require our executive officers and directors to maintain certain minimum levels of stock ownership in the Company (ranging from 2-5 times the individual s annual base salary or annual base cash retainer, as applicable), to be achieved within five years of the individual s appointment to the applicable position covered by the guidelines.

Program Highlights for 2017

In 2017, the Compensation Committee continued to work with its compensation consultant, Meridian Compensation Partners, LLC (Meridian), to assist the Company in ensuring that (i) total executive compensation is within the market range compared to the executive compensation among the Company s peer group, and (ii) overall compensation aligns the executives interests with those of the Company s stockholders by tying a meaningful portion of each executive s cash and equity to the achievement of performance targets and by including both time-based and performance-based vesting requirements in the long-term equity incentive compensation awards. Consistent with the above, the Company continues to maintain executive compensation programs that reflect positive corporate governance features, including:

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- A large portion of total compensation is provided under variable, at-risk performance-based elements to align pay and performance;
- Multiple performance metrics are utilized across our short- and long-term incentive plans;
- Maximum payout is limited under our short- and long-term incentive plans;
- We maintain stock ownership guidelines for officers and non-employee directors;
- Anti-hedging and anti-pledging policies are included in our Insider Trading Policy;
- The Compensation Committee engages an independent outside consultant to help the Committee evaluate and monitor our compensation program;
- We utilize reasonable post-employment and change-in-control provisions that do not allow single-trigger change-in-control payments or excise tax gross-ups, and we do not maintain employment agreements or other agreements providing our executive officers with a contractual right to cash severance following a termination of employment that occurs without a change in control (other than with respect to individual agreements with Messrs. Kearney and Latiolais described below); and
- We have clawback provisions in key agreements, such as our RSU award agreements and the CIC Severance Plan, and beginning in 2018, our Named Executive Officers also became subject to a Recoupment Policy that applies to all incentive compensation paid to our NEOs.

Objectives of the Compensation Program

The Company is focused on establishing an executive compensation program that is intended to attract, motivate, and retain key executives and to reward executives for creating and increasing the value of the Company. These objectives are taken into consideration when creating the Company s compensation arrangements, when setting each element of compensation under those programs, and when determining the proper mix of the various compensation elements for each of the Named Executive Officers. We annually reevaluate whether our compensation programs and the levels of pay awarded under each element of compensation achieve these objectives.

To ensure the Company continues to meet its compensation objectives as a public company, we have been working with Meridian and using market data to develop an understanding of the current compensation practices among peers and to ensure that our executive compensation program will be benchmarked against peers within the industry. In furtherance of this goal, the Compensation Committee determined, based on data provided by Meridian, to make certain changes to the peer group used for purposes of evaluating our compensation practices for 2017. Accordingly, a peer group consisting of the following 15 companies was used for purposes of establishing our executive compensation program for 2017:

Core Laboratories N.V.;

Dril-Quip, Inc.;

Forum Energy Technologies, Inc.;

Helix Energy Solutions Group, Inc.;

Hornbeck Offshore Services, Inc.;

Matrix Service Co.;

McDermott International, Inc.;

Newpark Resources, Inc.;

Oceaneering International, Inc.;

Oil States International, Inc.;

RPC, Inc.;

- SEACOR Holdings Inc.;
- Tesco Corporation*; and
- Tetra Technologies, Inc.

*Note that Tesco Corporation is being removed from our peer group with respect to the 2018 year due to the company s acquisition in December 2017.

Meridian worked with our Compensation Committee to select this group of publicly traded companies from the same or similar industries and within a certain range of our annual revenue to serve as the Company s peer group for purposes of obtaining data regarding the compensation practices of peers. The Compensation Committee evaluates this peer group from time to time. This peer group was also used under the performance-based restricted stock unit awards that the Company granted in February 2017 for purposes of determining the Company s total shareholder return performance relative to its peers. In order to ensure that the Company s total compensation program is competitive with its peers, the Compensation Committee approved the specific allocation of each Named Executive Officer s total targeted compensation for 2017 among the various compensation elements.

Components of the Company s Executive Compensation Program

For 2017, in addition to fixed annual base salaries, the Named Executive Officers received annual cash incentive opportunities, which were awarded pursuant to specific formulas based on Company performance measures, subject to discretionary adjustment for certain executives based on individual performance. In addition, each of the Named Executive Officers was eligible to receive equity based awards under our long-term incentive plan. The Company believes this mix of compensation aligns its executives compensation with the Company s short-term and long-term goals, as well as with the interests of the Company s stockholders.

