

SUPERIOR ENERGY SERVICES INC  
Form DEF 14A  
April 17, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**Superior Energy Services, Inc.**

(Name of registrant as specified in its charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  
  - (2) Aggregate number of securities to which transaction applies:
  
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**Superior Energy Services, Inc.**

**NOTICE OF ANNUAL MEETING  
OF STOCKHOLDERS**

**Friday, May 22, 2015**

**9:00 a.m., Central Standard Time**

1001 Louisiana Street

Houston, Texas 77002 USA

**The annual meeting of stockholders of Superior Energy Services, Inc. will be held at 9:00 a.m., Central Standard Time, on Friday, May 22, 2015, at our headquarters located at 1001 Louisiana Street, Houston, Texas, 77002. At the annual meeting, our stockholders will be asked to vote on the following proposals:**

- 1.** the election of the eight director nominees named in this proxy statement (Proposal 1);
- 2.** an advisory vote on the compensation of our named executive officers (Proposal 2);
- 3.** the adoption of the Amended and Restated 2013 Stock Incentive Plan (Proposal 3);
- 4.** the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2015 (Proposal 4); and
- 5.** any other business that may properly come before the meeting.

The Board of Directors recommends that you vote FOR Proposals 1, 2, 3 and 4. Only holders of record of shares of our common stock as of the close of business on April 8, 2015 are entitled to receive notice of, attend and vote at the meeting.

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

By Order of the Board of Directors,

**William B. Masters**

*Executive Vice President, General Counsel and Secretary*

Houston, Texas

April 17, 2015

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON May 22, 2015. This proxy statement and the 2014 annual report are available at

<https://materials.proxyvote.com/868157>

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**PROXY SUMMARY**

*This summary highlights selected information contained in this proxy statement. This summary provides only a brief outline of the contents of this proxy statement and does not provide a full and complete discussion of the information you should consider. Before voting on the proposals to be presented at the annual meeting of stockholders, you should review the entire proxy statement carefully. For more complete information regarding our 2014 performance, please review our 2014 Annual Report on Form 10-K.*

*The 2014 annual report to stockholders, including financial statements, is being mailed to stockholders together with the proxy statement and form of proxy on or about April 17, 2015.*

**2015 Annual Meeting of Stockholders**

**Time and Date:** Friday, May 22, 2015, 9:00 a.m. (Central Time)

**Place:** 1001 Louisiana Street, Houston, Texas 77002

**Record Date:** April 8, 2015

**Voting:** Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director position and one vote for each of the other proposals to be voted on.

**2014 Performance Highlights (pages 31-32)**

*Overall, 2014 was a very successful year for our Company. We experienced strong operational performance and focused our efforts on maintaining capital, cost discipline, returning cash to stockholders, and servicing our customers. In recognition of our disciplined approach, we received investment grade credit ratings for our outstanding debt from Moody's Investor Service. Our international expansion has set the stage during 2014 for future growth overseas.*

***Sustained Operational Growth***

*Generated \$4.6 billion in revenue*

*\$281 million in income from  
continuing operations*

*Achieved record free cash flow  
of \$417 million*

***Leading to Significant Cash Flow and Return of Cash to Stockholders***

*Operating Cash Flows:*

**\$1.03 billion**

*Share Repurchase of  
\$300 million of common stock*

*Dividend Payments to  
Stockholders:*

**\$50 million**

**Executive Compensation Highlights (page 35)**

*Our Compensation Committee has implemented a compensation program that strives to provide a balanced mix of performance-based compensation designed to motivate our executives to improve both our financial and stock-price performance and maintain alignment of both short-and long-term objectives. Highlights of our executive compensation program include the following:*

In response to current market conditions, *significantly reduced payout opportunities under our annual incentive program* for 2015.

*Did not increase the base salaries of named executive officers* for 2015, and granted only modest base salary increases for 2014.

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**Table of Contents****PROXY SUMMARY**

*Revised the annual incentive bonus program metrics* so that 25% of the total payout under the program will now be based on a qualitative assessment of the Company's achievement of operational objectives.

**Corporate Governance Highlights (pages 4-8)**

*Our leadership structure and corporate policies are designed to strengthen board leadership, foster cohesive decision-making at the board level, solidify director collegiality, improve problem solving and enhance strategy formation and implementation. In establishing corporate policies, our Board examines the Company's organizational needs, managing its growth, competitive challenges, the potential of senior leadership, future development and possible emergency situations to help provide strategic plans.*

*Our CEO and Chairman offices are separate* to maximize the efficiency of management by allowing the CEO and Chairman to more fully focus on their respective responsibilities.

We have a non-management *Lead Director* to promote close and effective communication between the CEO and Chairman.

All of our *directors are elected annually*.

We hold *annual say-on-pay votes* to allow our stockholders to share their views of our executive compensation programs.

We maintain *robust stock ownership guidelines* for all directors.

We require *annual performance evaluations* of our Board and standing committees.

**Agenda and Voting Recommendations**

| Item | Description   | Board Vote Recommendation | Page |
|------|---|---------------------------|------|
| 1    | Election of eight director nominees named in this proxy statement   | FOR each nominee          | 1    |
| 2    | Advisory vote on the compensation of our named executive officers   | FOR                       | 14   |
| 3    | Adoption of the Amended and Restated 2013 Stock Incentive Plan  | FOR                       | 15   |
| 4    | Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2015 | FOR                       | 26   |

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| <b>Name</b>         | <b>Age</b> | <b>Director Since</b> | <b>Principal Occupation</b>   | <b>Independent</b> | <b>Board Committees</b>                                    |
|---------------------|------------|-----------------------|---|--------------------|--|
| Harold J. Bouillion | 71         | 2006                  | Managing Director<br>Bouillion & Associates, LLC.                   | ü                  | Compensation<br>(Chair)<br>Audit                           |
| David D. Dunlap     | 53         | 2010                  | CEO & President<br>Superior Energy Services, Inc.                   |                    | Compensation   |
| James F. Funk       | 65         | 2005                  | President<br>J.M. Funk & Associates                                 | ü                  | Compensation<br>Nominating and<br>Corporate<br>Governance  |
| Terence E. Hall     | 69         | 1995                  | Founder and Chairman of the Board<br>Superior Energy Services, Inc. |                    | Audit  |
| Peter D. Kinnear    | 68         | 2011                  | Retired Chairman, CEO and President<br>FMC Technologies, Inc.       | ü                  | Nominating and<br>Corporate<br>Governance (Chair)          |
| Michael M. McShane  | 60         | 2012                  | Advisor<br>Advent International                                     | ü                  | Compensation<br>Audit                                      |
| W. Matt Ralls       | 65         | 2012                  | Executive Chairman<br>Rowan Companies, plc                          | ü                  | Compensation<br>Nominating and<br>Corporate<br>Governance  |
| Justin L. Sullivan  | 75         | 1995                  | Private Investor and<br>Business Consultant                         | ü                  | Audit (Chair)<br>Nominating and<br>Corporate<br>Governance |

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**ELECTION OF DIRECTORS (PROPOSAL 1)**

All of our directors are elected annually. On March 26, 2015, the Nominating and Corporate Governance Committee (the Corporate Governance Committee) recommended, and our Board of Directors (the Board) nominated, each of our then-current directors to serve another one-year term of office, except for Mr. Enoch Dawkins, who has elected to retire from the Board effective as of the annual meeting. The Company and the Board wish to express their deep appreciation for the leadership, guidance and insight Mr. Dawkins has provided to the Board during his 12 years of loyal and dedicated service as a director, for many years as the Lead Director and earlier as a member of the Audit, Compensation and Corporate Governance Committees. Mr. Dawkins has served as a member of our Board with honor and distinction, and his leadership

and experience will be missed by all of our Board members and management team.

Proxies cannot be used to vote a share more than one time for each of the eight nominees. Unless you specify otherwise in your proxy card, your shares will be voted by the proxy holder FOR the election of each of the eight director nominees named below to serve until the next annual meeting and until their successors are duly elected and qualified. If any director nominee should decline or be unable to serve for any reason, and you have returned a proxy card, the proxy holder will vote your shares for a substitute candidate nominated by our Board. Each of the director nominees has advised us that he will serve on our Board if elected.

**Information about Director Nominees**

The biographies below provide certain information as of the record date, April 8, 2015, for each director nominee. The information includes the person's tenure as a director, business experience, director positions with other public companies held currently or at any time during the last five years, and the experiences, qualifications, attributes or skills that caused the Corporate Governance Committee and our Board to determine that the person should be nominated to serve as a director of the Company. Unless otherwise indicated, each person has been engaged in the principal occupation shown for the past five years.

***Harold J. Bouillion, 71***

**Director since 2006**

Mr. Bouillion is currently the Managing Director of Bouillion & Associates, LLC, which provides tax and financial planning services, a position he has held since 2002. From 1966 until 2002, Mr. Bouillion was with KPMG LLP (KPMG) where he served as Managing Partner

of the New Orleans office from 1991 through 2002. Mr. Bouillion is a certified public accountant.

Mr. Bouillion's tax and financial planning services experience and his 36-year career in tax with an international accounting firm, where he served in various leadership positions, make him a valuable member of our Board and the Audit Committee and distinctively qualified to chair the Compensation Committee. His prior management experiences, as well as service with other private and non-profit organizations, adds valuable perspectives to the challenges faced at the board level.

*David D. Dunlap, 53*

**Director since 2010**

Mr. Dunlap has served as CEO since 2010 and President since 2011. Prior to joining the Company, from 2007 to 2010 Mr. Dunlap served as Executive Vice President – Chief Operating Officer of BJ Services Company (BJ Services), a well services provider. He joined BJ Services in 1984 as a District Engineer. Prior to being promoted to Executive Vice President – Chief Operating Officer, Mr. Dunlap held the position of Vice President – International Division from 1995 to 2007. Prior to 1995, he served as Vice President – Sales for the Coastal Division of North America and U.S. Sales and Marketing Manager for BJ Services. Mr. Dunlap currently serves as a director of Linn Energy, LLC and as director and trustee on the boards of numerous non-profit organizations.

Mr. Dunlap has worked and held leadership positions in the oil and gas industry for more than 30 years. Under his direction, BJ Services significantly expanded internationally and successfully transformed into a

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**ELECTION OF DIRECTORS (PROPOSAL 1)**

global leader in multiple well service product lines, demonstrating his exceptional leadership abilities in developing and executing a global business strategy. His extensive knowledge, experience and expertise and his insight on global expansion in the oil and gas industry make him a valuable member of our Board and uniquely position him to assist our Board in the successful implementation of our business strategy.

***James M. Funk, 65***

**Director since 2005**

Dr. Funk is currently the President of J.M. Funk & Associates, an oil and gas business consulting firm, and has more than 35 years of experience in the energy industry. Dr. Funk served as Senior Vice President of Equitable Resources (now EQT Corporation) and President of Equitable Production Co. from June 2000 to 2003. Previously, Dr. Funk worked for 23 years with Shell Oil Company and its affiliates. Dr. Funk previously served on the boards of Westport Resources(2000 to 2004), Matador Resources Company (2003 to 2008) and Sonde Resources Corp. (2009 to 2014). Dr. Funk currently serves as a director of Range Resources Corporation. Dr. Funk is a Certified Petroleum Geologist.

Dr. Funk's extensive experience in the energy industry in similar areas as our operations, along with his strong technical experience, gives him a unique understanding of our business and the challenges and strategic opportunities facing us. His senior executive leadership in the energy industry qualifies him to serve as our Lead Director and provides each of the Compensation and Corporate Governance Committees with substantial personnel management experience. In addition, his current and past service on the board of directors of a number of public companies adds valuable perspective in connection with the role of the board and positions him well to handle challenges faced at the board level.

***Terence E. Hall, 69***

**Director since 1995**

Mr. Hall has served as the Chairman of the Board since 1995. Mr. Hall is the founder of the Company and served as CEO of the Company and its predecessors from 1980 until 2010. Mr. Hall also currently serves as a director of the Hancock Holding Company (Hancock).

As founder of the Company, Mr. Hall led the Company through tremendous growth through all industry cycles. His detailed knowledge of every aspect of our business and perspective regarding strategic and operational opportunities and challenges facing the Company and the oil and gas industry enable him to guide our business strategy and focus our Board on the most significant business issues.

***Peter D. Kinnear, 68***

**Director since 2011**

Mr. Kinnear has held numerous management, operations, and marketing roles with FMC Technologies, Inc. (FMC) and FMC Corporation since 1971. Mr. Kinnear served as Chief Executive Officer from 2007 to 2011 of FMC, Chairman of the board from 2008 to 2011, as President from 2006 to 2010 and as Chief Operating Officer from 2006 to 2007. Mr. Kinnear also serves as a director of Stone Energy Corporation. In addition to serving as trustee or director of various non-public entities, he previously served on the board of directors of Tronox Incorporated (from November 2005 to December 2010) and FMC (from October 2008 through October 2011).

Mr. Kinnear's experience in numerous roles of management, operations and marketing in the global energy industry brings extensive knowledge and leadership skills to our Board. His management and board experience gives him a thorough understanding of industry regulations and public policy applicable to the industry, experience and understanding of the different cultural, political and regulatory requirements from international operations and extensive oil service industry experience. This experience makes Mr. Kinnear highly qualified to serve on the Audit Committee and the Corporate Governance Committee.

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**ELECTION OF DIRECTORS (PROPOSAL 1)**

*Michael M. McShane, 60*

**Director since 2012**

Mr. McShane serves as an Advisor to Advent International, a global private equity fund. Mr. McShane served as a director and President and Chief Executive Officer of Grant Prideco, Inc. from 2002 until the completion of its merger with National Oilwell Varco, Inc. in 2008, having also served as the chairman of its board from 2003 to 2008. Prior to joining Grant Prideco, Mr. McShane was Senior Vice President Finance and Chief Financial Officer and a director of BJ Services from 1990 to 2002, and Vice President Finance from 1987 to 1990 when BJ Services was a division of Baker Hughes Incorporated. Mr. McShane also serves as a director of Spectra Energy Corp, Oasis Petroleum Inc. and Forum Energy Technologies, Inc.

Mr. McShane's knowledge of the global oil and gas industry generally, provides insight to our Board. His experience and knowledge in the energy industry from a career spanning more than 30 years, including serving in a variety of executive management and financial leadership positions, provide our Board excellent perspective and experience. Mr. McShane's experience and finance and accounting background make him highly qualified to serve on the Audit Committee and the Compensation Committee.

*W. Matt Ralls, 65*

**Director since 2012**

Mr. Ralls serves as Executive Chairman of Rowan Companies, plc (Rowan). Previously, he served as the Chief Executive Officer of Rowan from 2009 until 2014, and President from 2009 to 2013.

Mr. Ralls served as Senior Vice President and Chief Financial Officer from 2001 to 2005 and as Executive Vice President and Chief Operating Officer of GlobalSantaFe Corporation from 2005 until the completion of the merger of GlobalSantaFe with Transocean, Inc. in 2007. In addition to serving as a director of Rowan, Mr. Ralls serves as a director of Cabot Oil and Gas Corporation. Mr. Ralls previously served as a director of El Paso Pipeline Partners L.P., Enterprise Partners G.P., the International Association of Drilling Contracts and the American Petroleum Institute.

Mr. Ralls' extensive financial and senior executive management experience at companies focusing on the various phases of the drilling and production industry, provides insight to our Board. Our Board also benefits from his extensive leadership and financial knowledge in the global oil and gas drilling and production industry, making him highly qualified to serve on the Compensation Committee and the Corporate Governance Committee.

*Justin L. Sullivan, 75*

**Director since 1995**

Mr. Sullivan has been a private investor and has served as a business consultant since 1993. Prior to 1993, he held senior operating and financial management positions with various companies in the forest products industry, including Plywood Panels, Inc. and its predecessors where he served as President from 1992 until 1993 and Vice President, Treasurer and Director from 1967 until 1992. Mr. Sullivan was an accounting faculty member of the University of New Orleans and Tulane University for over ten years. Mr. Sullivan is a certified public accountant.

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

**Vote Required**

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

**Our Board unanimously recommends that stockholders vote FOR  
each of the eight director nominees named in this proxy statement.**

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**CORPORATE GOVERNANCE**

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

**Election of Directors**

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

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

Our Board will act on the Corporate Governance Committee's recommendation at its first regularly scheduled meeting following certification of the stockholder vote, or within 120 days after the certification if a regular board meeting is not scheduled within that time. Our Board will consider the same criteria as the Corporate Governance Committee, as

well as any additional information and factors it believes are relevant. Our Board's decision and process will then be disclosed in a periodic or current report filed with the Securities and Exchange Commission (SEC).

**Director Independence; Board's Leadership Structure**

Our Board determined that the following directors are independent within the meaning of the New York Stock Exchange (NYSE) listing standards: Harold J. Bouillion, James M. Funk, Peter D. Kinnear, Michael M. McShane, W. Matt Ralls and Justin L. Sullivan. Our Board has also affirmatively determined that each member of our standing committees (the Audit Committee, Compensation Committee and Corporate Governance Committee) has no material relationship with the Company and satisfies the independence criteria (including the enhanced criteria applicable to audit and compensation committees) set forth in the NYSE listing standards and SEC rules.

Our Board takes a flexible approach to the issue of whether the offices of Chairman and CEO should be separate or combined, considering the tenure and experience of the CEO along with the broader economic and operating environment of the Company, allowing for regular evaluation as to which structure will best serve the Company. We previously separated the role of Chairman and CEO and maintain such separation at this time.