The Company offers change-in-control severance protection through its CIC Severance Plan. In light of this arrangement, none of the Named Executive Officers are a party to a traditional employment agreement. However, Mr. Kearney, who does not participate in the CIC Severance Program, is subject to an Offer Letter that provides for accelerated vesting of equity awards upon certain qualifying terminations as well as termination benefits upon certain qualifying terminations following a change in control.

Below is a description of each of the principal elements of the Company s compensation programs in effect as of the close of our most recent fiscal year and the Company s view on these elements. The Company recognizes that in connection with the review the Supervisory Board or Compensation Committee is undertaking with Meridian, the goals themselves and the methods of implementing those goals may change in the future.

Base Salary

Each Named Executive Officer s base salary is a fixed component of compensation for each year for performing specific job responsibilities. It represents the minimum income a Named Executive Officer may receive in any year. Base salaries are generally reviewed by the Compensation Committee on an annual basis for each Named Executive Officer based on market and peer group data provided by Meridian, the Company s performance, cost-of-living adjustments, and the individual s performance, experience, and responsibilities. Base salaries are also re-evaluated at the time of any promotion or significant change in job responsibilities. Based on the Compensation Committee s evaluation of current industry conditions, market data provided by Meridian, and the company s compensation philosophy and goals, no material changes in base salary were implemented in 2017 other than in connection with position changes, and the following base salaries from 2016 remained in place at the beginning of 2017:

- $650,000 for Mr. Stephens;
- $400,000 for Mr. Bird;
- $260,000 for Mr. McClure;

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$400,000 for Mr. Latiolais;

$425,000 for Mr. Cestero; and

$275,000 for Mr. Allinger.

When Mr. Kearney was hired as our new CEO in September 2017 and pursuant to his Offer Letter, his initial base salary was set at $750,000, subject to periodic review by the Supervisory Board or a committee thereof, which review is expected to occur annually or more frequently from time to time in the discretion of the Supervisory Board or the Compensation Committee.

In connection with Mr. McClure s accepting the position of interim Chief Financial Officer, he received a salary conversion payment of $40,000 for the period beginning on March 2, 2017 and ending on August 31, 2017, which was paid in installments in accordance with the Company s regular payroll practices. Subsequently, in connection with Mr. McClure s promotion to the role of Senior Vice President and Chief Financial Officer in June 2017, and pursuant to his Offer Letter, his annual base salary was increased to $350,000, effective September 1, 2017.

In the future, the Company expects the Compensation Committee will continue to review base salaries on an annual basis to determine if the Company s financial and operating performance, as well as the executive officer s personal performance, the cost of living factor, market conditions, and any other factors that the Compensation Committee deems appropriate to consider, support any adjustment to the executive officer s base salary. The amounts set forth in the Summary Compensation Table below do not reflect the annual rate of salary that is set for the year, but what is considered earned for that year; thus they may differ slightly from these amounts due to normal payroll practices.

Annual Cash Incentives

Our annual incentive program in 2017 was designed to provide management, including our Named Executive Officers with an annual incentive opportunity that was tied to certain metrics measuring the Company s performance (including an emphasis on the importance of safety in measuring such performance) while remaining competitive with our peers.

The annual incentive program is a short-term cash incentive program, which has a one-year performance period and is intended to reward management, including executives for Company and individual performance. All executives are required to complete compliance training to be eligible for annual cash incentives. In 2017, the Compensation Committee continued to evaluate and oversee the annual incentive program for our Named Executive Officers, in consultation with Meridian. Based on this evaluation and similar to the annual incentive program for 2016, the annual incentive program for 2017 provided for a target incentive opportunity expressed as a percentage of each executive officer s salary, depending on the Company s achievement of three corporate-wide quantitative and formulaic performance goals, with each metric being weighted as follows in determining the potential payout for each Named Executive Officer:

(1) Free Cash Flow (weighted 50%);

(2) Revenue performance goals (weighted 35%); and

(3) Safety goals (Total Recordable Incident Rate) (weighted 15%).

These guidelines were approved to ensure that our goals and targets continue to ultimately reflect our true performance. Payouts based on the achievement of these goals could be modified up to 20% in a positive or negative direction based on individual performance.