Our Board determined that the separation of the Chairman and CEO roles would maximize management's efficiency by allowing our CEO to focus on our day-to-day business, while allowing the Chairman to lead our Board in its fundamental role of providing guidance to and oversight of management.

As described above, six of our eight current directors who are nominees are independent, and our Board believes that the independent directors provide effective oversight of management. Moreover, our non-management directors meet regularly in executive session and provide feedback to the Board during the course of Board meetings.

Our Board annually elects a non-management Lead Director who has been recommended by the Corporate Governance Committee. The Lead Director communicates any issues discussed by the non-management directors back to the CEO and Chairman,

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confers with the CEO and Chairman at intervals between Board meetings, and assists in planning for Board and Board committee meetings. In addition, he acts as a liaison between our Board and the CEO and Chairman to ensure close communication and coordination between them and to promote a harmonious and effective relationship. Mr. Funk currently serves as our Lead Director.

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

**Meetings of our Board; Meeting Attendance**

There were four Board meetings in 2014. Each of our directors attended at least 75% of the meetings of our Board and any of its committees of which he was a member. Our Board has adopted a policy that recommends that all directors personally attend each annual meeting of stockholders. At the 2014 annual meeting of stockholders held on May 14, 2014, all but one of our directors were in attendance.

**Board Committees**

Our Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. These committees regularly report back to the full Board with specific findings and recommendations in their areas of oversight and liaise regularly with the Chairman and Lead Director. The current members and primary functions of each board committee are described below.

| <b>Director</b>         | <b>Audit*</b> | <b>Compensation</b> | <b>Nominating and Corporate Governance</b> |
|-------------------------|---------------|---------------------|--|
| J.L. Sullivan, Chairman | CHAIR         |                     | ü  |
| H.J. Bouillion          | ü             | CHAIR               |  |
| P.D. Kinnear            | ü             |                     | CHAIR                                      |
| M.M. McShane            | ü             | ü                   |  |
| J.M. Funk               |               | ü                   | ü  |
| W.M. Ralls              |               | ü                   | ü  |

\* Each member of the Audit Committee is an audit committee financial expert as defined by the SEC

**Audit Committee****Number of Meetings in 2014: 6**

Retain, terminate, oversee, and evaluate the independent registered public accounting firm

Review and discuss annual and quarterly financial statements, earnings releases, earnings guidance

Review critical accounting policies, accounting treatments and determine if there are any recommendations to improve controls or procedures

Discuss risk assessment, legal matters or any matters pertaining to the integrity of management

Please also see [Audit Committee Report](#) included in this proxy statement

**Compensation Committee**

**Number of Meetings in 2014: 4**

Establish, evaluate, approve and review the compensation philosophy of the Company, its CEO and executives

Review and approve corporate goals and objectives for executive compensation

Review incentive compensation and other stock-based plans

Administer and approve awards under incentive compensation programs and supplemental benefits programs

Please also see [Executive Compensation Compensation Discussion & Analysis](#) included in this proxy statement

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**CORPORATE GOVERNANCE**

**Nominating and Corporate Governance Committee** **Number of Meetings in 2014: 4**

Lead search for director nominees and recommend director nominees to our Board

Review committee structure and recommend committee appointments

Develop and recommend to our Board an annual self-evaluation process

Review director compensation

Develop, recommend to our Board and implement our Corporate Governance Principles

Each of our Board's standing committees has adopted a written charter that has been approved by our Board. Copies of these charters, as well as copies of our Corporate Governance Principles and *Our Shared Core Values at Work* (Code of Conduct), are available on the investor relations page of our website at [www.superiorenergy.com](http://www.superiorenergy.com) and are available in print upon request to our Secretary, Superior Energy Services, Inc., 1001 Louisiana Street, Suite 2900, Houston, Texas 77002.

**Compensation Committee**

Since May 2007, the Compensation Committee has engaged Pearl Meyer & Partners (PM&P), an independent compensation consultant, to advise the Compensation Committee on matters relating to executive compensation and assist it in maintaining and administering our executive compensation programs. The Compensation Committee annually requests PM&P to conduct an executive compensation review to evaluate the compensation of our senior executives relative to an industry peer group selected by the Compensation Committee with input from the compensation consultant and management and published market survey data. See Executive Compensation Compensation Discussion and Analysis How We Make Compensation Decisions Role of Compensation Consultants herein for more information.

Our stock incentive plan permits the Compensation Committee to delegate to appropriate personnel its authority to make awards to employees other than those subject to Section 16 of the Securities Exchange Act of 1934 (Exchange Act). The Compensation Committee has delegated authority to our CEO to make or alter awards under our long-term incentive plan to such participants, subject to the following conditions:

the CEO may grant awards relating to no more than 100,000 shares of our common stock in any fiscal year, and awards relating to no more than 20,000 shares to any one participant;

the CEO may grant no more than 30,000 PSUs in any fiscal year, and no more than 5,000 PSUs to any one participant;

the CEO may cancel, modify, or waive rights under awards related to no more than 20,000 shares and 5,000 PSUs held by a participant

the CEO must approve the grant in writing during an open window period, with the grant date being the date of the written approval or a future date; and

the CEO must report the grants or alterations to the Compensation Committee at its next meeting.

### **Director Nominee Qualifications**

The Corporate Governance Committee is responsible for reviewing with our Board, on an annual basis, the appropriate skills and characteristics required of directors in accordance with our Corporate Governance Principles and evaluating whether the current members of our Board as a group possess those skills and characteristics. Our Corporate Governance Principles provide that our Board will nominate director candidates who represent a mix of backgrounds and experiences that enhance the quality of our Board's deliberations and decisions. Our Board believes that a diverse membership with varying perspectives and breadth of experience is an important attribute of a well-functioning board. As a result, our Board will seek diversity of background, experience, gender, race and skills among its members.

When seeking candidates for director, other than potential candidates who are current directors standing for re-election, the Corporate Governance Committee will identify potential director nominees through business and other contacts. The Corporate Governance Committee will also consider candidates for director recommended by stockholders in accordance with the procedures described in our Bylaws and may also choose to retain a professional search firm to identify potential director nominees. We did not pay any fee to any third party to identify or

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**CORPORATE GOVERNANCE**

evaluate, or assist in identifying or evaluating, potential director nominees for election at the annual meeting.

When the Corporate Governance Committee selects candidates, it is looking for director nominees:

with a mix of backgrounds and experiences;

having substantial experience with one or more publicly-traded domestic or multinational companies;

having achieved high distinction or success in their respective fields;

displaying the personal attributes necessary to be an effective director, including having unquestioned integrity, sound judgment, independence in fact and mindset, and the ability to operate collaboratively; and

commitment to the Company and its stockholders.

Our Board is particularly interested in maintaining a mix that includes, but is not necessarily limited to, active or retired chief executive officers and senior executives, particularly those with significant management experience in operations, international business, finance, accounting or significant targeted expansion areas for the Company. The committee evaluates a potential director nominee by considering whether the potential candidate meets the expectations described above, as well as considering the following factors:

whether the potential director nominee has experience and expertise that is relevant to our business and/or industry, including any specialized business experience, technical expertise, or other specialized skills, and whether the potential director nominee has knowledge regarding issues affecting us;

whether the potential director nominee is independent, whether he or she is free of any conflict of interest or the appearance of any conflict of interest with the best interests of the Company or of our stockholders, and whether he or she is willing and able to represent the interests of all of our stockholders; and

whether there are factors that could affect the ability or willingness of the potential director nominee to devote sufficient time to Board activities and to enhance his or her understanding of our business.

There are no differences in the manner in which the Corporate Governance Committee evaluates a

candidate for nomination as a director suggested by stockholders using the process set forth in our Bylaws. See 2015 Stockholder Nominations and Proposals for information on a stockholder proposing a candidate for consideration for nomination as a director, in accordance with our Bylaws and Corporate Governance Principles. For the annual

meeting, we did not receive notice of director nominations from any stockholder.

When reviewing an incumbent director for potential re-election, the Corporate Governance Committee considers the incumbent director's service to us during his or her term, including the number of meetings attended, level of participation, and overall contribution to our Board. As provided in our Corporate Governance Principles, a director is expected to retire at the annual meeting following his or her 75<sup>th</sup> birthday, unless asked by our Board to continue to serve. Consistent with this principle and in recognition of his dedicated service to the Company, the Board asked Mr. Sullivan to remain on the Board following his 75<sup>th</sup> birthday for an additional one-year term.

### **Role of our Board in Risk Oversight**

Our Board is responsible for the oversight of risk, while assessing and managing risk is the responsibility of management. It is management's responsibility to anticipate, identify and communicate risks to our Board and its committees so that our Board can better understand the risks the Company faces, the steps management takes to manage these risks and the level of risk that is appropriate for the Company at any given time. Management meets regularly to discuss our business strategies, challenges, risks and opportunities and reviews those items with our Board at each regularly scheduled meeting.

While our Board has primary responsibility for risk oversight, each of its standing committees support our Board by addressing various risks in their respective areas of oversight. For instance, the Audit Committee maintains responsibility related to our financial reporting, audit process, and internal control over financial reporting and disclosure controls and procedures. The Compensation Committee endeavors to develop a program of incentives that encourages an appropriate level of risk-taking behavior consistent with our long-term business strategy and also reviews the leadership development of our employees. The Corporate Governance Committee conducts assessments of nominees to our Board and is charged with developing and recommending to our Board any policies, corporate governance principles and the structure, leadership and membership of our Board

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**CORPORATE GOVERNANCE**

committees, including those policies and principles related to, affecting or concerning risk oversight of our Board and its committees.

**Director Stock Ownership Guidelines**

Within three years of joining the Board, each non-management director is expected to own shares of our common stock equal in value to five times the annual retainer paid to him or her, and such ownership may include the restricted stock units granted under our non-management director compensation program. All of our non-management directors exceed the required ownership level. See [Ownership of Securities](#) [Management and Director Stock Ownership](#).

**Communications with our Board**

Stockholders and other interested parties may communicate directly with one or more members of our Board, or the non-management directors as a group, by sending a letter by mail c/o Secretary, Superior Energy

Services, Inc., 1001 Louisiana Street, Suite 2900, Houston, Texas 77002. The Secretary will forward the communication directly to the appropriate director or directors.

**Compensation Committee Interlocks and Insider Participation**

During 2014, none of Messrs. Bouillion (Chairman), Funk, McShane or Ralls, who comprised the Compensation Committee, were officers or employees of the Company or any of our subsidiaries or had any relationships requiring disclosure in this proxy statement under [Certain Transactions](#), and none of our executive officers served as a member of the compensation committee of another entity or as a director of another entity whose executive officers served on our Board or the Compensation Committee. No member of the Compensation Committee is a former officer of the Company.

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DIRECTOR COMPENSATION

Effective October 1, 2014, we revised our compensation program for non-management directors to increase the annual retainer and discontinue the payment of meeting fees. During 2014, our non-management directors received:

an annual retainer of \$67,500 (increased to \$100,000 effective October 1, 2014);

an additional annual fee of \$20,000 for the chairman of the Audit Committee;

an additional annual fee of \$15,000 for the chairman of the Compensation Committee;

an additional annual fee of \$10,000 for the chairman of the Corporate Governance Committee;

an additional annual fee of \$25,000 for the Lead Director; and

a \$2,000 fee for each Board and committee meeting attended (discontinued effective October 1, 2014).

To closely align the non-management directors' compensation with the financial interests of our stockholders, a significant portion of their compensation is paid in the form of an equity award valued at approximately \$200,000. The equity award is granted in restricted stock units (RSUs) on the day following each annual meeting of our stockholders, with the number of RSUs granted determined by dividing \$200,000 by the closing price of our common stock on the day of the annual meeting, and rounding up to the next whole share. In addition, if the director's initial election or

appointment does not occur at an annual meeting, they will receive a pro rata number of RSUs based on the number of full calendar months between the date of election or appointment and the first anniversary of the previous annual meeting.

The RSUs vest and pay out in shares of our common stock on the date of the next year's annual meeting, subject to each director's ability to elect to defer receipt of the shares of our common stock under our Directors Deferred Compensation Plan.

Under our Directors Deferred Compensation Plan, non-management directors may elect to defer compensation received from the Company for service on our Board. Deferred cash compensation will earn a rate of return based on hypothetical investments in certain mutual funds from which the director may select, or may be converted to deferred stock units. Both the deferred stock units and any deferred restricted stock units will be paid out in shares of our common stock and will be credited with dividend equivalents for any dividends paid on our common stock. Director

participants may elect the timing of the distributions of their deferred compensation, which may be made in a lump sum payment or installments, provided that all payments are made no later than 10 years following the director's termination of service on our Board.

*Senior Advisor Agreement with Mr. Hall.* Mr. Hall and the Company are parties to a senior advisor agreement, which expires May 31, 2015 and provides for an annual advisory fee of \$400,000 and the provision of health benefits through the term of the agreement.

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**Table of Contents****DIRECTOR COMPENSATION**

The table below summarizes the compensation of our non-management directors for 2014. Mr. Dunlap does not receive any special compensation for his service as a director. His compensation as an executive is reflected in the 2014 Summary Compensation Table under Executive Compensation. All non-management directors are reimbursed for reasonable expenses incurred in attending Board and committee meetings.

**2014 Director Compensation**

| Name          | Fees Earned<br>Or<br>Paid in Cash <sup>(1)</sup> | Stock<br>Awards <sup>(2)(3)</sup> | All Other<br>Compensation <sup>(4)</sup> | Total     |
|---------------|--|-----------------------------------|--|-----------|
| Mr. Bouillion | \$112,125  | \$200,026                         | \$ 13,206                                | \$325,357 |
| Mr. Dawkins   | \$ 85,456  | \$200,026                         | \$ 15,475                                | \$300,957 |
| Mr. Funk      | \$114,794  | \$200,026                         | \$ 15,628                                | \$330,448 |
| Mr. Hall      | \$ 81,625  | \$200,026                         | \$558,329                                | \$839,980 |
| Mr. Howard(5) | \$ 19,375  | \$ 0                              | \$ 3,946                                 | \$ 23,321 |
| Mr. Kinnear   | \$101,625  | \$200,026                         | \$ 4,905                                 | \$306,555 |
| Mr. McShane   | \$ 97,125  | \$200,026                         | \$ 4,536                                 | \$301,686 |
| Mr. Ralls     | \$ 93,625  | \$200,026                         | \$ 4,536                                 | \$298,186 |
| Mr. Sullivan  | \$114,125  | \$200,026                         | \$ 16,671                                | \$330,822 |

(1) Amounts shown reflect fees earned by the directors for their service on our Board during 2014.

(2) Amounts reflect the aggregate grant date fair value of the RSU awards. RSUs are valued at the closing sale price per share of our common stock on the day prior to the date of grant. On May 15, 2014, each non-employee director received an award of 6,187 RSUs, with a grant date fair value of \$32.33 per unit.

(3) As of December 31, 2014, the non-management directors had the following RSUs and option awards outstanding:

| Director      | Restricted<br>Stock Units | Options   |
|---------------|---------------------------|-----------|
| Mr. Bouillion | 43,720                    |           |
| Mr. Dawkins   | 50,810                    |           |
| Mr. Funk      | 55,023                    |           |
| Mr. Hall      | 20,950                    | 1,066,988 |
| Mr. Kinnear   | 17,777                    |           |

|              |        |
|--------------|--------|
| Mr. McShane  | 16,624 |
| Mr. Ralls    | 16,624 |
| Mr. Sullivan | 58,284 |

(4) The amounts reflected in All Other Compensation include accrued dividend equivalents on outstanding RSUs that were granted prior to the Company's payment of dividends (as the payment of dividends was not part of the grant date valuation of these awards). For Mr. Hall, this amount also includes the following amounts provided for under his senior advisor agreement: (i) \$400,000 received as advisory fees and (ii) \$152,409 representing the Company's reimbursement of fuel costs and services of a pilot.

(5) Mr. Howard was a member of our Board until his death in March 2014.

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**Table of Contents****OWNERSHIP OF SECURITIES****Principal Stockholders**

The following table shows the number of shares of our common stock beneficially owned by holders as of the record date, April 8, 2015, known by us to beneficially own more than 5% of the outstanding shares of our common stock. The information in the table is based on our review of filings with the SEC.

| Name and Address of Beneficial Owner  | Amount and Nature of Beneficial Ownership | Percent of Class <sup>(1)</sup> |
|---|---|---------------------------------|
| <b>BlackRock, Inc.</b><br><br>40 East 52 <sup>nd</sup> Street<br><br>New York, New York 10022 | 12,433,896 <sup>(2)</sup>                 | 8.3%                            |
| <b>The Vanguard Group</b><br><br>100 Vanguard Boulevard<br><br>Malvern, Pennsylvania 19355    | 9,710,059 <sup>(3)</sup>                  | 6.5%                            |

(1) Based on 150,363,393 shares of our common stock outstanding as of April 8, 2015.

(2) In Amendment No. 5 to Schedule 13G filed on January 23, 2015, BlackRock, Inc. reported that it has (i) the sole power to dispose or direct the disposition of all the shares of our common stock reported, and (ii) the sole power to vote or direct the vote of 11,663,302 shares of our common stock.

(3) In Amendment No. 1 to Schedule 13G filed on February 11, 2015, the Vanguard Group reported that it has (i) the sole power to dispose or direct the disposition of 9,570,060 shares of our common stock, (ii) the shared power to dispose or direct the disposition of 139,999 shares of our common stock, and (iii) the sole power to vote or direct the vote of 155,029 shares of our common stock.

**Table of Contents****OWNERSHIP OF SECURITIES****Management and Director Stock Ownership**

The following table shows the number of shares of our common stock beneficially owned as of the record date, April 8, 2015, by (i) our current non-management directors, (ii) our named executive officers, as defined below in Executive Compensation Compensation Discussion and Analysis, and (iii) all of our current directors and executive officers as a group. The information in the table is based on our review of filings with the SEC. Each person listed below has sole voting and investment power with respect to the shares beneficially owned unless otherwise stated.

| Name of Beneficial Owner  | Amount and Nature of Beneficial Ownership <sup>(1)</sup> | Percent of Class <sup>(3)</sup> |
|---|--|---------------------------------|
| <i>Non-management Directors:</i> <sup>(2)</sup>                     |  |                                 |
| Harold J. Bouillion   | 60,720   | *                               |
| Enoch L. Dawkins  | 50,810   | *                               |
| James M. Funk   | 60,023   | *                               |
| Terence E. Hall   | 1,155,050  | *                               |
| Peter D. Kinnear  | 35,251   | *                               |
| Michael M. McShane  | 64,266   | *                               |
| W. Matt Ralls   | 67,906   | *                               |
| Justin L. Sullivan  | 98,284   | *                               |
| <i>Named Executive Officers:</i>                                    |  |                                 |
| David D. Dunlap   | 912,709  | *                               |
| Robert S. Taylor  | 460,715  | *                               |
| Brian K. Moore  | 509,904  | *                               |
| A. Patrick Bernard  | 332,701  | *                               |
| William B. Masters  | 257,174  | *                               |
| <i>All directors and executive officers as a group (16 persons)</i> | 4,665,943 <sup>(4)</sup>                                 | 3.1%                            |

\* Less than 1%.

(1) Includes the number of shares subject to options that will be exercisable within 60 days, as follows: Mr. Hall (878,488); Mr. Dunlap (487,104); Mr. Taylor (273,721); Mr. Moore (209,261); Mr. Bernard (209,629); Mr. Masters (148,360); and all directors and executive officers as a group (2,557,443).

(2) Includes the number of shares the non-management director will receive upon vesting of RSUs or the payout of deferred stock units, as noted, within 60 days of April 8, 2015, as follows: Mr. Bouillion (43,720); Mr. Dawkins (50,810); Mr. Funk (47,549, plus 5,979 deferred RSUs); Mr. Hall (20,950); Mr. Kinnear (17,777); Mr. McShane (16,624); Mr. Ralls (16,624, plus 1,092 deferred stock units); and Mr. Sullivan (50,810, plus 7,474 deferred

RSUs). Each RSU granted to directors prior to 2013 vested immediately upon grant, but the shares of Company common stock payable upon vesting will not be delivered to the director until he ceases to serve on our Board. Beginning with the 2013 grants, the RSUs vest and pay out in shares of our common stock the year following the grant, subject to each director's ability to elect to defer receipt of the shares of our common stock.

(3) Based on 150,363,393 shares of our common stock outstanding as of April 8, 2015.

(4) One executive officer has pledged 7,778 of his shares of our common stock to secure a personal line of credit. This pledge was in place prior to the adoption of our anti-pledging policy in 2013.

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**OWNERSHIP OF SECURITIES**

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors and executive officers to file with the SEC reports of ownership and changes in ownership of our equity securities. Based solely upon our review of the Forms 3, 4 and 5 filed during 2014, and written representations from our directors and executive officers, we believe that all required reports were timely filed during 2014, except for the following. In April 2014, Mr. Dunlap filed an amendment to a Form 4 filed in January 2013 to correct the number of stock options and restricted shares reported as granted by the Company. In addition, Mr. Ralls made the following corrective filings: an amendment to his Form 3 filed in June 2014 to correct the number of shares of Company stock held as of the date he became a director; an amendment to his original Form 4 filed in May 2014 to correct the number of shares of Company stock acquired as a result of the conversion of previously held shares of Complete Production Services, Inc. in connection with our merger with Complete, and a late Form 5 filed in June 2014 to report certain small acquisitions during 2013.

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**ADVISORY VOTE ON OUR NAMED EXECUTIVE OFFICERS' COMPENSATION (PROPOSAL 2)**

We are seeking stockholder approval of the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules. This vote is not intended to address any specific item of compensation but rather the overall compensation of our named executive officers and our compensation philosophy and practices. In considering how to vote on this proposal, we urge you to carefully consider the information in the Executive Compensation section of this proxy statement, namely the Compensation Discussion and Analysis (including its Executive Summary) and the compensation tables and accompanying narrative disclosures.

The Compensation Committee of the Board designs, implements and administers our compensation program for our executive officers, including our named executive officers. As noted in the Compensation Discussion and Analysis, we position the majority of our executives' target direct compensation to be at-risk, with a significant percentage of the target compensation (87.8% for our CEO and an average of 78.8% for our other current named executive officers) based on annual and long-term performance measures. Our core executive compensation philosophy and practice continue to be based on pay for performance, and we believe that our compensation program is strongly aligned with the long-term interests of our stockholders.

At last year's annual meeting, we provided our stockholders with the opportunity to cast a non-binding advisory vote regarding the compensation of our named executive officers as disclosed in our proxy statement for the 2014 annual meeting of stockholders. Our stockholders approved the say-on-pay proposal

by an affirmative vote of 98% of the holders of shares of our common stock present and entitled to vote on the proposal. We are again asking our stockholders to vote on the following resolution:

RESOLVED, that the stockholders of Superior Energy Services, Inc. (the Company) approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in the Company's proxy statement for the 2015 annual meeting of stockholders pursuant to the rules of the Securities and Exchange Commission.

While this advisory vote, commonly referred to as a say-on-pay vote, is not binding, our Board and the Compensation Committee value the opinion of our stockholders and will consider the outcome of the vote when making future compensation decisions for our named executive officers. We invite stockholders who wish to communicate with our Board on executive compensation matters or any other matter to contact us as provided under Corporate Governance Communications with our Board.

**Vote Required**

The approval, by an advisory vote, of the compensation of our named executive officers requires the affirmative vote of the holders of a majority of the shares of our common stock present in person or by proxy at the annual meeting and entitled to vote on such proposal. Our say-on-pay vote currently occurs annually. We will hold the next say-on-pay vote at our 2016 annual meeting of stockholders.

**Our Board unanimously recommends that stockholders vote FOR the proposal to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement.**

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**ADOPTION OF THE AMENDED AND RESTATED 2013 STOCK INCENTIVE PLAN (PROPOSAL 3)**

The growth and future success of our Company depends upon the efforts of its officers, directors, employees, consultants and advisors. We believe that the proposed Superior Energy Services, Inc. Amended and Restated 2013 Stock Incentive Plan (the Stock Plan) provides an effective means of delivering equity-based compensation to our key personnel. Upon the recommendation of the Compensation Committee, our Board has adopted the Stock Plan, subject to stockholder approval at the annual meeting. The Stock Plan is summarized below and the full text of the Stock Plan is attached to this proxy statement as Annex A. Because this is a summary, it may not contain all the information that you may consider to be important. You should read Annex A carefully before you decide how to vote on this proposal.

**Purpose of the Proposal**

We believe that providing officers, directors, employees, consultants and advisors with a proprietary interest in the growth and performance of our Company stimulates individual performance and enhances stockholder value. We also believe that a significant portion of an executive's compensation should be directly linked to our performance. Consistent with this philosophy, during 2014, 73% of the total target compensation of our CEO, and 63% of the average total target compensation of our other named executive officers was delivered in the form of long-term incentive awards.

We currently grant annual long-term incentive awards to our executives, key employees and directors under our 2013 Stock Incentive Plan. However, there are not enough shares remaining available under the Stock Plan to support our long-term incentive program next year and beyond, thus we are seeking your approval of an amendment and restatement of the plan to incorporate the following changes:

increase the aggregate number of shares available for issuance pursuant to awards under the Stock Plan by 6.85 million;

extend the term of the Stock Plan through May 22, 2025;

provide for performance-based cash awards under the Stock Plan to enable the Compensation Committee to structure our annual incentive program under the performance-based exception under Section 162(m) of the Internal Revenue Code;

include additional revisions as discussed herein designed to incorporate best practices in plan design.

In its determination to recommend Board adoption of the Stock Plan and in determining the appropriate number of shares to make available under the Stock Plan, the Compensation Committee considered the recommendation of PM&P, its independent compensation consultant, and reviewed burn rate and dilution data. The following table provides data on our use of shares under our incentive plans from the beginning of 2012 through the record date as set forth in our Annual Reports on Form 10-K for the fiscal years ending 2012 through 2014, as applicable (including

grants to non-management directors):

| Fiscal Year                              | Participants | Director RSUs Granted | Restricted Stock/RSUs Granted | Stock Options Granted | PSUs Paid<br>in Stock<br>(including Stock-Settled SPSUs<br>granted in<br>2014<br>and 2015) | Total Shares | Annual Burn Rate* |
|--|--------------|-----------------------|-------------------------------|-----------------------|--|--------------|-------------------|
| 2012                                     | 344          | 86,758                | 362,904                       | 78,043                | 43,259   | 570,964      | 0.71%             |
| 2013                                     | 596          | 67,266                | 1,388,835                     | 406,185               | 0  | 1,862,286    | 2.08%             |
| 2014                                     | 594          | 49,496                | 1,302,688                     | 567,084               | 0  | 1,919,268    | 2.19%             |
| 2015                                     | 622          | 0                     | 2,081,433                     | 612,665               | 318,165  | 3,012,263    | 3.61%             |
| Three-Year Average Burn Rate (2012-2014) |              |                       |                               |                       |  |              | 1.45%             |
| Three-Year Average Burn Rate (2013-2015) |              |                       |                               |                       |  |              | 2.29%             |

\* Burn Rate is the annual number of all option equivalents (options and converted full value awards) divided by the weighted average of common shares outstanding. Option equivalents are calculated by converting all full value awards to options by multiplying the full value awards by a multiple based on the company's 3-year daily stock volatility. The multiplier could range from 1.5-4.0 depending on the stock volatility. The Company's multiplier is 2.

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**ADOPTION OF THE AMENDED AND RESTATED 2013 STOCK INCENTIVE PLAN (PROPOSAL 3)**

As reflected in the table above, the number of shares required for long-term incentive awards each year varies, and this variation is due to changes in our stock price at the time of grant, the number of participants in the program, and the size of individual grants awarded by our Compensation Committee. In particular, beginning in 2012 we significantly expanded participation in our long-term incentive program to promote stock ownership deeper within the Company. Recognizing these variables, and as noted above, we do not have sufficient shares available for long-term incentive annual grants to our executive officers and other key employees beginning next year (see Equity Compensation Plan Information as of April 8, 2015 at the end of this proposal for more information). We believe that increasing the shares available under the Stock Plan is necessary to provide us with the continued ability to attract, retain, and motivate key personnel in a manner tied to the best interests of our stockholders. We anticipate that the shares reserved for issuance under the Stock Plan will be sufficient to meet our needs for at least two years.

With stockholder approval of the Stock Plan, the overall simple dilution of our equity-based incentive plans would be 11.2% of our common stock outstanding as of the record date, based on 8.4 million shares available for future grant under the Stock Plan and 2.7 million shares available for future issuance under our employee stock purchase plan, 150.4 million shares of common stock outstanding, shares issuable pursuant to 4.7 million outstanding stock options, 3.1 million outstanding restricted stock units, and 100,874 outstanding stock-settled performance share units (the SPSUs). See Equity Compensation Plan Information as of April 8, 2015 at the end of this proposal for complete equity compensation plan information as of the record date.

If the Stock Plan is not approved by the stockholders, we will not have sufficient shares to fund our LTI program in 2016. As a result, the Company may be required to increase significantly the cash components of our executive compensation program in order to remain competitive and adequately compensate our employees. Such a drastic decline in our LTI program would misalign our executive and stockholder interests.

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**ADOPTION OF THE AMENDED AND RESTATED 2013 STOCK INCENTIVE PLAN (PROPOSAL 3)**

**Best Practice Provisions in the Stock Plan**

The Stock Plan has many provisions designed to protect stockholder interests and promote effective corporate governance, including the following:

the exercise price and base price of stock options and stock appreciation rights, respectively, may not be less than the fair market value of a share of stock on the date of grant;

the Stock Plan prohibits the repricing of any stock option or stock appreciation right without stockholder approval;

participants holding stock options or stock appreciation rights do not receive dividend equivalents for any period prior to the exercise of the award;

the Stock Plan uses an efficient fungible share design, under which each share subject to an appreciation award counts as one share against the plan limit and each share subject to a full value award counts as 1.6 shares against the plan limit;

shares of common stock delivered or withheld in payment of the exercise price of a stock option, delivered or withheld to satisfy tax obligations in respect of an incentive, or repurchased with the proceeds of an option exercise may not be re-issued under the Stock Plan;

all time-based awards, including stock options and stock appreciation rights, are subject to a minimum three-year vesting requirement with incremental vesting permitted, provided that no such award may be scheduled to vest prior to the first anniversary of the date of grant (except that 5% of the shares available under the Stock Plan may be granted without compliance with these minimum vesting conditions to participants who are not executive officers);

the Stock Plan limits the number of shares subject to awards that may be granted to a participant, including directors, each year;

payment of dividends or dividend equivalents on performance-based awards is conditioned on achievement of the same performance goals as the underlying award;

awards under the Stock Plan are expressly subject to recovery by the Company under certain circumstances;

if stock appreciation rights are paid in stock, each right paid is counted as a whole share used;

material amendments of the Stock Plan require stockholder approval; and

awards under the Stock Plan are administered by the Compensation Committee, an independent committee of our Board.

Other Company policies that help align the interests of our directors and executive officers with those of our stockholders include our policies that prohibit our directors and executive officers from pledging or hedging our common stock, and our minimum stock ownership guidelines for our directors and executive officers. See [Director Compensation](#) and [Executive Compensation](#) Compensation Discussion and Analysis.

## **Terms of the Stock Plan**

### ***Administration of the Stock Plan.***

The Compensation Committee of the Board (or a subcommittee) will generally administer the Stock Plan, and has the authority to:

grant and set the terms of awards under the Stock Plan;

interpret the Stock Plan and establish any rules or regulations relating to the Stock Plan that it determines to be appropriate;

make any other determination that it believes necessary or advisable for proper administration of the Stock Plan; and

subject to the limitations specified in the Stock Plan, delegate its authority to appropriate officers of our Company with respect to grants to employees or consultants who are not subject to Section 16 of the Exchange Act. (see [Corporate Governance](#) [Board Committees](#) [Compensation Committee](#) for information on our CEO's delegated authority).

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**ADOPTION OF THE AMENDED AND RESTATED 2013 STOCK INCENTIVE PLAN (PROPOSAL 3)**

***Eligibility.***

Officers, directors and employees of our Company and our consultants and advisors are eligible to receive awards, or incentives, under the Stock Plan. We currently have eight executive officers and eight non-management directors eligible to receive incentives under the Stock Plan. In addition, approximately 600 other employees currently participate in our long-term incentive program and would be eligible to receive awards under the Stock Plan.

The Compensation Committee may grant incentives under the Stock Plan to eligible participants outside of the United States under such terms and conditions as may, in the judgment of the Compensation Committee, be necessary or advisable to comply with the laws of the applicable foreign jurisdictions, and to that end, may establish sub-plans, modified vesting, exercise or settlement procedures and other terms and procedures.

***Awards.***

Incentives under the Stock Plan may be granted in any one or a combination of the following forms:

for officers and employees only, incentive stock options under Section 422 of the Internal Revenue Code;

non-qualified stock options;

restricted stock;

restricted stock units;

stock appreciation rights ( SARs );

other stock-based awards; and

cash-based performance awards.

***Shares Issuable Through the Stock Plan.***

A total of 14,850,000 shares of our common stock are authorized to be issued under the Stock Plan. Common stock issued under the Stock Plan may be authorized and unissued shares of common stock or shares of common stock held as treasury shares. The closing sale price of our common stock on the NYSE as of April 8, 2015 was \$23.98 per share.

***Limitations and Adjustments to Shares Issuable Through the Stock Plan.***

The Stock Plan uses a fungible share design, which means that each share issued subject to a stock option or SAR counts as one share against the plan limit and each share issued subject to any other incentive (the full value awards) counts as 1.6 shares against the plan limit.

A maximum overall limit of 14,850,000 shares may be issued subject to incentive stock options. The maximum number of shares subject to incentives, including stock options or SARs, that may be granted in a single year to a non-management director is 50,000 shares and to all other participants is 1,000,000 shares. In addition, the maximum value of an other stock-based award that is valued in dollars or a cash-based performance award that is scheduled to be paid out to any one participant in any fiscal year shall be \$10 million.

Generally, for purposes of determining the maximum number of shares of our common stock available for delivery under the Stock Plan, shares that are not delivered because an award is forfeited, cancelled, or settled in cash will not be deemed to have been delivered under the Stock Plan. The following shares are counted against the Stock Plan limits:

with respect to SARs paid in shares, all shares to which the SARs relate rather than the net number of shares delivered upon exercise;

shares withheld to satisfy the exercise price of a stock option or the tax withholding obligation associated with any award; and

shares purchased on the open market with the proceeds of an option exercise.

Proportionate adjustments will be made to all of the share limitations provided in the Stock Plan, including shares subject to outstanding awards, in the event of any recapitalization, reclassification, stock dividend, stock split, combination of shares or other change in the shares of our common stock. Further, the Compensation Committee may adjust the terms of any award to the extent appropriate to provide participants with the same relative rights before and after the occurrence of any such event.

***Minimum Vesting Requirements.***

Awards under the Stock Plan must be made subject to the following minimum vesting periods.