If the Company achieved the target performance metrics for 2017, the cash incentive awards for the Named Executive Officers were expected to be paid at target levels, with no payout unless the threshold level of at least 75% of the target metrics was achieved. In order to create additional incentive for exceptional Company performance based on the metrics described above, annual incentive awards for 2017 for our Named Executive Officers could be paid at up to two times the target payout if maximum performance metrics were met, but it is not expected that payment at this level will occur in most years.

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For 2017, the target award for each of these Named Executive Officers was set at a percentage of the annual rate of base salary in effect at the end of 2017 (other than with respect to Mr. McClure, whose target percentage was set based on his base salary as in effect on the date of his Offer Letter), as follows:

Name	Target Annual Incentive Award (% of Annual Base Salary)	Target Annual Incentive Award ($)
Michael C. Kearney	100%	750,000
Douglas Stephens	100%	650,000
Kyle McClure	100%	350,000
Jeffrey J. Bird	87.5%	350,000
Burney J. Latiolais, Jr.	100%	400,000
Alejandro Cestero	75%	318,750
Daniel A. Allinger	50%	137,500

At the discretion of the Compensation Committee, payouts under these awards could range from 0x to 2x the target percentage identified in the table above, depending on performance relative to the specified performance metrics, as follows:

Level	Performance	Payout Opportunity
Below Threshold	Below 75% of Target Goals	0%
Threshold	75% of Target Goals	50% of Target %
Target	98% to 102% of Target Goals	100% of Target %
Maximum	125% of Target Goals	200% of Target %

For performance achievement between threshold, target, and maximum levels, payouts are interpolated on a sliding scale between levels. The actual results we attained with respect to the performance metrics established for 2017 were above our target goals, resulting in our performance at 110% of target levels in the aggregate. However, the Compensation Committee exercised its discretion to lower the amount of the payout actually provided to certain Named Executive Officers. Mr. Kearney s bonus was pro-rated to reflect the portion of the year during which he was employed as our CEO, and Mr. McClure s bonus was pro-rated based on the various positions he held with us during the 2017 year. Messrs. Stephens and Allinger each received a payment in connection with their terminations of employment that was based on the target bonus amounts provided above as part of their negotiated severance packages, but the amounts were not paid pursuant to our annual incentive plan. Due to Mr. Bird s resignation in 2017, he was not eligible to receive a bonus for the 2017 year.

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Long-Term Incentives

Long-Term Incentive Plan (the LTIP)

We believe a formal long-term equity-based incentive program is important and consistent with the compensation programs of the companies in our peer group. We maintain the LTIP, which is an omnibus long-term incentive plan that provides for the grant to our Named Executive Officers and other eligible employees of a variety of awards, such as stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, bonus stock, cash awards, substitute awards, and other stock-based awards, any of which may be designed as performance awards or made subject to other conditions. In connection with our initial public offering, our shareholders approved the reservation of 20,000,000 shares for issuance pursuant to awards granted under the LTIP. We believe that long-term equity-based incentive compensation is an important component of our overall compensation program because it:

- balances short and long-term objectives;
- aligns our executives interests with the long-term interests of our stockholders;
- rewards long-term performance relative to industry peers;
- makes our compensation program competitive from a total remuneration standpoint;
- encourages executive retention; and
- gives executives the opportunity to share in our long-term value creation.

Our Compensation Committee has the authority under the LTIP to award incentive equity compensation to our executive officers in such amounts and on such terms as the committee determines appropriate in its sole discretion. To date, our long-term equity-based incentive compensation has consisted of grants of restricted stock unit (RSU) awards; however, our Compensation Committee may determine in the future that different and/or additional award types are appropriate. An RSU is a notional share of the Company s common stock that entitles the grantee to receive a share of common stock upon the vesting of the RSU or, in the discretion of the plan administrator, the cash equivalent to the value of a share of the Company s common stock. We believe RSUs effectively align our executive officers with the interests of our stockholders on a long-term basis and have retentive attributes.

Mr. Latiolais was granted RSUs in connection with our initial public offering, which vested in 2017. In February of 2015, we began our practice of making annual grants of RSUs to our Named Executive Officers that generally provide for ratable vesting over a period of three years.