For service- or time-based awards, a three-year vesting period is required, with incremental vesting of portions of the award permitted (provided, however, that no portion of the award may be scheduled to vest prior to the first anniversary of the date of grant).

For performance-based awards (other than cash-based performance awards), a one-year vesting period is required.



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**ADOPTION OF THE AMENDED AND RESTATED 2013 STOCK INCENTIVE PLAN (PROPOSAL 3)**

The minimum vesting requirements do not apply to awards with respect to 742,500 shares made to participants who are not executive officers. In addition, the committee may accelerate the exercisability or vesting of an award as it deems appropriate.

***Term of the Stock Plan.***

No incentives may be granted under the Stock Plan after May 22, 2025.

***Amendments to the Stock Plan.***

The Board may amend or discontinue the Stock Plan at any time. However, our stockholders must approve any amendment that would:

materially increase the benefits accruing to participants under the Stock Plan;  
materially increase the number of shares of common stock that may be issued under the Stock Plan;

materially expand the classes of persons eligible to participate in the Stock Plan;

expand the types of awards available for grant under the Stock Plan;

materially extend the term of the Stock Plan;

reduce the price at which common stock may be offered through the Stock Plan; or

permit the repricing of a stock option or SAR.

No amendment or discontinuance of the Stock Plan may materially impair any previously granted incentive without the consent of the recipient.

***Types of Incentives.***

Each type of incentive that may be granted under the Stock Plan is described below:

| <b>Type of Incentive</b> | <b>Description</b>  | <b>General Terms or Limits Under the Stock Plan</b>            |
|--------------------------|---|--|
| <b>Stock Options</b>     | A stock option represents the right to purchase a shares of | May be non-qualified stock options or incentive stock options. |

common stock at a specified price in the future.

The committee will set the terms of the stock options subject to the following limitations:

the exercise price may not be less than the fair market value of a share of common stock on the date of grant (except for an option granted in substitution of an outstanding award in an acquisition transaction);

options are subject to the minimum vesting requirements and exceptions described above;

the option term cannot exceed 10 years; and

stock options will not be entitled to any dividend equivalent rights for any period of time prior to exercise of the stock option.

The exercise price of a stock option may not be decreased after the date of grant and out-of-the-money stock options may not be surrendered in exchange for other awards without stockholder approval.

Incentive stock options will be subject to certain additional requirements necessary in order to qualify as incentive stock options under Section 422 of the Internal Revenue Code.

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| Type of Incentive                       | Description   | General Terms or Limits Under the Stock Plan  |
|---|---|---|
| <b>Restricted Stock</b>                 | Represent shares of common stock granted subject to restrictions on sale, pledge or other transfer by the recipient for a certain restricted period, and subject to such other terms and conditions as the committee may determine. | <p>Restricted stock awards are subject to the minimum vesting requirements and exceptions described above.</p> <p>Subject to the restrictions provided in the agreement, holders of restricted stock will have all of the rights of a stockholder as to such shares, including the right to receive dividends unless otherwise provided for in the agreement.</p> <p>If the vesting of the restricted stock is based upon the attainment of performance goals, any dividends paid with respect to the shares of restricted stock will be subject to attainment of the same performance goals.</p>   |
| <b>Restricted Stock Units</b>           | A restricted stock unit represents the right to receive from the Company on the scheduled vesting date or other specified payment date one share of common stock.   | <p>Restricted stock units are subject to the minimum vesting requirements and exceptions described above.</p> <p>Subject to the restrictions provided in the agreement and the Stock Plan, a participant receiving restricted stock units will have no stockholder rights until such time as shares of common stock are issued to the participant.</p> <p>Restricted stock units may be granted with dividend equivalent rights (provided, however, that if the vesting of the restricted stock units is based upon the attainment of performance goals, any dividend equivalent rights with respect to such restricted stock units will be subject to the attainment of the same performance goals).</p> |
| <b>Stock Appreciation Rights (SARs)</b> | A stock appreciation right is a right to receive, without payment to us, a number of shares of common stock or an amount of cash in proportion to any increase in   | The committee will determine the base price used to measure share appreciation, whether the right may be paid in cash and such other terms applicable to the SAR, subject to the following limitations:   |

the share price of our common stock over a certain period of time.

the base price may not be less than the fair market value of a share of common stock on the date of grant (except for SARs granted in substitution of an outstanding award in an acquisition transaction);

SARs are subject to the minimum vesting requirements and exceptions described above;

the SAR term cannot exceed 10 years; and

SARs will not be entitled to any dividend equivalent rights for any period of time prior to exercise of the SAR.

The base price of a SAR may not be decreased after the date of grant and out-of-the-money SARs may not be surrendered in exchange for other awards without stockholder approval.

**Other  
Stock-Based  
Awards**

Awards of shares of common stock and other awards that are denominated in, payable in, valued in whole or in part by reference to, or are otherwise based on the value of, or the appreciation in value of, shares of common stock.

The committee has discretion to determine the size of such awards, the form of payment and all other conditions of such awards, including any restrictions, deferral periods or performance requirements.

Other stock-based awards are subject to the minimum vesting requirements and exceptions described above.

**Table of Contents****ADOPTION OF THE AMENDED AND RESTATED 2013 STOCK INCENTIVE PLAN (PROPOSAL 3)**

| <b>Type of Incentive</b>             | <b>Description</b>   | <b>General Terms or Limits Under the Stock Plan</b>  |
|--------------------------------------|--|--|
| <b>Cash-Based Performance Awards</b> | Represents the opportunity to earn cash awards based on performance. | Cash-based performance awards will be subject to the such terms and conditions, including the attainment of specified performance goals, as the committee may determine in accordance with the Stock Plan. |

***Performance-Based Compensation Under Section 162(m).***

Performance-based compensation under Section 162(m) of the Internal Revenue Code does not count toward the \$1 million limit on our Company's federal income tax deduction for compensation paid to its most highly compensated executive officers. Stock options and SARs granted in accordance with the terms of the Stock Plan are designed to qualify as performance-based compensation under Section 162(m). Grants of restricted stock, restricted stock units, other stock-based awards or cash-based performance awards that we intend to qualify as performance-based compensation under Section 162(m) must be made subject to the achievement of pre-established performance goals. The pre-established performance goals will be based upon any or a combination of the following criteria relating to our Company or one or more of our divisions or subsidiaries:

- earnings per share
- earnings before interest, taxes, depreciation and amortization (EBITDA)
- operating income
- return on assets
- an economic value added measure
- stockholder return
- earnings
- stock price
- return on equity
- return on total capital
- pre-tax income
- return on invested capital
- return on invested capital relative to cost of capital
- safety performance
- reduction of expenses
- free cash flow and increase in cash flow
- DSO (days sales outstanding) improvement

For any performance period, the performance goals may be measured on an absolute basis or relative to a group of peer companies selected by the Compensation Committee, relative to internal goals or industry benchmarks, or relative to levels attained in prior years. Performance measurements may be adjusted as specified under the Stock Plan.

Our Compensation Committee has authority to use different targets from time to time with respect to the performance goals provided in the Stock Plan. The regulations under Section 162(m) require that the material terms of the performance goals be reapproved by our stockholders every five years. To qualify as performance-based compensation, grants of restricted stock, restricted stock units, other stock-based awards and cash-based performance awards are required to satisfy the other applicable requirements of Section 162(m).

***Clawback.***

The Stock Plan also provides that each incentive agreement will contain a provision permitting the Company to recover any incentive granted under the Stock Plan if (i) the Company's financial statements are required to be restated at any time within the three-year period following the final payout of the incentive and the award recipient is determined to be responsible, in whole or in part, for the reason for the restatement, or (ii) if the incentive is subject to any clawback policies the Company may adopt in order to conform to the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any resulting rules issued by the SEC or NYSE thereunder. All determinations regarding the applicability of these provisions shall be in the discretion of the Compensation Committee.

***Termination of Employment; Change of Control.***

If a participant ceases to be an employee of the Company or to provide services to us for any reason, including death, disability, early retirement or normal retirement, or in the event of a change of control of the Company as defined in the Stock Plan or in an incentive agreement, the participant's outstanding incentives may be exercised, shall vest or shall expire at such time or times as may be determined by the Compensation Committee and described in the incentive agreement.

In addition, under the Stock Plan and unless otherwise provided in the award agreement, upon a change of control performance-based awards will be paid out following a change of control on a pro rata basis based

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**ADOPTION OF THE AMENDED AND RESTATED 2013 STOCK INCENTIVE PLAN (PROPOSAL 3)**

on the length of the performance period that has elapsed as of the change of control and assuming achievement of the target goals under the award. Further, upon a change of control, our Compensation Committee will have the authority to take a variety of actions regarding outstanding incentives. Within certain time periods and under certain conditions, our Compensation Committee may:

require that all outstanding incentives be exercised by a certain date;

require the surrender to the Company of some or all outstanding incentives in exchange for a stock or cash payment for each incentive equal in value to the per share change of control value, calculated as described in the Stock Plan, over the exercise or base price;

make any equitable adjustment to outstanding incentives as our Compensation Committee deems necessary to reflect our corporate changes; or

provide that an incentive shall become an incentive relating to the number and class of shares of stock or other securities or property (including cash) to which the participant would have been entitled in connection with the change of control transaction if the participant had been a stockholder at the time of consummation of such transaction.

***Transferability of Incentives.***

The incentives awarded under the Stock Plan may not be transferred except:

by will;

by the laws of descent and distribution;

if permitted by the Compensation Committee and so provided in the incentive agreement, pursuant to a domestic relations order; or

in the case of stock options only, if permitted by the Compensation Committee and if so provided in the incentive agreement, to immediate family members or to a partnership, limited liability company or trust for which the sole owners, members or beneficiaries are the participant or immediate family members.

***Payment of Withholding Taxes.***

We may withhold from any payments or stock issuances under the Stock Plan, or collect as a

condition of payment, any taxes required by law to be withheld. The participant may, but is not required to, satisfy his or her withholding tax obligation by electing to deliver currently owned shares of common stock or to have the Company withhold, from the shares the participant would otherwise receive, shares, in each case having a value equal to the minimum amount required to be withheld. This election must be made prior to the date on which the amount of tax to be withheld is determined and for participants who are not subject to Section 16 of the Exchange Act is subject to the Compensation Committee's right of disapproval.

***Purchase of Incentives.***

The Compensation Committee may approve the purchase by the Company of an unexercised or unvested incentive from the holder by mutual agreement, provided that the repurchase does not constitute a repricing without stockholder approval.

**Awards To Be Granted**

If our stockholders approve the Stock Plan at the annual meeting, grants of awards to employees, officers, directors, consultants and advisors will be made in the future by the Compensation Committee as it deems necessary or appropriate.

**Federal Income Tax Consequences**

The federal income tax consequences related to the issuance of the different types of incentives that may be awarded under the Stock Plan are summarized below. Participants who are granted incentives under the Stock Plan should consult their own tax advisors to determine the tax consequences based on their particular circumstances.

***Stock Options.***

A participant who is granted a stock option normally will not realize any income, nor will our Company normally receive any deduction for federal income tax purposes, in the year the option is granted. When a non-qualified stock option granted through the Stock Plan is exercised, the participant will realize ordinary income measured by the difference between the aggregate purchase price of the shares acquired and the aggregate fair market value of the shares acquired on the exercise date and, subject to the limitations of Section 162(m) of the Internal Revenue Code, we will be entitled to a deduction in the year the option is exercised equal to the amount the participant is required to treat as ordinary income.

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**Table of Contents****ADOPTION OF THE AMENDED AND RESTATED 2013 STOCK INCENTIVE PLAN (PROPOSAL 3)**

An employee generally will not recognize any income upon the exercise of any incentive stock option, but the excess of the fair market value of the shares at the time of exercise over the option price will be an item of tax preference, which may, depending on particular factors relating to the employee, subject the employee to the alternative minimum tax imposed by Section 55 of the Internal Revenue Code. The alternative minimum tax is imposed in addition to the federal individual income tax, and it is intended to ensure that individual taxpayers do not completely avoid federal income tax by using preference items. An employee will recognize capital gain or loss in the amount of the difference between the exercise price and the sale price on the sale or exchange of stock acquired pursuant to the exercise of an incentive stock option, provided the employee does not dispose of such stock within two years from the date of grant and one year from the date of exercise of the incentive stock option (the holding periods). An employee disposing of such shares before the expiration of the holding periods will recognize ordinary income generally equal to the difference between the option price and the fair market value of the stock on the date of exercise. The remaining gain, if any, will be capital gain. We will not be entitled to a federal income tax deduction in connection with the exercise of an incentive stock option, except where the employee disposes of the shares received upon exercise before the expiration of the holding periods.

If the exercise price of a non-qualified option is paid by the surrender of previously owned shares, the basis and the holding period of the previously owned shares carry over to the same number of shares received in exchange for the previously owned shares. The compensation income recognized on exercise of these options is added to the basis of the shares received. If the exercised option is an incentive stock option and the shares surrendered were acquired through the exercise of an incentive stock option and have not been held for the holding periods, the optionee will recognize income on such exchange, and the basis of the shares received will be equal to the fair market value of the shares surrendered. If the applicable holding period has been met on the date of exercise, there will be no income recognition and the basis and the holding period of the previously owned shares will carry over to the same number of shares received in exchange, and the remaining shares will begin a new holding period and have a zero basis.

***Restricted Stock.***

Unless the participant makes an election to accelerate recognition of the income to the date of grant (as

described below), the participant will not recognize income, and we will not be allowed a tax deduction, at the time the restricted stock award is granted. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the shares as of that date, and we will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Section 162(m) of the Internal Revenue Code. If the participant files an election under Section 83(b) of the Internal Revenue Code within 30 days of the date of grant of restricted stock, the participant will recognize ordinary income as of the date of the grant equal to the fair market value of the stock as of that date, and our Company will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Section 162(m). Any future appreciation in the stock will be taxable to the participant at capital gains rates. If the stock is later forfeited, however, the participant will not be able to recover the tax previously paid pursuant to a Section 83(b) election.

***Restricted Stock Units.***

A participant will not be deemed to have received taxable income upon the grant of restricted stock units. The participant will be deemed to have received taxable ordinary income at such time as shares are distributed with respect to the restricted stock units in an amount equal to the fair market value of the shares distributed to the participant.

Upon the distribution of shares to a participant with respect to restricted stock units, we will ordinarily be entitled to a deduction for federal income tax purposes in an amount equal to the taxable ordinary income of the participant, subject to any applicable limitations under Section 162(m) of the Internal Revenue Code. The basis of the shares received will equal the amount of taxable ordinary income recognized by the participant upon receipt of such shares.

***Stock Appreciation Rights.***

Generally, a participant who is granted a stock appreciation right under the Stock Plan will not recognize any taxable income at the time of the grant. The participant will recognize ordinary income upon exercise equal to the amount of cash or the fair market value of the stock received on the day it is received. In general, there are no federal income tax deductions allowed to our Company upon the grant of stock appreciation rights. Upon the exercise of the stock appreciation right, however, we will be entitled to a deduction equal to the amount of ordinary income that

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**ADOPTION OF THE AMENDED AND RESTATED 2013 STOCK INCENTIVE PLAN (PROPOSAL 3)**

the participant is required to recognize as a result of the exercise, provided that the deduction is not otherwise disallowed under Section 162(m).

***Other Stock-Based Awards.***

Generally, a participant who is granted an other stock-based award under the Stock Plan will recognize ordinary income at the time the cash or shares of common stock associated with the award are received. If stock is received, the ordinary income will be equal to the excess of the fair market value of the stock received over any amount paid by the participant in exchange for the stock. In the year that the participant recognizes ordinary taxable income in respect of such award, we will be entitled to a deduction for federal income tax purposes equal to the amount of ordinary income that the participant is required to recognize, provided that the deduction is not otherwise disallowed under Section 162(m).

***Cash-Based Performance Awards.***

Generally, a participant who is granted a cash-based performance award will recognize ordinary income at the time the cash payment is received. In the year that the participant recognizes ordinary taxable income in respect of such award, we will be entitled to a deduction for federal income tax purposes equal to the amount of ordinary income that the participant is required to recognize, provided that the deduction is not otherwise disallowed under Section 162(m).

***Section 409A.***

If any incentive constitutes non-qualified deferred compensation under Section 409A of the Internal Revenue Code, it will be necessary that the incentive

be structured to comply with Section 409A of the Internal Revenue Code to avoid the imposition of additional tax, penalties and interest on the participant.

***Tax Consequences of a Change of Control.***

If, upon a change of control of the Company, the exercisability, vesting or payout of an incentive is accelerated, any excess on the date of the change of control of the fair market value of the shares or cash issued under accelerated incentives over the purchase price of such shares, if any, may be characterized as parachute payments (within the meaning of Section 280G of the Internal Revenue Code) if the sum of such amounts and any other such contingent payments received by the employee exceeds an amount equal to three times the base amount for such employee. The base amount generally is the average of the annual compensation of the employee for the five years preceding such change in ownership or control. An excess parachute payment, with respect to any employee, is the excess of the parachute payments to such person, in the aggregate, over and above such person's base amount. If the amounts received by an employee upon a change of control are characterized as parachute payments, the employee will be subject to a 20% excise tax on the excess parachute payment and we will be denied any deduction with respect to such excess parachute payment.

The foregoing discussion summarizes the federal income tax consequences of incentives that may be granted under the Stock Plan based on current provisions of the Internal Revenue Code, which are subject to change. This summary does not cover any foreign, state or local tax consequences.