In 2016, the Compensation Committee implemented changes in the long-term incentive program for the Company s Executive Leadership Team. Starting in 2016, 50% of the annual RSU awards granted to Messrs. Bird, Cestero, and Allinger were provided in the form of performance-based RSUs (PRSUs), while the remaining 50% of annual RSUs (as well as 100% of the RSUs granted to Mr. Latiolais) continued to be provided in the form of time-based RSUs. The

2016 PRSUs vest at the end of a three-year performance period, subject to both the awardholder s continuous employment and the company s total shareholder return (TSR) performance as compared to the TSR performance of its peer group, with payout determined as follows (payout percentage is applied to the target level, which is the target number of PRSUs denominated in the award):

Level	**TSR Percentile Rank vs. Peer Group**	**Payout Percentage**
Maximum	75th Percentile and above	150% of Target Level
Target	50th percentile	100% of Target Level
Threshold	25th percentile	50% of Target Level
	Below 25th percentile	0%

In 2017, we continued our practice of granting awards consisting of 50% performance-based RSUs and 50% time-based RSUs to each of our Named Executive Officers. The 2017 RSUs provide for ratable vesting over a period of three years. The 2017 PRSUs vest at the end of a three-year performance period, subject to both the awardholder s continuous employment and the company s relative TSR performance, with payout determined in the same manner as for the 2016 PRSUs (see the table above).

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Special Off-Cycle and/or Retention Awards

In addition to the RSUs and PRSUs described above, our new Named Executive Officers have typically received one-time grants of time-based RSUs in connection with their appointments as executive officers of the Company. On June 9, 2017, in connection with his appointment as our Chief Financial Officer, Mr. McClure received a grant of 14,342 RSUs (vesting in three annual installments on each annual anniversary of June 5, 2017) and 14,342 PRSUs that vest on February 20, 2020, subject to the same achievement of relative TSR performance as the awards to our other Named Executive Officers. On August 3, 2017, each of Messrs. Cestero and Latiolais received a grant of 21,118 and 19,876 RSUs, respectively, which vest in full on August 3, 2019. On September 26, 2017, in connection with his appointment as our CEO, Mr. Kearney received a grant of 166,773 RSUs (vesting in three annual installments on each annual anniversary of the date of grant) and 166,773 PRSUs that vest on September 26, 2020, subject to achievement of relative TSR performance similarly to the awards to our other Named Executive Officers.

It is expected that the Compensation Committee will continue to evaluate a grant policy for equity awards to determine the number of awards to be granted to Named Executive Officers in the future, when the awards will be granted, the schedule on which the awards will become vested, any performance conditions upon which the grants or vesting will be based, and other terms and conditions relating to awards.

Executive Deferred Compensation (EDC) Plan

The Company may provide long-term incentives through discretionary Company contributions under the EDC Plan for each of the Named Executive Officers participating in the plan. Any such contributions are scheduled to vest in full after five years and have previously served as a long-term retention tool. In prior years, discretionary Company contributions have generally been approved on behalf of our executive officers. However, Company contributions to the EDC Plan were suspended indefinitely in 2015. Further, participation was closed for new employees following the 2015 year.

The EDC Plan also allows each Named Executive Officer to elect to defer a percentage of his compensation (defined as the Named Executive Officer s base salary, bonus, commission, and any other cash or equity-based compensation approved by the plan s administrative committee) until the executive s termination of employment or until a future date specified by the executive at the time of his deferral election.

In 2017, the Compensation Committee determined that it would not make any discretionary Company contributions under the EDC Plan for 2017 for any of the Named Executive Officers, in order to focus its long-term incentives on other elements of compensation, such as awards granted under the company s long-term incentive plan and stock purchased under the ESPP (both plans, as described below) incentives that more closely align the Named Executive Officers long-term incentive compensation with the interests of our shareholders.

To create additional incentives for the executive officers to continue to grow value for the Company, the Company established the Frank s International N.V. Long-Term Incentive Plan and an employee stock purchase plan intended to satisfy the requirements of section 423 of the Internal Revenue Code of 1986, as amended (the Code, and such plan, the ESPP). Both the ESPP and the LTIP were adopted by the Company s Board and approved by stockholders prior to the completion of the initial public offering. The Company believes that including an equity component to the Company s compensation program is vital to align the executive officers interests with equity holders interests through shared ownership.