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Table of Contents**ADOPTION OF THE AMENDED AND RESTATED 2013 STOCK INCENTIVE PLAN (PROPOSAL 3)****Equity Compensation Plan Information as of December 31, 2014**

The following table presents information as of December 31, 2014, regarding compensation plans under which shares of our common stock may be issued to employees and non-employees as compensation.

| Plan Category  | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | Weighted-Average Exercise Price Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|--|---|--|---|
|  | (a)   | (b)  | (c)   |
| Equity compensation plans approved by security holders     | 5,761,258 <sup>(1)</sup>  | \$ 23.90 <sup>(2)</sup>  | 7,889,278 <sup>(4)</sup>  |
| Equity compensation plans not approved by security holders | 259,010 <sup>(3)</sup>  | \$ 21.63 <sup>(2)</sup>  | 0   |
| <b>Total</b>   | <b>6,020,268<sup>(1)</sup></b>  |  | <b>7,889,278<sup>(4)</sup></b>  |

- (1) The number of securities to be issued upon the exercise of outstanding options, warrants and rights includes shares issuable upon the payout of 1,416,477 outstanding restricted stock units and 119,286 SPSUs. These awards are not reflected in column (b) as they do not have an exercise price.
- (2) The weighted-average remaining term of the outstanding stock options as of December 31, 2014 from plans approved by security holders is 5.1 years and from plans not approved by security holders is 4.8 years.
- (3) Represents the number of securities to be issued pursuant to outstanding options that we assumed in a merger.
- (4) As of December 31, 2014, there were 5,234,087 shares of our common stock remaining available for future issuance under our 2013 Stock Incentive Plan, all of which could be issued under the terms of such plan upon the exercise of stock options or stock appreciation rights and in the form of restricted stock, restricted stock units or other stock-based awards, which awards are valued in whole or in part on the value of the shares of our common stock. In addition, there were 2,655,191 shares remaining available for issuance under the 2013 Employee Stock Purchase Plan.

**Equity Compensation Plan Information as of April 8, 2015**

Since December 31, 2014, our outstanding equity awards have changed due to the grants made under our long-term incentive program, vesting of restricted stock and RSU awards, and the exercise of stock options.

In particular, as of April 8, 2015, we had the following available shares and outstanding awards under all of our equity incentive plans:

1,581,039 shares of common stock remaining available for future issuance under the 2013 Stock Incentive Plan;

2,655,125 shares remaining available for issuance under our 2013 Employee Stock Purchase Plan;

4,741,641 stock options outstanding, with a weighted-average exercise price of \$23.40 and a weighted-average remaining contractual term of 5.8 years;

3,505,769 non-vested shares of restricted stock and RSUs outstanding, with average grant date fair value of \$20.80; and

100,874 shares of issuable pursuant to unearned stock-settled SPSUs outstanding, with average grant date fair value of \$22.38.

**Vote Required**

Under the NYSE Rules, adoption of the proposed Amended and Restated 2013 Stock Incentive Plan requires the affirmative vote of the holders of a majority of the votes cast, and the total votes cast on the proposal must represent a majority of our outstanding common stock entitled to vote on the proposal as of the record date.

**The Board unanimously recommends that stockholders vote FOR  
the adoption of the proposed Amended and Restated 2013 Stock Incentive Plan.**

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**RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PROPOSAL 4)**

The Audit Committee has selected KPMG as our independent registered public accounting firm (independent auditor) for the fiscal year ending December 31, 2015, which we submit to our stockholders for ratification. Although ratification is not required by our Bylaws or otherwise, our Board is submitting the selection of KPMG to our stockholders for ratification as a matter of good corporate practice. If the selection is not ratified by our stockholders, the Audit Committee will consider whether it is appropriate to select another independent auditor. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent auditor at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

KPMG has audited the Company's financial statements since 1995. The Audit Committee took a number of factors into consideration in determining whether to

reappoint KPMG as the Company's independent auditor, including KPMG's historical and recent performance of the Company's audit, KPMG's capabilities and expertise, its tenure as the Company's independent auditor and its familiarity with our business and operations, the appropriateness of its professional fees and its independence.

Representatives of KPMG are expected to be present at the annual meeting and will have an opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions from our stockholders.

**Vote Required**

The ratification of the appointment of KPMG as our independent auditor for 2015 requires the affirmative vote of the holders of a majority of the shares of our common stock present in person or by proxy at the annual meeting and entitled to vote on such proposal.

**The Audit Committee and our Board unanimously recommend that stockholders vote FOR  
the ratification of the appointment of KPMG as our independent registered public  
accounting firm for the fiscal year ending December 31, 2015.**



**Table of Contents****NOTIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PROPOSAL)****Fees Paid to Independent Registered Public Accounting Firm**

The following is a summary and description of fees billed to the Company for professional services rendered by KPMG in 2014 and 2013.

|   | Fiscal Year Ended December 31, |              |
|---|--------------------------------|--------------|
|   | 2014                           | 2013         |
| Audit Fees <sup>(1)</sup>                       | \$ 3,529,100                   | \$ 3,420,830 |
| Audit-Related Fees                              |                                |              |
| Tax and Statutory Reporting Fees <sup>(2)</sup> | 539,724                        | 382,295      |
| All Other Fees                                  |                                |              |

(1) Audit fees were for the audit of the annual consolidated financial statements and review of the quarterly consolidated financial statements, for the audit of internal control over financial reporting, and for services normally provided by KPMG in connection with statutory audits and review of documents filed with the SEC.

(2) Reflects fees for professional services rendered for tax compliance, tax advice, tax planning, statutory reporting, and other international, federal and state projects.

**Pre-Approval Process**

The Audit Committee must pre-approve all audit and permissible non-audit services provided by the independent auditor, and follows established approval procedures to ensure that the independent auditor's independence will not be impaired. Regarding services requiring specific pre-approval, the Company's Chief Financial Officer submits requests along with a joint statement from the independent auditor as to whether, in their view, the request for services is consistent with the SEC's rules on auditor independence.

The Audit Committee delegated pre-approval authority for routine audit, audit-related and tax services specifically listed in the pre-approval policy to its chairman for any individual service estimated to involve a fee of less than \$75,000, and the chairman reports any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate to management its responsibility to pre-approve services to be performed by the Company's independent auditor.

All audit and tax fees described above were approved by the Audit Committee before services were rendered.



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AUDIT COMMITTEE REPORT

The Audit Committee assists the Board in its oversight of the integrity of the Company's financial statements, the independent auditor's qualifications, independence and performance, the performance of the Company's internal audit function and the Company's compliance with legal and regulatory requirements. The Audit Committee is comprised of four non-employee directors, each of whom the Board has determined meets the independence and financial literacy requirements under the SEC rules and NYSE listing standards, including the heightened NYSE independence requirements for audit committee members, and qualifies as an audit committee financial expert as defined by the SEC.

The Audit Committee operates under a written charter adopted by the Board that complies with all current regulatory requirements. The charter is reviewed at least annually. A copy of the charter can be found on the Company's website at <http://ir.superiorenergy.com/phoenix.zhtml?c=97570&p=iro-l-govHighlights>.

Management is responsible for preparing and presenting the Company's financial statements, and for maintaining appropriate accounting and financial reporting policies and practices, as well as internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. KPMG, our independent auditor, is responsible for performing an independent audit of our financial statements in accordance with generally accepted auditing standards, and expressing opinions on the conformity of the Company's audited financial statements with generally accepted accounting principles and on the Company's internal control over financial reporting. The members of the Audit Committee rely, without independent verification, on the information provided and representations made to them by management and KPMG.

In performing its oversight function, over the course of the year the Audit Committee, among other matters:

reviewed and discussed with management, the Company's internal auditor and KPMG the Company's quarterly and annual earnings press releases, consolidated financial statements and Form 10-Q's filed with the SEC, including disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations ;

reviewed and discussed with management, the Company's internal auditor and KPMG the Company's audited financial statements and related footnotes for the year ended December 31, 2014, including disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations ;

reviewed and discussed with management, the Company's internal auditor and KPMG management's assessment of the effectiveness of the Company's internal controls over financial reporting and KPMG's evaluation of the Company's internal controls over financial reporting;

inquired about significant business and financial reporting risks, reviewed the Company's policies for risk assessment and risk management, and assessed the steps management is taking to control these risks;

met in periodic executive sessions with the CEO, the internal auditor, and KPMG, including to discuss the results of their examinations, their evaluations of internal controls, and the overall quality of the Company's financial reporting;

discussed with KPMG the matters required to be discussed by the independent auditor with the Audit Committee under the Public Company Accounting Oversight Board (PCAOB) applicable auditing standards, including Auditing Standard No. 16, *Communications with Audit Committees*; and

reviewed the policies and procedures for the engagement of KPMG, including the scope of the audit, audit fees, auditor independence matters and the extent to which KPMG may be retained to perform non-audit services. The Audit Committee leads in the selection of the lead audit engagement partner, working with KPMG with input from management, and annually reviews and assesses the performance of the KPMG audit team, including the lead audit engagement partner. As part of its auditor engagement process, the Audit Committee also considers

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**AUDIT COMMITTEE REPORT**

whether to rotate the independent registered public accounting firm. Following this assessment and evaluation, the Audit Committee concluded that the selection of KPMG as the independent registered public accounting firm for fiscal year 2015 is in the best interest of the Company and its shareholders.

The Audit Committee also reviewed KPMG's independence, and as part of that review, received and discussed the written disclosures and the letter from KPMG required by applicable requirements of the PCAOB regarding the independent auditor's communications with the Audit Committee concerning independence. Additionally, as further described under Pre-Approval Process, the Company maintains an auditor independence policy that requires pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm. The Audit Committee considers whether KPMG's provision of these non-audit services to us is consistent with its independence, and concluded that it is.

Based on the reviews and discussions described above, and subject to the limitations on the roles and responsibilities of the Audit Committee referred to above and in its charter, the Audit Committee recommended to the Board that the Company's audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for filing with the SEC.

THE AUDIT COMMITTEE

Justin L. Sullivan (Chairman)

Harold J. Bouillion

Peter D. Kinnear

Michael M. McShane

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**CERTAIN TRANSACTIONS**

Our practice has been that any transaction which would require disclosure under Item 404(a) of Regulation S-K of the rules and regulations of the SEC, with respect to a director or executive officer, must be reviewed and approved by our Audit Committee. The Audit Committee reviews and investigates any matters pertaining to the integrity of our executive officers and directors, including conflicts of interest, or adherence to standards of business conduct required by our policies. We are currently not a party to any transactions requiring such disclosure. Further discussion regarding compensation matters is found in sections titled [Director Compensation](#) and [Executive Compensation](#) .

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**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS (CD&A)**

This CD&A is designed to provide stockholders with an understanding of our compensation philosophy and objectives, as well as the analysis that we performed in setting executive compensation for 2014. It discusses the Compensation Committee's (referred to as the Committee in this CD&A) determination of how and why, in addition to what, compensation actions were taken during 2014 for our Chief Executive Officer, our Chief Financial Officer and our three other highest paid executive officers (the named executive officers):

David D. Dunlap, our President and Chief Executive Officer;

Robert S. Taylor, our Executive Vice President, Chief Financial Officer and Treasurer;

Brian K. Moore, our Senior Executive Vice President;

A. Patrick Bernard, our Senior Executive Vice President; and

William B. Masters, our Executive Vice President and General Counsel.

**Executive Summary**

We provide a wide variety of services and products to the energy industry related to the exploration, development and production of oil and natural gas. We serve major national and independent oil and natural gas companies throughout the world.

Overall, 2014 was another successful year for us during which we continued to implement our stated growth strategy, which involves reinvesting free cash generated from established US operations to fund geographical expansion in targeted international locations. We have been able to execute this strategy in a disciplined fashion without making large upfront capital investments by allowing established core product lines to use their entrepreneurial skills to build out these markets. As a result, we have been able to grow the Company and, at the same time, preserve cash, reduce debt levels and return cash to our stockholders through stock repurchases and dividends.

In addition, this approach has provided us with a high level of liquidity, which mitigates the financial impact of market downturns, like the one that currently exists, and provides us with the ability to take advantage of strategic opportunities that may arise. This creates additional strategic leverage for the Company when the market recovers. As discussed below, despite our positive financial and operational performance in 2014, we did not experience a similar positive trend to our stockholder return throughout the year. Our stock price, which was on an upward trend for the

first half of 2014, began to trend downwards, not unlike others in our peer group, due to the sudden and dramatic drop in oil prices in the fourth quarter of 2014.

### ***2014 Company Financial and Operational Performance***

The following are a few 2014 financial and operational highlights:

#### ***Strong Balance Sheet and Liquidity***

Achieved record free cash flow of \$417 million in 2014, which was achieved primarily by demonstrating a disciplined capital investment strategy where new investments must be funded by cash from operations. We continue to execute on our plan to optimize working capital.

Increased our cash position by nearly \$200 million from 2013, which along with our \$600 million undrawn revolving line of credit provides the Company with about \$1 billion of liquidity.

Divested non-core assets in our subsea construction business and received \$147 million in proceeds.

Raised our credit ratings for our outstanding debt to investment grade with the ratings of Baa3 with Moody's Investors Service and BBB- with Standard and Poor's.

Focused on operational efficiency and returning cash to stockholders. We repurchased \$300 million of our common stock and paid \$50 million of dividends to stockholders.

#### ***Operations***

Recorded a net income from continuing operations of \$281 million, or \$1.79 per diluted

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**EXECUTIVE COMPENSATION**

earnings per share from continuing operations, which represents an increase of \$236 million from 2013 net income from continuing operations.

- o Grew U.S. Land revenue by 6% over 2013, resulting in \$3.0 billion of revenue.
- o Grew International revenue by 5% over 2013, resulting in \$707 million of revenue.
- o Sustained revenues from Gulf of Mexico of \$827 million.

Continued our focus on international expansion with a strategic acquisition in India and sustained growth in Latin America, Asia Pacific and the Middle East. We have been able to grow the international business without making large, upfront capital commitments. The international revenues from these targeted regions grew from approximately \$29 million in 2010 to over \$248 million in 2014.

*2015 Outlook and Competitive Advantage*

The reduction in commodity prices, which has resulted principally from the higher marketed supply of oil, raises short-term uncertainty regarding the spending activity levels of our customers. In this uncertain environment, our focus is on rationalizing costs, staying responsive to customers and keeping relationships strong.

Our strong balance sheet and available liquidity position allow us to avoid distractions associated with the market downturn and take advantage of strategic opportunities that may arise. We continue to maintain focus on reliability, execution and customer service.

*Summary of 2014 Incentive Measures, Company Results and 2014 Payouts*

Our strong financial and operational performance during 2014 resulted in corresponding maximum payouts under our annual incentive program and a portion of our performance share units (PSUs). Due to our stock price performance, however, there was no payout of the remaining portion of our PSUs, which was based on a relative total stockholder return (TSR) metric. The following components and results of our 2014 incentive programs are discussed in detail later in this CD&A.

| Incentive | Performance | Performance Metric | Company | Resulting Compensation | Overall Payout |
|-----------|-------------|--------------------|---------|------------------------|----------------|
|-----------|-------------|--------------------|---------|------------------------|----------------|

| Program Element                       | Category    | Performance v. Target  | Value                              |
|---------------------------------------|-------------|--|------------------------------------|
| <b>Annual Incentive Program (AIP)</b> | Financial   | Pre-Tax Income<br>113% of Target<br>(75% of Award)                   | 200% of Target<br>(Maximum Payout) |
|                                       | Operational | Key Operational Objectives<br>Above Target<br>(25% of Award)         | 200% of Target<br>(Maximum Payout) |
| <b>LTI Program - PSUs</b>             | Financial   | Return on Invested Capital Rank<br>76.6 Percentile<br>(50% of Award) | 200% of Target<br>(Maximum Payout) |
|                                       | Stock Price | TSR Percentile Rank<br>12.9 Percentile<br>(50% of Award)             | 0% of Target<br>(No Payout)        |

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**EXECUTIVE COMPENSATION**

*2014 Market Activity and the Impact of Stock Price on Executive Compensation*

As noted above, while 2014 was a strong year relative to our financial and operational performance, the second half of 2014 marked the beginning of a very significant downturn in crude oil prices. The most dramatic drop occurred in the last quarter of the year, beginning a period of extreme volatility in oil and gas stock prices. Crude oil prices dropped 35% from the beginning to the end of 2014, with a drop of 33% in the fourth quarter alone. This decrease was largely related to macroeconomic forces such as a weak global economy, tepid demand and oversupply resulting from OPEC's unwillingness to curb production. This decline focused investor preference away from commodity-based oil and gas stocks towards potentially higher yields, furthering the decline in industry market capitalization. As a reflection of these events, during 2014, the Philadelphia Stock Exchange Oil Service Sector Index (OSX) declined by approximately 22%. As the Company's stock price is highly correlated and dependent on crude oil prices, the Company was not immune to the industry shift and experienced a similar decline of approximately 19% in its TSR during the year, with a decline of approximately 39% during the fourth quarter of 2014.

The change in oil prices and relative effect on the OSX and our stock price (SPN) during 2014 is displayed in the following chart:

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**EXECUTIVE COMPENSATION**

As described further in this CD&A, the structure of our executive compensation program for a given year is determined prior to or in the beginning of the calendar year. Specifically, base salary adjustments, if any, are effective January 1st, and the parameters of our annual incentive program are established and grants under our long-term incentive program are made effective in the first quarter of the year.

Over 85% of our CEO's target direct compensation is incentive-based, with a balance between incentives linked to the financial and operational performance of the Company and incentives that are tied directly to stock performance. The Committee believes it is important to have this balance so that executives are focused on both stockholder return and the financial metrics that promote the long-term stability of the Company. This is particularly important in a cyclical industry like ours.

Because of our strong financial and operational performance in 2014, incentives awarded at the

beginning of the year or in prior years contingent on these measures rewarded executives accordingly. The graph below illustrates the extreme impact of the fourth quarter market drop on the comparison of our CEO's compensation to our TSR over the last five years. As reflected below, the pay-for-performance correlation between stock price and CEO pay was strong until the unexpected and sudden drop in the Company's stock price due to the decline in commodity prices in the fourth quarter. As a means of comparison, the solid line shows our TSR as of December 31, 2014, whereas the dash line shows our TSR as of the end of the third quarter in 2014.

In response to this market downturn, the Committee revised our executive compensation program for 2015, including significantly reducing the payout opportunities under our annual incentive plan and maintaining the base salaries of our named executive officers at 2014 levels. See discussion below under Recent Compensation Highlights.

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**EXECUTIVE COMPENSATION**

*Recent Compensation Highlights*

The following highlights some of the recent key compensation decisions made by the Committee, which are discussed in more detail later in this CD&A:

- Ø **Revised Annual Incentive Program for 2014** due to the changing scope of the Company's operations, including our significant international expansion efforts, the Committee believed that other metrics that also serve as drivers of our success should be incorporated into the program. Thus, in 2014, 75% of the total payout under the program was based on the Company's achievement of a pre-tax income target (as in prior years), and 25% of the total payout was based on the Committee's qualitative assessment of the Company's achievement of the other key operational objectives relating to finance, operations and expansion efforts. The entire amount remained subject to a 15% reduction based on the Company's overall safety performance for the year.
  
- Ø **One-Time Strategic Award to Named Executive Officers other than CEO** in early 2014, the Committee approved the grant of a special one-time, two-year performance share award (the SPSUs) for our named executive officers other than Mr. Dunlap. The award, which is based on free cash flow and ultimately pays out in shares of our common stock, is intended to serve as an added incentive to our executive team to achieve financial and operational objectives during 2014 and 2015 that the Committee believes are responsive to investor input and will drive our future success.
  
- Ø **Elimination of Excise Tax Gross-Ups** with the expiration in December 2014 of the employment agreement with Mr. Moore that we assumed in a merger, we no longer provide excise tax gross-ups in any executive employment agreement or severance program.
  
- Ø **Changes Made for 2015 in Response to Depressed Market Conditions:**
  - o **Reduced Payout Opportunities under our Annual Incentive Plan for 2015** the Committee reduced the potential payout opportunities (as a percentage of salary) by 37.5% for all executives and raised the minimum payout level (as a percentage of target).
  - o **No Salary Increases for Named Executive Officers for 2015** following modest base salary increases for 2014, and given the downturn in the oil and gas industry, in December 2014 the Committee elected not to increase the base salaries of our named executive officers in 2015.

*Compensation Best Practices*

We strive to align executive compensation with stockholder interests, and to incorporate strong governance standards within our compensation program, such as:

- Ø **50% of Long-Term Incentives are Performance-Based** we grant a combination of stock options, restricted stock units and performance share units (PSUs) under our long-term incentive program, with half of the grant date value awarded in PSUs that pay out based on our relative achievement against our peers under total stockholder return and return on investment metrics.
  
- Ø **Annual Incentives Based on Performance** our annual incentive awards are based on Company financial, and beginning in 2014 operational, performance measures as determined by the Committee.
  
- Ø **Balanced Mix of Performance-Based Compensation** we provide a balanced mix of performance-based compensation designed to motivate our executives to improve both our financial and stock-price performance and maintain alignment with both short and long-term objectives.
  
- Ø **Anti-Hedging and Anti-Pledging Policies** we prohibit our executives and directors from hedging and pledging Company securities.
  
- Ø **Broad-based Long-Term Incentive Program** during the last few years we have expanded the use of long-term incentive awards within the Company. In 2014, we granted awards to more than 550 non-executive management employees in an effort to promote stock ownership and alignment of stockholder interests deeper within our organization.
  
- Ø **Double Trigger Change of Control Payments** our change of control program provides for change of control cash payments only upon a qualifying termination of employment.

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**EXECUTIVE COMPENSATION**

- Ø **Clawback Policy** our annual incentive awards and long-term incentive awards are subject to a clawback, which applies to all of our executive officers and provides for the forfeiture of these awards or the return of any related gain in the event of a restatement of our financial statements.
  
- Ø **Robust Stock Ownership Guidelines for CEO** we require our executive officers and directors to maintain certain levels of ownership in the Company, thus aligning their interests with our stockholders' interests, and all of our executives currently exceed their ownership requirements, most by a significant amount. The ownership level for our chief executive officer is six times his base salary.
  
- Ø **Hold-Back Requirement on Equity Shares** our stock ownership guidelines require that our executives maintain ownership of at least 50% of the net after-tax shares of common stock acquired from the Company pursuant to any equity-based awards, unless the executive has met his individual ownership requirement.
  
- Ø **Engagement of Independent Compensation Consultant** our Committee retains an independent compensation consultant who reports directly to the Committee and does not provide any other services to management or the Company.
- Ø **Review of Tally Sheets** our Committee annually reviews tally sheets summarizing the compensation of our executive officers.

***Results of 2014 Say-on-Pay Vote***

At our 2014 annual meeting, we received 98% support for our say-on-pay proposal. Prior to and following that meeting, in response to the 67% support we received for our say-on-pay proposal in 2013, we had launched an extensive stockholder outreach campaign to seek feedback from our investors on a variety of topics, including our operations, governance and compensation programs, including the severance and change of control program we adopted in 2012. Based on the feedback we received, we made a few changes to our policies and programs as noted in our proxy statement last year, but felt that our stockholders were generally supportive of our executive compensation philosophy and programs. We also did not ascertain any strong correlation between the low support for our say-on-pay proposal in 2013 and our new severance and change of control program, which we had adopted in 2012 with a delayed effective date (after the 2013 annual meeting) so that we could assess our stockholders' views of the program. This belief was supported by the high level of support our say-on-pay proposal received at our 2014 annual meeting. We have continued our ongoing dialog with our investors, and will continue to fully evaluate and be responsive to the feedback we receive.

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**Table of Contents****EXECUTIVE COMPENSATION*****How We View Compensation    Total Target Direct Compensation***

Our executive compensation program is significantly performance-based, linking executive pay, Company performance and results for stockholders, and is appropriately balanced with short- and long-term measures. The primary components of our executive compensation program are base salary, annual incentive awards and long-term incentives (which we collectively refer to as our executives' direct compensation). The annual incentive awards and long-term incentives, which comprise the majority of our executives' target direct compensation, are at-risk, with a significant percentage of the compensation (51% for our CEO and an average of 47% for our other current named executive officers) based on measurable performance, both annual and long-term (the PSUs). Our program also features elements of compensation that vary with stock price (comprised of stock options and restricted stock units), resulting in a minimal level of fixed compensation in the form of base salary for our executives (approximately 12% for our CEO and an average of approximately 21% for our other current named executive officers). The following charts illustrate the target mix of direct compensation elements for our CEO, and our other current named executive officers (an average) during 2014. Because our CEO did not receive a grant of SPSUs during 2014, we have not included the value of this performance award granted to our other named executive officers in the charts below in order to promote consistency in the comparison.

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**EXECUTIVE COMPENSATION**

*Historical Impact of Financial Performance on Executive Pay*

The charts below show how the annual and long-term performance components of our program have paid out, or not paid out, over the last three years, commensurate with our results under the applicable performance components:

As noted above, our annual incentive program measures performance based on our achievement of pre-established pre-tax income targets and beginning in 2014, certain operational obligations. As described further below, we achieved 113% of the adjusted pre-tax income target set for 2014. This was above the 110% of target required for maximum payout of this portion under the program. In addition, the Committee determined that the Company had achieved above target performance under the operational objectives.

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**EXECUTIVE COMPENSATION**

*Target Total Direct Compensation v. Realizable Pay Analysis*

In making its compensation decisions, the Committee focuses on target total direct compensation of our executives, and also evaluates target compensation against the compensation that is ultimately realized by our executives. The charts below highlight, for our CEO and our other named executive officers as a group, the differences between the target total direct compensation opportunity approved by the Committee, the 2014 compensation reported in the Summary Compensation Table and the realizable pay resulting from our performance. The following summarizes how target total direct compensation and realizable compensation are calculated, and how they differ from the amounts reported in the Summary Compensation Table.

**Target Total Direct Compensation:**

Ø Includes base salary, target annual incentive award for the fiscal year, and the total grant date value of long-term incentives granted for that fiscal year, including the SPSUs

Ø Target total direct compensation differs from the compensation reflected in the Summary Compensation Table, which reports actual annual incentive award and PSU payouts and the grant date value of stock options, restricted stock units and the SPSUs granted as part of the compensation program

**Realizable Compensation:**

Ø Approximates the executives' take-home pay, and includes base salary, actual annual incentive awards, PSU payouts for the fiscal year, the value received from restricted stock or restricted stock unit vesting and stock option exercises during the year, and the change in intrinsic value of all outstanding exercisable options

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**EXECUTIVE COMPENSATION**

**One-Year Absolute Perspective**

As a result of our strong financial and operational performance, our executives received maximum payout under our annual incentive program and the financial component of the PSUs that were earned in 2014. Based upon these results, the values reported in the Summary Compensation Table for our named executive officers, including our CEO, for 2014 exceeded their target direct compensation. In addition, recent stock price declines resulted in realizable compensation being below target direct compensation levels.

**Three-Year Relative Perspective**

To demonstrate the alignment of our CEO's pay with our performance, the following graph compares our CEO's realizable pay as a percent of target total direct compensation for the three-year period from 2012 through 2014 to our TSR performance relative to our Compensation Peer Group (as later defined) over the same period.

**Three-Year CEO Realizable Pay vs. Performance**

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Table of Contents**EXECUTIVE COMPENSATION****Executive Compensation Philosophy**

The Committee is responsible for designing, implementing, and administering our executive compensation program. The Committee seeks to increase stockholder value by:

Ø rewarding performance; and

Ø ensuring that we can attract and retain executives with the skills, educational background, experience and personal qualities needed to successfully manage and contribute to our expanding business.

In structuring our executive compensation program, the Committee is guided by the following principles:

| <b>Principle</b>   | <b>Implementation</b>  |
|--|--|
| <b>Compensation should be performance driven and incentive compensation should comprise the largest part of an executive's compensation package.</b> | <p>Ø The largest portion of our target executive compensation (represented by the annual incentive awards and PSUs and including the SPSUs for our named executive officers other than our CEO) depends on achieving specific performance targets.</p> <p>Ø Base salary, the only fixed element of compensation in our executive compensation program, accounts for approximately 12% of our CEO's compensation and an average of 21% of our other named executive officers' compensation. All remaining elements of pay are variable, including annual incentive awards and long-term incentives in the form of stock options, RSUs, PSUs and SPSUs, the value of which are all directly linked to our performance.</p> |
| <b>Compensation levels should be competitive in order to attract and retain talented executives.</b>   | <p>Ø The Committee annually seeks input from its independent compensation consultant regarding the competitiveness of our pay strategy relative to the market. We have established a process for evaluating the competitiveness of all elements of direct compensation.</p>  |
| <b>Incentive compensation should balance short- and long-term performance, including balancing short-term growth with long-term returns.</b>         | <p>Ø Our annual incentive program rewards executives for the achievement of annual goals based on our profitability and achievement of operational metrics.</p> <p>Ø We provide long-term incentive opportunities that have significantly more potential reward value to the executive if goals are met and our share price grows.</p> <p>Ø In order to encourage our executives to prudently grow our business without sacrificing long-term returns, the performance metrics used for our PSUs are our three-year relative TSR as compared to our peers and our three-year relative return</p>   |

on invested capital (ROIC) for PSUs granted prior to 2015 and our three-year relative return on assets (ROA) for PSUs granted in 2015.

**Compensation programs should provide an element of retention and motivate executives to stay with the Company long-term.**

Ø The Committee annually evaluates with its consultant whether the program is balanced in terms of base pay and incentives, both short- and long-term.

Ø Executives forfeit their opportunity to earn a payout from the PSUs if they voluntarily leave the Company before the three-year performance cycle is complete, except in the case of retirement. Also, the use of time-vested restricted stock units and stock options provide a strong incentive for employees to stay with the Company.

**Compensation programs should encourage executives to own Company stock, thus aligning their interests with our stockholders.**

Ø The retirement benefits provided under the Supplemental Executive Retirement Plan (SERP) increase the longer the executive remains with the Company.

Ø Our stock ownership guidelines require our executive officers to own shares of Company stock equivalent to a stated multiple of the executive's base salary. The multiple varies depending on the executive's job title. See Executive Compensation Policies Stock Ownership Guidelines for more information.

Ø To assist our executives in achieving these ownership requirements, we grant shares of time-vested RSUs as one of our long-term incentives, and may also elect to pay up to 50% of the value of our PSUs in common stock. In addition, the SPSUs granted in 2014 and 2015 will payout in shares of common stock.

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**EXECUTIVE COMPENSATION**

**How We Make Compensation Decisions**

*Role of Management in Setting Compensation*

Our CEO is involved in recommending the compensation of our executive officers, other than himself. Each year, the CEO makes recommendations to the Committee regarding salary adjustments, percentage annual incentive targets under the annual incentive program and long-term incentive grants to our other executive officers. In formulating his recommendations, the CEO considers various factors, including his subjective analysis of each executive's performance and contributions, the performance of his business units (if applicable to the particular officer), experience level, tenure in position, the average base pay level for similar positions, and the Company's performance. Although the Committee considers the CEO's recommendations, the Committee makes all final determinations regarding executive compensation.

*Role of Compensation Consultants*

Since May 2007, the Committee has engaged Pearl Meyer & Partners (PM&P) as its independent executive compensation consultant to advise the Committee on matters relating to executive compensation and assist it in developing and implementing our executive compensation program. The Committee also discussed this CD&A with PM&P. As required by SEC rules, the Committee has assessed the independence of PM&P and concluded that PM&P's work did not raise any conflicts of interest. In making this determination, the Committee noted that during fiscal 2014:

PM&P only provided advisory services related to executive and director compensation;

Fees from the Company represented less than 1% of PM&P's total revenue;

PM&P maintained a conflicts policy to prevent a conflict of interest or any other independence issues; None of the team assigned to the Company had any business or personal relationship with members of the Committee outside of the engagement;

None of the team assigned to the Company had any business or personal relationship with any Company executive officer outside of the engagement; and

None of the team assigned to the Company maintained any individual position in our common stock.

*Peer Groups, Annual Benchmarking Process and Survey Data*

The Committee evaluates the Company's executive compensation practices and financial performance by reference to two different peer groups as described below: the Performance Peer Group and the Compensation Peer Group. The Performance Peer Group is made up of oilfield service companies which were chosen due to similarity of services provided, operating footprint, business focus, capital structure and competitive conditions. The Compensation Peer Group is a narrower group of companies which would be considered peers for executive talent purposes. This second group is more similar to Superior in terms of size and scope of operations, although, due to the limited number of companies directly similar in size, we include companies that are both somewhat smaller and somewhat larger than the Company, particularly companies from which we recruit executive talent. Additionally, we have excluded certain performance peers, such as Nabors Industries, from the Compensation Peer Group because of dissimilarity in pay approach and structures.

The Committee periodically reviews the companies comprising each peer group, and revises each group as it deems appropriate after consultation with PM&P and to reflect consolidation and changes in the industry.

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**Table of Contents****EXECUTIVE COMPENSATION****Performance**

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Used to measure our financial performance under our long term incentive program, in particular the PSUs.

**Performance Peer Group\***

|                                 |                                     |
|---------------------------------|-------------------------------------|
| Baker Hughes, Inc.              | Basic Energy Services, Inc.         |
| Cameron International Corp.     | FMC Technologies, Inc.              |
| Halliburton Co.                 | Helix Energy Solutions, Group, Inc. |
| Helmerich & Payne, Inc.         | Key Energy Services, Inc.           |
| Nabors Industries Ltd.          | National Oilwell Varco, Inc.        |
| Oceaneering International, Inc. | Oil States International, Inc.      |
| Patterson-UTI Energy, Inc.      | RPC, Inc.                           |
| Schlumberger Ltd.               | Weatherford International, Ltd.     |

\*Reference group for the PSUs granted in 2014

**Compensation**

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Used to evaluate and benchmark executive compensation.

**Compensation Peer Group**

|                                    |                                 |
|------------------------------------|---------------------------------|
| Baker Hughes, Inc.                 | Basic Energy Services, Inc.     |
| Cameron International Corp         | EnSCO plc                       |
| FMC Technologies, Inc.             | Halliburton Co.                 |
| Helix Energy Solutions Group, Inc. | Key Energy Services, Inc.       |
| National Oilwell Varco, Inc.       | Oceaneering International, Inc. |
| Oil States International, Inc.     | RPC, Inc.                       |
| Weatherford International, Ltd.    |                                 |

The Compensation Peer Group had a trailing twelve month median revenue of \$4.380 billion, compared to our trailing twelve month revenue of \$4.536 billion at the time the group was approved.

At the Committee's request, PM&P conducts an annual executive compensation review to benchmark the Company's senior executive compensation relative to the Compensation Peer Group with supplemental data from published

market surveys. The Committee uses this report to evaluate whether the executive compensation levels, including base salary and actual incentive payouts, are within industry norms and the Company's stated strategy. For 2014 executive compensation, the Committee set base salary amounts, annual incentive plan percentages and long-term incentive award values in December 2013 with reference to the Compensation Peer Group.