Employee Stock Purchase Plan

As described above, prior to the completion of the Company s initial public offering, the Supervisory Board adopted, and shareholders approved, an ESPP, in order to enable eligible employees (including the Named Executive Officers) to purchase shares of the Company s Common Stock at a discount following the effective date of the ESPP, which was January 1, 2015. This plan encourages stock ownership and aligns the interests of the executives with our shareholders. Purchases under the ESPP are accomplished through participation in discrete offering periods. This ESPP is intended to qualify as an employee stock purchase under section 423 of the Code. A maximum of 3,000,000 shares of the Company s Common Stock has been reserved for issuance under the ESPP, subject to appropriate adjustments to reflect changes in the Common Stock caused by certain events like stock splits or a change in control. The number of shares of stock that may be granted to any single participant in any single option period will be subject to certain limitations set forth in the plan.

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Severance Benefits

Other than Mr. Kearney, who is party to an Offer Letter providing for certain payments and benefits upon certain qualifying terminations of employment, and Mr. Latiolais, who is a party to a confidentiality and restrictive covenant agreement that provides for certain severance benefits, none of our Named Executive Officers is a party to an individual employment agreement providing for severance upon a termination of employment. However, in 2015, the Supervisory Board approved and adopted the CIC Severance Plan providing severance payments in a double-trigger situation. Under this plan, the Named Executive Officers are entitled to receive a cash severance equal to two times the sum of the executive s annual base salary and target incentive opportunity for the year of termination upon a qualifying termination, which is defined as an involuntary termination within the 24-month period following a change in control. There are no single-trigger change-of-control payments provided under this plan, nor do we provide any 280G parachute payment tax gross-ups. However, we believe that competitive double-trigger payments provides financial protection to employees following an involuntary loss of employment in connection with a change in control. We believe that these types of benefits enable our executives to focus on important business decisions in the event of any future acquisition of our business, without regard to how the transaction may affect them personally. We believe that this structure provides executives with an appropriate incentive to cooperate in completing a change in control transaction if such transaction is in the best interest of the Company and its shareholders. Participation in the CIC Severance Plan is contingent upon the executive entering into a participation agreement in which the executive agrees to certain restrictive covenants during and following employment with the Company.

Mr. Kearney s Offer Letter provides that in lieu of participation in the Company s CIC Severance Plan, the following benefits will become payable should Mr. Kearney s employment with the Company be terminated by the Company without cause or by him for good reason on or within 24 months following a change in control: (1) a lump sum cash severance payment equal to (a) 1.0x his then-current annual base salary if such termination occurs prior to the first anniversary of the effective date of his Offer Letter, or (b) 0.5x his then-current salary if such termination occurs on or after the first anniversary of the effective date but prior to the second anniversary of the effective date, and (2) 18 months of continued coverage under the Company s group health plan on the same basis as similarly situated active employees. If Mr. Kearney s employment is involuntarily terminated by the Company without cause or by him for good reason at any time, he will also be entitled to a pro-rated annual bonus payment for the year of his termination based on the target bonus amount, but pro-rated to reflect his period of service during the year.

Mr. Latiolais entered into an Employee Confidentiality and Restrictive Covenant Agreement with the Company on October 4, 2016. The agreement governs the confidentiality of all information provided to Mr. Latiolais in connection with his employment and details the restrictive covenants Mr. Latiolais will be subject to during and following his termination of employment with the Company. In the event that Mr. Latiolais is terminated without cause, as determined by the Company in its sole discretion, during the term of the agreement, Mr. Latiolais will be entitled to receive salary continuation for a period of nine months, and a lump sum cash payment equal to his short-term incentive bonus target for the year in which the termination occurs subject to his execution of a waiver and release of claims in favor of the Company and his continued compliance with all restrictive covenants set forth in the agreement.

In addition, the Named Executive Officers are entitled to accelerated vesting under the terms of certain outstanding RSU awards upon qualifying terminations of employment (subject to certain restrictive covenant obligations) and accelerated vesting of Company contributions under the Company s EDC Plan.

Finally, in connection with their termination of employment in 2017, we entered into a separation agreement with each of Messrs. Stephens and Allinger.

See Potential Payments upon Termination or a Change in Control, for a more detailed discussion of the payments and benefits provided under each of the arrangements noted above. We believe that these arrangements help to ensure the day-to-day stability and focus of our management team and are consistent with competitive practices.

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Perquisites and Other Compensation Elements

The Company offers participation in broad-based retirement, health, and welfare plans to all employees. The Company currently maintains a plan intended to provide benefits under section 401(k) of the Code where employees are allowed to contribute portions of their base compensation into a retirement account (the 401(k) Plan). In 2017, the Company s matching contribution rate was 100% of the first 3% of eligible compensation deferred by an employee and 50% on any employee contributions between 4% and 6% of eligible compensation, up to the annual allowable U.S. Internal Revenue Service limits. The 401(k) Plan is designed to encourage all employees, including the participating Named Executive Officers, to save for the future.

In 2016, the Company phased out the limited perquisites it previously provided for its Named Executive Officers in prior years. In 2017, we did not provide any perquisites for any of our Named Executive Officers. However, in order to satisfy certain employment tax requirements applicable upon the vesting of Company contribution accounts under the EDC Plan, the Company elected to pay FICA taxes relating to this vesting event on behalf of Mr. Latiolais and to gross him up for these taxes. The Company determined that it was appropriate to provide these FICA tax payments and the related gross-up due to the timing of this requirement; however, the Company has not made any determinations about the continued application of any such FICA tax payments and gross-ups for future vesting events that may occur for Named Executive Officers under RSU awards or for other vesting tranches under EDC Plan company contribution accounts.

Risk Assessment

The Company s Supervisory Board has reviewed the Company s compensation policies as generally applicable to employees and believes that these policies do not encourage excessive or unnecessary risk-taking and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on the Company. In addition, the following specific factors, in particular, reduce the likelihood of excessive risk-taking:

- The Company s overall compensation levels are competitive with the market;

- The Company s compensation mix is balanced among (i) fixed components, like salary and benefits, (ii) annual incentives that reward the Company s overall financial and business performance, business unit financial performance, operational measures, and individual performance, and (iii) long-term incentives that align executives interests with those of our shareholders, encouraging them to preserve long-term shareholder value and avoid excessive risks;

- Multiple performance metrics are used across the short- and long-term incentive program;

- Incentive programs have maximum payout limitations; and

- We have clawback provisions in key agreements, such as our RSU award agreements and the CIC Severance Plan, and beginning in 2018, our Named Executive Officers also became subject to a Recoupment Policy that applies to all incentive compensation paid to our NEOs.

In summary, although a portion of the compensation provided to the Named Executive Officers may be based on the Company s performance and on the individual successes of the employee, the Company believes its compensation programs do not encourage excessive and unnecessary risk-taking by executive officers (or other employees) because these programs are designed to encourage employees to remain focused on both short- and long-term operational and financial goals of the Company. Additionally, our use of long-term equity-based compensation serves our compensation program s goal of aligning the interests of executives and stockholders, thereby reducing the incentives for unnecessary risk-taking. Facets of compensation that incentivize these executives but mitigate risk-taking have been and will continue to be one of the many factors considered by the Compensation Committee and the Supervisory Board (as applicable) during its review of the Company s compensation programs and during the design of new programs that have become, or may yet become, effective in connection with the Company s continued growth and development as a publicly traded company. In the future, the Compensation Committee or the Supervisory Board will seek to ensure that any changes made to the compensation programs do not encourage excessive or unnecessary risk-taking and that any level of risk that they do encourage is not reasonably likely to have a material adverse effect on the Company.

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Stock Ownership Guidelines

Our Named Executive Officers are subject to stock ownership guidelines that were established by our Supervisory Board. These guidelines reinforce the importance of aligning the interests of our executive officers with the interests of our stockholders. The guidelines are expressed in terms of the value of our executive officers equity holdings as a multiple of each currently employed executive officer s base salary, as follows:

Officer Level	Ownership Guideline
President/Chief Executive Officer	5x annualized base salary
Direct Reports to the CEO (SVP or higher)	3x annualized base salary
All other executive officers	2x annualized base salary

These stock ownership levels must be achieved by each individual within 5 years of the later of the date that the stock ownership guidelines became effective in 2015 or the date that the individual was first appointed as an executive officer or Direct Report to the CEO (with such 5-year period resetting upon an officer s promotion to a higher ownership guideline multiple). Messrs. Bird, Cestero, Allinger, Latiolais and McClure served as Direct Reports to the CEO during 2017.