PM&P supplements data from the Compensation Peer Group with broad-based compensation survey data to develop a comprehensive view of the competitive market data. The Committee believes that this use of survey data is an important element of our compensation evaluation. Compensation survey data includes companies from the broader energy industry that influence the competitive market for executive compensation levels. Further, the survey data also includes data from companies that are comparable to us in terms of size and scale.

### ***Review of Tally Sheets***

The Committee has reviewed and evaluated an executive tally sheet that contained a listing and quantification (as appropriate) of each component of our compensation program during 2014 for all of our executive officers, including special executive benefits

and perquisites, as well as accumulated values (e.g., stock option holdings) and other contingent compensation such as severance arrangements. The Committee believes that our balance of annual and long-term compensation elements, our mix of long-term incentive vehicles and our stock ownership guidelines that encourage executive ownership result in a compensation program that aligns our executives' interests with those of our stockholders and does not encourage our management to take unreasonable risks relating to our business. The various components of our executive compensation program are described in detail below.

### **Components of Executive Compensation**

The main components of our executive compensation program are base salary, annual incentive and long-term incentives. Our executives also participate in a supplemental executive retirement plan. Overall, the Company positions the majority of the executive compensation program to be at-risk with much of the compensation based on measurable performance, with a specific emphasis on the long-term performance of the Company. As an executive's level of responsibility increases, a greater portion of total compensation is at-risk, creating the potential for greater variability in the individual's compensation from year to year.

As reflected in the charts set forth above in the Executive Summary, the CEO's component mix is more heavily weighted towards long-term performance and reflects the Committee's view that his role in setting the strategic direction of the Company gives him greater influence on the ultimate performance level achieved. The Committee believes that its current combination of compensation elements provides an appropriate mix of fixed and variable pay, balancing short-term and long-

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**EXECUTIVE COMPENSATION**

term performance, and encouraging executive retention.

A description of each element of the Company's compensation program follows.

***Base Salary***

The primary role of the Company's base salary element is to compensate executives for the experience, education, personal qualities and other qualifications that are key for their specific role within the Company. In establishing the base salaries for our executives, we have historically targeted the market median and strive to set base salaries at consistent levels for positions with similar responsibilities.

In December 2013, the Committee approved modest base salary increases for most of our named executive officers effective January 1, 2014. Specifically, each named executive officer received an approximate 5% increase, except for Mr. Masters, who received a 10% increase. These increases brought all of their salaries within our target range of 10% of the market median. The Committee did not approve base salary increases for any of the named executive officers for 2015.

***Annual Incentive Award***

The purpose of the Company's annual incentive program is to reward executives for achievement of annual operational, financial and safety goals. Although the Committee sets annual incentive target levels that result in median payouts when performance objectives are met, this program provides executives the opportunity to earn significantly higher payments depending on the extent to which these performance objectives are exceeded.

***Establishment of Program Parameters for 2014***

In February 2014, the Committee approved the parameters of the annual incentive program for 2014. Although the program has historically used one metric as a performance measure, the Committee believed that the increased size and our expanded portfolio of operations, including our international expansion efforts, warranted inclusion of additional metrics in the program. Specifically, the Committee believed that other financial and operational metrics that also serve as drivers of our success should be incorporated into the program. Thus, while the structure of the 2014 program is similar to our previous programs, awards will be based on both a primary financial metric and other key operational objectives, weighted as follows: 75% of the total payout will be based on the achievement of a pre-tax income

target and 25% of the total payout will be based on the Committee's assessment of the Company's achievement of the other key operational metrics. As in past years, the overall incentive payout will range from 0% to 200% of each executive's target award opportunity based on these factors, and will be subject to a 15% reduction based on the Company's overall safety performance for the year.

**Financial Metric:** With respect to the primary financial metric, the Committee set this target toward the end of the first quarter of 2014 after reviewing estimates of the first quarter results, including a projected \$0.16 EPS. Based on the business outlook at the time, the Committee set the pre-tax income target for the 2014 program at \$351 million, which represented a 150% average EPS growth (or \$0.40 ESP) for the last three quarters of 2014, with the maximum performance level representing a 181% average EPS growth (or \$0.44 EPS) for such period. The Committee believed

that these targets were aggressive given the business and market outlook at the time. Under the terms of the program, the Committee may adjust our actual operating results for the year for non-operational gains or losses. The quantitative portion of the annual incentive award provides for minimum, target and maximum payout levels, as a percentage of salary, based upon the achievement of 70%, 100% and 110% of a pre-tax income target. Given the aggressive nature of the target, the Committee felt that this range was appropriate.

Operational Metrics: With respect to the other key operational objectives, the Committee specified objectives in the areas of finance and efficiency, human resources and compliance, and marketing and expansion. The payout levels with respect to this portion of the award will be determined based on below target, at target and above target achievements.

Safety Component: As in prior years, the Committee may reduce the ultimate payout to each executive by up to 15% based on the Company's performance relative to various safety metrics and a grading system that make up the executive team safety scorecard. The 2014 safety scorecard contained three results-oriented metrics that measure the number of safety incidents and seven leading indicators that are designed to encourage behaviors by the Company's employees that will decrease the number of safety incidents.

Under the program, our named executive officers were eligible to receive an annual incentive award based on a target percentage of their base salary, which percentages remained constant from 2013 for each executive and were commensurate with the median

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levels of the Compensation Peer Group. The possible total award payout levels for 2014 for each named executive officer, stated as a percentage of the officer's base salary, are set forth in the table below.

| <b>Named Executive Officer</b> | <b>Minimum</b> | <b>Target</b> | <b>Maximum</b> |
|--------------------------------|----------------|---------------|----------------|
| Mr. Dunlap                     | 60%            | 120%          | 240%           |
| Mr. Taylor                     | 40%            | 80%           | 160%           |
| Mr. Moore                      | 37.5%          | 75%           | 150%           |
| Mr. Bernard                    | 35%            | 70%           | 140%           |
| Mr. Masters                    | 35%            | 70%           | 140%           |

*Determination of 2014 Results*

In February 2015, the Committee reviewed the Company's financial results for 2014 and evaluated a detailed report from management regarding its efforts and accomplishments with respect to the key operational objectives. For 2014, the Company achieved 113% of the pre-tax income target established for 2014. The reported income from continuing operations before income taxes of \$442.2 million was adjusted to \$396.3 million for the following items: discontinued operations before income taxes, net gains on sales of assets and other costs associated with our discontinued operations.

After reviewing the executive team's achievements relative to our 2014 key operational metrics, the Committee approved a payout at 200% of target for this component. The Committee noted the following achievements:

*Finance/Efficiency:* refinement of business portfolio to improve overall ROIC through business divestitures; implementation of improved software system to track asset management and utilization; development of a new financial consolidation system promoting improved analysis of business performance by business lines; and development of methodology to review and assess spending categories to optimize costs

*Human Resources/Compliance:* establishment of a centralized domestic DOT regulatory and compliance program; improvements to our enterprise risk management program; assessment of our domestic human resource information system in the context of our expanded operations; recruitment of international management personnel to assist in expansion efforts

*Marketing/Expansion:* implementation of new branding strategy; international expansion of rental tool business; expansion of well control and international coiled tubing services; consolidation of business functions; and expansion of hydraulic workover services

| <b>Goal</b>                | <b>% of Award</b> | <b>Target Achieved</b> | <b>Resulting Payout %</b> | <b>Overall Payout</b> |
|----------------------------|-------------------|------------------------|---------------------------|-----------------------|
| Pre-Tax Income Target      | 75%               | 113%                   | 200%                      | 200%                  |
| Key Operational Objectives | 25%               | Above Target           | 200%                      |                       |

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**Table of Contents****EXECUTIVE COMPENSATION***Changes to 2015 Annual Incentive Program*

In March 2015, the Committee approved the parameters of the annual incentive program for 2015. The Committee felt it was important to incentivize our executives based on our stated strategy, which is to build free cash generated from established US operations to fund geographical expansion in targeted international locations. However, the Committee also recognized that our stockholders' interest must be protected due to the current market conditions and uncertain outlook for 2015. As a result, the Committee, elected to adjust the payout opportunities and performance metrics of the program to ensure executives focus on key deliverables for 2015 that will sustain the Company for the long-term. Specifically, the Committee made the following revisions to the AIP program for 2015 as compared to past years:

Reduced the potential payout opportunities (as a percentage of salary) by 37.5% for all executives:

| <b>Named Executive Officer</b> | <b>2014 Target</b> | <b>2015 Target</b> |
|--------------------------------|--------------------|--------------------|
| Mr. Dunlap                     | 120%               | 75%                |
| Mr. Taylor                     | 80%                | 50%                |
| Mr. Moore                      | 75%                | 46.88%             |
| Mr. Bernard                    | 70%                | 43.75%             |
| Mr. Masters                    | 70%                | 43.75%             |

Changed the financial component of the program, which represents 75% of the total payout, from pre-tax income to earnings before interest, taxes, depreciation and amortization (EBITDA). The minimum level of EBITDA represents 110% of the 2015 budget approved the Board of Directors.

Revised the payout range such that minimum payout level represents 87% of the target level, with maximum payout earned at a level that is equal to 113% of target performance.

Similar to the 2014 program, the remaining 25% of the total payout opportunity will be based on the Committee's assessment of the Company's achievement of six key operational objectives focusing on the following: reducing overhead costs in the Company, increasing working capital and international revenue growth, and improving the culture and compliance of the Company.

The Committee elected to use EBITDA, which is more closely linked to cash flow, as the financial metric in order to focus management on improving efficiency from existing operations. This is particularly important since the Company is expected to realize a minimum 35% reduction in overall capital expenditures for 2015. In addition, like the EBITDA measure, most of the key operational measures are designed to increase cash flow and improve the Company's overall liquidity. The Committee felt the structure of the 2015 program will incentivize the executive team to focus on the key short-term deliverables that will position the Company to withstand the current market environment and emerge as an even stronger player in the industry when the market recovers.

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**Table of Contents****EXECUTIVE COMPENSATION*****Long-Term Incentives***

The purpose of our long-term incentive program (the LTI program) is to focus executives on long-term Company goals, growth and creation of stockholder value. Under the LTI program, we grant a mix of long-term incentive awards, which currently consists of 25% stock options, 25% restricted stock units and 50% PSUs. Consistent with the Company's compensation philosophy, the Committee believes stock-based incentive awards are one of the best ways to align the interests of our executives with those of our stockholders. In addition, the terms of the PSUs reflect

the Committee's belief that executive compensation should be tied to Company performance. The PSUs provide our executives the opportunity to earn additional compensation based on the Company's performance. The executives' overall compensation could be below the 25<sup>th</sup> percentile of the market for below threshold performance and at or above the 75<sup>th</sup> percentile of the market if the Company achieves the maximum level of performance relative to its peers as described below.

***2014 LTI Program At-A-Glance***

| <b>Component of LTI Program</b>   | <b>Terms</b>  | <b>How the Award Furthers our Compensation Principles</b>  |
|---|---|--|
| <b><i>Stock Options</i></b><br><b><i>(25% of LTI program)</i></b>                 | Granted at fair market value on grant date<br><br>vests in equal annual installments over 3-year period<br><br>10-year term | Motivates executives to continue to grow the value of the Company's stock over the long term as the value of the stock option depends entirely on the long-term appreciation of the Company's stock price.   |
| <b><i>Restricted Stock Units (RSUs)</i></b><br><b><i>(25% of LTI program)</i></b> | Pays out in equivalent number of shares of our common stock<br><br>Vests in equal annual installments over 3-year period    | Widely used in the energy industry to strengthen the link between stockholder and employee interests, while motivating executives to remain with the Company.<br><br>Provides a bridge between the short- and long-term interests of stockholders, and reduces the impact of share price volatility over industry cycles, as has occurred in recent years. |

Motivates executives to take measured risks because the incentive value to the executive is not entirely dependent on significant price appreciation.

|                                    |  |  |
|------------------------------------|--|--|
| <b><i>Performance Share</i></b>    | 3-year performance period  | Performance criteria link the Company's long-term performance directly to compensation received by executive officers and other key employees and encourage them to make significant contributions towards increasing ROIC and, ultimately, stockholder returns. |
| <b><i>Units (PSUs)</i></b>         | Initial value of \$100 per unit  |  |
| <b><i>(50% of LTI program)</i></b> | Payout range \$0 to \$200 per unit based on performance compared to Performance Peer Group               |  |
|                                    | Performance measures:  |  |
|                                    | i 50% Relative ROIC  |  |
|                                    | i 50% Relative TSR   |  |
|                                    | Payout in cash, although up to 50% of value may be paid in shares of stock in the Committee's discretion |  |

**Table of Contents****EXECUTIVE COMPENSATION***Structure of PSUs*

Consistent with the terms of the PSUs granted since 2012, for the PSUs granted for the 2014-2016 cycle, under both performance criteria, the maximum, target and minimum levels are met when our ROIC and TSR are in the 75th percentile, 50th percentile and 25th percentile, respectively, as compared to the ROIC and TSR of the Performance Peer Group, as described in the table below:

| Performance Level                  | Percent of          |                        | Total Percent of      |
|------------------------------------|---------------------|------------------------|-----------------------|
|                                    | Date-of-Grant Value | Date-of-Grant          |                       |
| Relative to Performance Peer Group | of PSU Received for | Value of PSU Received  | Date-of-Grant         |
|                                    | Relative ROIC Level | for Relative TSR Level | Value of PSU Received |
| (Below 25th Percentile)            | 0%                  | 0%                     | 0%                    |
| Minimum (25th Percentile)          | 25%                 | 25%                    | 50%                   |
| Target (50th Percentile)           | 50%                 | 50%                    | 100%                  |
| Maximum (75th Percentile or above) | 100%                | 100%                   | 200%                  |

For all PSUs granted, results that fall in-between the maximum, target and minimum levels of both performance criteria will be calculated based on a sliding scale. For purpose of determining the Company's ROIC rank in the PSU peer group, we generate the results using a methodology that has been in place since the initial PSU payout in 2008 and treats all companies equitably. Specifically, we use income from operations data and invested capital data derived from financial statements as reported by each peer company in their year-end annual report on Form 10-K, uniformly adjusted for any non-operational charges as determined by established, independent third-party financial data providers. All calculations are validated by the Committee's independent compensation consultant. Beginning with the PSUs granted for the 2015-2017 cycle, the Committee has replaced the return on invested capital measure with return on assets as discussed below.

*2014 LTI Program Awards*

After considering PM&P's market study and in order to remain competitive with the market median and the competitive market for executive talent in the Company's business areas, and Mr. Dunlap's recommendations for the executives other than himself, the Committee set the target percentages of the named executive officers' 2014 awards based on each officer's position with the Company, which percentages were consistent with the prior year's award levels.

The award mix for executive officers has been consistent since the awards granted for fiscal year 2007, being 50% in PSUs, 25% in stock options and 25% in restricted stock units. The table below shows the 2014 target LTI percentages and the approximate total value of the 2014 LTI grants (amounts reflected in Summary Compensation Table for stock options and restricted stock units reflect actual grant date fair values).

| Named Executive Officer | 2014 LTI<br>% of Salary | Total Value        | Total Value           | Total Value        | Total Value of     |
|-------------------------|-------------------------|--------------------|-----------------------|--------------------|--------------------|
|                         |                         | granted as<br>PSUs | Granted as<br>Options | Granted as<br>RSUs | 2014 LTI<br>Awards |
| Mr. Dunlap              | 600%                    | \$3,000,000        | \$1,500,000           | \$1,500,000        | \$6,000,000        |
| Mr. Taylor              | 360%                    | 973,440            | 486,720               | 486,720            | 1,946,880          |
| Mr. Moore               | 300%                    | 885,750            | 442,875               | 442,875            | 1,771,500          |
| Mr. Bernard             | 300%                    | 627,750            | 313,875               | 313,875            | 1,255,500          |
| Mr. Masters             | 250%                    | 602,000            | 301,000               | 301,000            | 1,204,000          |

*Payout of 2012-2014 PSUs*

The PSUs granted for the performance period beginning in January 2012 vested at the end of 2014, and were paid out to the PSU recipients in March 2015 under the terms of the award. The Company ranked in the 76.6 percentile of relative ROIC (achieving the maximum level of performance) and in the 12.9 percentile of relative TSR (falling below the minimum level of performance), both as compared to its peers, resulting in a payout to the named executive officers of \$100.00 per PSU. The terms of the award provide for a cash payout, unless the Committee

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elects to pay up to 50% of the cash value in shares of our common stock. The Committee elected to pay 50% of the award in shares of our common stock. The total value of the payout received by each named executive officer is reflected in the Summary Compensation Table herein under the column Non-Equity Incentive Plan Compensation.

| <b>Named Executive Officer</b> | <b>Number of Units</b> | <b>Value of PSU Payout</b> |
|--------------------------------|------------------------|----------------------------|
| Mr. Dunlap                     | 27,750                 | \$2,775,000                |
| Mr. Taylor                     | 9,000                  | 900,000                    |
| Mr. Moore                      | N/A                    | N/A                        |
| Mr. Bernard                    | 5,979                  | 597,900                    |
| Mr. Masters                    | 5,312                  | 531,200                    |

*Special Strategic Grant to Executive Officers other than our CEO*

In February 2014, the Committee approved the grant of a special one-time, two-year performance share award (the SPSUs) for our executives. The award is based on free cash flow performance. The award is intended to serve as an added incentive to our executive team to achieve continuing financial and operational objectives during 2014 and 2015 that the Committee believes are responsive to investor input and will drive our future success, thereby increasing stockholder value. The SPSUs, which represent a one-time award that is in addition to and not part of our regular LTI program, incentivize our executive team to focus on the ongoing integration following our acquisition of Complete Production Services, Inc. The integration is proceeding in stages, so as to not disrupt operational continuity, and, when complete, will fully transition the Company from primarily a regional Gulf of Mexico entity to a leading service and product provider in both the Gulf of Mexico and the North America land markets. In addition, these efforts, if successful, will enhance our cash flow and better position the Company to implement our international growth strategy. Concurrent with this ongoing integration effort, the Company elected to move its principal offices to Houston, Texas from New Orleans, Louisiana, where the Company had an established presence for many years with most of the current executive team. The Committee, with input from our CEO, felt it was important to the Company's strategy going forward to maintain momentum related to the ongoing integration efforts and believed the award of an additional performance-based incentive would further motivate the management team during this time of transition.