Equity interests that count toward the satisfaction of the ownership guidelines include stock owned outright by the employee or jointly owned, stock owned indirectly by the employee (*e.g.*, by a spouse or in a trust for the benefit of the executive or his family), stock held under the officer s account under any company-sponsored retirement plan or under the Company s employee stock purchase plan, unvested RSUs or restricted stock held by the officer, any non-restricted shares granted to the officer pursuant to the LTIP, and any stock purchased by the officer in the open market. During the five-year grace period for compliance, an individual may not sell any shares of common stock, except for personally-held shares, until that individual s stock ownership level has been achieved. To the extent shares of common stock have been sold from vested RSUs granted by the Company, the equivalent amount of personally-held shares of common stock may not be sold unless the individual has satisfied their applicable ownership level. Pursuant to our Stock Ownership Guidelines, ownership is calculated based on an individual s annual base salary and the average closing price of a share of the Company s common stock over the previous calendar year.

Additionally, we have stock ownership guidelines for our non-employee directors, requiring a minimum holding of 5x the annualized cash retainer. For information regarding these guidelines, please see Director Compensation below.

Accounting and Tax Considerations

Section 162(m) of the Code limits the deductibility of certain compensation expenses in excess of $1,000,000 to certain of executive officers in any fiscal year. Compensation pursuant to certain grandfathered arrangements that is performance based may be excluded from this limitation.

While the tax impact of any compensation arrangement is one factor to be considered, such impact is evaluated in light of the Company s overall compensation philosophy and objectives. The Company believes that maintaining the discretion to evaluate the performance of executive officers is an important part of the Company s responsibilities and benefits public stockholders, and therefore, the Company may award compensation to the Named Executive Officers that is not fully deductible if it is determined that such compensation is consistent with the Company s compensation philosophy and benefits stockholders. Regardless, section 162(m) of the Code provides that certain compensation of corporations which are privately held and which become publicly held in an initial public offering will not be subject to the deduction limitations of section 162(m) for a transition period following such initial public offering. It is anticipated that the Company s annual incentive program and certain awards of equity compensation may satisfy the requirements of this exception during the transition period, which encompassed part of the 2017 fiscal year.

Section 409A of the Code requires that nonqualified deferred compensation be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments, and certain other matters. Failure to satisfy these requirements can expose employees and other service providers to accelerated income tax liabilities and penalty taxes and interest on their vested compensation under such plans. Accordingly, as a general matter, it is the Company s intention to design and administer its compensation and benefits plans and arrangements for all employees and other service providers, including the executive officers, so that they are either exempt from, or satisfy the requirements of, section 409A of the Code.

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Any equity awards granted to our employees, including executive officers, pursuant to the LTIP is reflected in the Company s consolidated financial statements, based upon the applicable accounting guidance, at fair market value on the grant date in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification, Topic 718, Compensation Stock Compensation.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The table below sets forth the annual compensation earned by or granted to the Named Executive Officers during the 2017, 2016, and 2015 fiscal years. For an explanation of the compensation mix and the relative amounts of each compensation element, please see the Components of the Company s Executive Compensation Program section of our Compensation Discussion and Analysis above.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Michael C. Kearney *Chairman, President and Chief Executive Officer*	2017	199,039		2,785,229	219,247		553,478	3,756,993
Douglas Stephens *Former President and Chief Executive Officer*	2017	535,019		1,960,968			666,791	3,162,778
	2016	82,500		300,132				382,632
Kyle McClure *Senior Vice President and Chief Financial Officer*	2017	329,769	130,000	326,266	342,283	9,805	12,150	1,150,273
Jeffrey J. Bird *Former Executive Vice President and Chief Financial Officer*	2017	67,692					3,087	70,779
	2016	400,000		887,454			11,925	1,299,379
	2015	400,000	227,500		360,500		3,000	991,000
Alejandro Cestero *Senior Vice President, General Counsel, Secretary and Chief Compliance Officer*	2017	425,000		478,097	350,625		12,150	1,265,872
	2016	425,000		445,684			11,925	882,609
Burney J. Latiolais, Jr. *Executive Vice President, Global Operations*	2017	400,000		550,522	396,000	156,325	121,872	1,624,719
	2016	372,391		277,346		47,116	13,400	710,253
	2015							