The performance component, free cash flow, encourages our executives to exhibit financial discipline and positions the Company to respond to investor feedback supporting the Company's return of cash to investors through dividend payments and the stock buy-back program.

Increased free cash flow will also support our growth strategy by funding our international growth initiatives. Finally, the free cash flow metric provides balance to our annual incentive program, which incentivizes executives to maximize pre-tax income, often by using operating cash for reinvestment. This balanced approach is important during this period following implementation of our dividend and stock buy-back programs and our international growth strategy. Mr. Dunlap, our chief executive officer, recommended and strongly supported this program for his executive team, and was not a participant in the program. Under this two-year program, the executives received grants of SPSUs in February 2014 and in March 2015, with each grant having a one-year performance period, although payout of both

grants will not occur until 2016. Each award set forth a target number of SPSUs, and the recipient will earn between 0% and 150% of the target award based on the level of free cash flow achieved by the Company for each of the fiscal years ending December 31, 2014 and 2015, respectively. Upon payout in 2016, the earned SPSUs will convert to an equivalent number of shares of the Company's common stock.

Under the SPSUs, free cash flow is calculated as net cash provided by operating activities less payments for capital expenditures, each as set forth in our Form 10-K for the applicable year, and subject to certain mandatory adjustments, including the impact of changes to federal tax laws. For 2014, the target level of free cash flow, as adjusted, was \$225 million, with 80% of the target (\$180 million) representing threshold performance and 120% of the target (\$270,000) representing maximum performance. For 2014, the Company's free cash flow (as adjusted for changes in federal tax laws regarding bonus depreciation) was \$349.7 million, or 155% of target, which resulted in the executives earning 150% of the target award of SPSUs granted in 2014. As noted above, these shares will not vest and payout until 2016, based on the executive's continued employment.

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The table below reflects the target value of the SPSU grants made in 2014 and 2015, the target number of SPSUs granted each year (determined by dividing the target value by the closing price of our common stock on the applicable grant date), and the number of 2014 SPSUs earned based the level of 2014 free cash flow:

| Named Executive Officer | Target Value of |               | Target Value of |                 |               |
|-------------------------|-----------------|---------------|-----------------|-----------------|---------------|
|                         | SPSUs           | 2014          | 2014            | SPSUs           | 2015          |
|                         | Granted in 2014 | SPSUs Granted | SPSUs Earned    | Granted in 2015 | SPSUs Granted |
| Mr. Dunlap              | N/A             | N/A           | N/A             | N/A             | N/A           |
| Mr. Taylor              | \$324,480       | 12,671        | 19,007          | \$324,480       | 14,499        |
| Mr. Moore               | 295,250         | 11,529        | 17,294          | 295,250         | 13,193        |
| Mr. Bernard             | 209,250         | 8,171         | 12,257          | 209,250         | 9,350         |
| Mr. Masters             | 200,667         | 7,835         | 11,753          | 200,667         | 8,966         |

The target value of the SPSUs awarded to each executive was based on a percentage of his 2014 base salary and equates to one-third of the executive's target value awarded under our LTI program for 2014, split between the two grants. The actual grant date fair value of these awards granted to our named executive officers (other than Mr. Dunlap) in 2014 is reflected in the Summary Compensation Table.

*Changes to PSUs for 2015-2017 Performance Period*

For the regular annual LTI awards made in January 2015, the Committee continued the award allocation as in previous years (25% stock options, 25% RSUs and 50% PSUs), but elected to revise one of the performance measures applicable to the PSUs. The Committee replaced return on invested capital (ROIC), which had been used as one of the two equally weighted metrics since the program's inception in 2005, with return on assets (ROA). The other metric, TSR, will continue to be used and all other aspects of the PSU program remain the same.

Although ROIC had been an effective measure in the past (our ROIC results have resulted in a maximum payout of this component for the last three performance periods), the Committee believed that its effectiveness as an incentive has decreased and will continue to decrease in the coming years. The ROIC calculation factors in the value of a broad group of assets (including both tangible and intangible assets), which value is often higher following acquisitions and mergers. This was particularly true with respect to our acquisition of Complete Production Services, Inc. in 2012, which was approved by our stockholders and which doubled the size of the Company and created a significant increase in both our tangible and intangible asset base.

Because the PSU grants are part of the LTI program with a three-year performance period, the impact of the Complete transaction on the Company's ROIC has been staggered but will become more pronounced in the next few years as the pre-transaction years are no longer a part of the performance period. After consultation with its independent compensation

consultant, the Committee determined that continued use of ROIC for future performance periods could serve to misalign management and shareholder interests for the following reasons. First, it would not serve to attract, retain and motivate executives needed to grow earnings when the high intangible asset value makes it virtually impossible for our executives to create a meaningful positive impact on ROIC, regardless of the Company's income. Second, it would incentivize management to focus its attention on divesting assets with a high intangible asset value that may be otherwise core to the Company's growth strategy and could generate a high return on tangible assets. For these reasons, the Committee felt it could better align management with shareholder interests by replacing ROIC with ROA, which incentivizes management to maximize returns on tangible assets.

*Perquisites*

We seek to maintain a cost conscious culture in connection with the benefits provided to executives. Further, our modest approach to providing perquisites supports our philosophy of tying the vast majority of our executives compensation to performance. The Company does provide each of our executive officers an automobile allowance, including fuel and maintenance costs, and also reimburses them for all deductibles, co-pays and other out of pocket expenses associated with our health insurance programs through a program called Exec-U-Care. The attributed costs of the personal benefits described above for the named executive officers for 2014, are included in the Summary Compensation Table herein.

In connection with the relocation of our corporate headquarters from New Orleans, Louisiana to Houston,

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Texas, we implemented a relocation program to provide financial assistance to our executives and other employees living in New Orleans. These relocation benefits include assistance with house searches, moving expenses and other incidental expenses, temporary housing, reimbursement of costs associated with the purchase of a new home, reimbursement of costs associated with the sale of a former home (including real estate commissions), and, if applicable, reimbursement of certain losses on the sale of a former home. The Company does not provide a tax gross-up on these relocation benefits, and will not purchase an executive's home under the program. The Committee believes the provision of these benefits is appropriate and necessary in light of the importance to the Company of the relocation and our desire to retain our executive team.

***Post-Employment Compensation***

In addition to the annual compensation received by executive officers during 2014 and benefits under the Company's 401(k) plan, which we provide to all qualified employees, we also provide certain post-employment benefits to our executive officers, including a supplemental executive retirement plan, a non-qualified deferred compensation plan, and certain severance and change of control benefits pursuant to employment agreements that we have entered into with our executive officers.

*Supplemental Executive Retirement Plan (the SERP).* We maintain a supplemental retirement benefit for our executive officers. Prior to adoption of the SERP in 2008, the Committee determined that the Company's lack of supplemental retirement benefits limited our ability to attract top executives and encourage long-term retention. The Committee worked with an independent consultant specializing in supplemental retirement programs when designing the SERP, which provides retirement benefits to the Company's executive officers and certain other designated key employees. The value of aggregate projected retirement benefits upon retirement at age 65 was targeted to be near the median for the Company's peers that have a nonqualified employer-paid retirement plan, creating an important retention tool for the Company. The SERP is an unfunded, non-qualified defined contribution retirement plan, and all contributions under the SERP are in the form of credits to a notional account maintained for each participant.

Under the SERP, the Company makes annual contributions to a retirement account of a percentage of the participant's base salary and annual incentive award

actually received in the prior year, based on the participant's age and years of service. The Committee may also make discretionary contributions to participants' accounts if it deems appropriate. In an effort to address the deficiency in the retirement income of certain long-tenured executives as compared to newly hired and younger executives, the SERP provides that executives who had combined age and years of service of at least 55 as of December 31, 2008, will receive higher annual contributions under the SERP. For 2014, the participants in the plan received contributions ranging from 2.5% to 35.0% of salary and annual incentive awards paid during 2014. For a complete description of the 2013 contributions for each named executive officer, see the table entitled "Nonqualified Deferred Compensation for Fiscal Year 2014" below.

*Nonqualified Deferred Compensation Plan.* In 2004 the Committee approved a nonqualified deferred compensation program (the NQDC Program). The purpose of the NQDC Program is to provide an income deferral opportunity for executive officers and certain senior managers of the Company in order to help attract and retain these key employees. Participants in the NQDC Program may make an advance election each year to defer up to a maximum of 75% of base salary, 100% of their annual incentive award and 100% of the cash payment received upon payout of the PSUs. In addition, effective January 1, 2014, participants may also defer all or a portion of the common stock due upon vesting

of restricted stock unit awards. Participants may choose from a variety of investment choices to invest their deferrals over the deferral period. The NQDC Program provides that, upon approval by the Board, the Company could match up to 100% of their deferrals; however, the Company has never elected to grant a match. For a complete description of each named executive officer's contributions, earnings and aggregate account balance, see the table entitled "Nonqualified Deferred Compensation for Fiscal Year 2014" below.

*Severance and Change of Control Benefits.* We believe that severance protections, particularly in the context of a change of control transaction, play a valuable role in attracting and retaining key executive officers. In addition, we believe these benefits also serve the Company's interest by promoting a continuity of management in the context of an actual or threatened change of control transaction. Although we consider these protections an important part of an executive's compensation and consistent with competitive practices, the existence of these arrangements does not impact our decisions regarding other components of our executive compensation program.

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**EXECUTIVE COMPENSATION**

As described in more detail under **Potential Payments Upon Termination or Change of Control** below, we entered into employment agreements with all of our executive officers in December 2012, which agreements had delayed effective dates. The agreements became effective on June 15, 2013 for all of our executive officers other than Mr. Moore, who remained subject to his former agreement with Complete Production Services, Inc., which we assumed in the merger, until January 1, 2015. In addition to the employment agreements, we adopted a Change of Control Severance Plan, which became effective for the executives at the same time as the employment agreements. As discussed in detail in our 2013 and 2014 proxy statements, we delayed the effectiveness of this severance and change of control program in order to assess the views of our stockholders regarding the program. Based on the feedback we received, both through the results of our say-on-pay proposal for 2013 and through an extensive stockholder outreach effort, we did not ascertain any significant negative reaction to the program and elected to allow it to become effective in June 2013 after our annual meeting. Our assessment was subsequently confirmed by the high level of support our say-on-pay proposal received at our 2014 annual meeting.

Under the employment agreements, the executives are each entitled to severance benefits in the event of a termination of employment by the Company under certain conditions. The Company has determined that it is appropriate to provide our executives with severance benefits under these circumstances in light of their positions with the Company and as part of their overall compensation package. The severance benefits for our executives are generally designed to approximate the benefits each would have received had he remained employed by the Company through the remainder of the term covered by his employment agreement.

We recognize that the occurrence, or potential occurrence, of a change of control transaction will create uncertainty regarding the continued employment of our executive officers and distract them from effectively performing their duties for the Company. This uncertainty results from the fact that many change of control transactions result in significant organizational changes, particularly at the senior executive level. In order to encourage our executive officers to remain employed with the Company during an important time when their prospects for continued employment following the transaction are often uncertain, we provide our executive officers with

enhanced severance benefits under our Change of Control Severance Plan if their employment is terminated by the Company without cause or, in certain cases, by the executive in connection with a change of control (a double-trigger benefit). Because we believe that a termination by the executive for good reason may be conceptually the same as a termination by the Company without cause, and because we believe that in the context of a change of control, potential acquirors would otherwise have an incentive to constructively terminate the executive's employment to avoid paying severance, we believe it is appropriate to provide severance benefits in these circumstances. The change of control related severance payments are made from a transaction sharing pool that is calculated as of the date of the change of control and based on the transaction value of the Company at the time of the change of control (with the transaction pool increasing or decreasing as the transaction value increases or decreases, respectively). Under the Change of Control Severance Plan, the payment of cash severance benefits is only triggered by an actual or constructive termination of employment. The impact of a change of control on our long-term incentive awards is governed by the applicable award agreement, which currently provide for accelerated vesting upon a change of control of the Company. The terms of the employment agreements and the Change of Control Severance Plan and the benefits provided thereby are discussed more fully in the section entitled **Potential Payments Upon Termination or Change of Control** below.

**Executive Compensation Policies**

***Stock Ownership Guidelines***

The Company has encouraged stock ownership through equity awards to our executives. We believe it is important that the interests of our executives and directors be aligned with the long-term interests of our stockholders. We have adopted stock ownership guidelines applicable to our executive officers. Under the guidelines, each executive officer is required to own shares of stock equal in value to a designated multiple of his base salary based on the executive's position. In 2013, we amended the guidelines to increase the ownership level for our chief executive officer to six times his base salary (from four times) and added a requirement that our executives maintain ownership of at least 50% of the net after-tax shares of common stock acquired from the Company pursuant to any equity-based awards received from the Company, unless the executive has met his individual ownership

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requirement. Currently, the required ownership levels are as follows:

| <b>Position</b>           | <b>Stock Value as a Multiple of Base Salary</b> |
|---------------------------|---|
| Chief Executive Officer   | 6x  |
| Chief Financial Officer   | 3x  |
| Executive Vice Presidents | 2x  |

The required share amount is determined as of the date the officer becomes subject to the guidelines, and is calculated by dividing such officer's applicable base salary multiple by the 365-day average closing price of our common stock as reported on the NYSE, and then rounding to the nearest 100 shares. The target ownership level does not change with changes in base salary or common stock price, but will change in the event the officer's position level changes. Our executive officers are required to achieve their required ownership levels within five years from the date they become subject to the guidelines. The Committee will administer the guidelines and will periodically review each participant's compliance (or progress towards compliance) and may impose additional requirements the Committee determines are necessary or appropriate to achieve the purposes of this program. As of the date of this proxy statement, all of our named executive officers had exceeded their required ownership levels, some significantly so. See "Ownership of Securities Management and Director Stock Ownership" for the number of shares of our common stock beneficially owned by our named executive officers as of the date of this proxy statement.

***Timing of Long-Term Incentive Awards***

Since 2006, the Committee made all LTI program awards for a given year at its meeting held in December of the prior year. During 2012, the Committee re-evaluated this practice, in part due to the disconnect this timing causes in our proxy disclosures. Specifically, under the SEC's rules, the grant date value of equity awards is required to be included in the Summary Compensation Table in the year in which the award is made, and not in the year for which the award is made. Beginning in 2013, the Committee elected to revise this practice and going forward will make LTI awards effective in January of each year, which corresponds to our Committee's view of the year to which the awards relate.

***Policy Regarding Section 162(m) of the Internal Revenue Code***

Section 162(m) of the Internal Revenue Code generally limits our ability to take a federal income tax deduction for compensation paid to our CEO and certain other named executive officers in excess of \$1 million, except for qualified performance-based compensation. The stock options and PSUs we grant under the LTI program, as well as the SPSUs, are generally designed to qualify as performance-based compensation under Section 162(m). In addition, if our stockholders approve the Amended and Restated 2013 Stock Incentive Plan at the annual meeting, the Committee will have the ability to structure our annual incentive program under Section 162(m) in the future if it elects to do so. While the Committee will seek to utilize deductible forms of compensation to the extent practicable, it believes it is important to preserve flexibility in administering compensation programs. Accordingly, the Company has not adopted a policy that all compensation must qualify as deductible under Section 162(m).



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**EXECUTIVE COMPENSATION**

**COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

The Compensation Committee of the Board has reviewed and discussed the Compensation Discussion and Analysis with management, and based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Submitted by the Compensation Committee

on March 26, 2015:

Harold J. Bouillion (Chairman)

James M. Funk

Michael M. McShane

W. Matt Ralls

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The following table summarizes the compensation of our named executive officers for the three years ended December 31, 2014, 2013 and 2012.

**2014 Summary Compensation Table**

| Name and<br>Principal<br>Position  | Year | Salary       | Bonus   | Stock<br>Awards <sup>(1)</sup> | Option<br>Awards <sup>(2)</sup> | Non-Equity<br>Incentive Plan<br>Compensation <sup>(3)</sup> | All Other<br>Compensation <sup>(4)</sup> | Total        |
|--|------|--------------|---------|--------------------------------|---------------------------------|---|--|--------------|
| David D.<br>Dunlap<br>President &<br>Chief<br>Executive<br>Officer   | 2014 | \$ 1,000,000 | \$ 0    | \$ 1,500,001                   | \$ 1,499,998                    | \$ 5,175,000  | \$ 129,972                               | \$ 9,304,971 |
|  | 2013 | 960,000      | 0       | 1,439,997                      | 1,439,997                       | 1,716,000   | 97,651                                   | 5,653,645    |
|  | 2012 | 925,000      | 388,500 | 487,490                        | 487,502                         | 3,000,000   | 161,861                                  | 5,450,353    |
| Robert S.<br>Taylor<br>Executive<br>Vice<br>President,<br>Chief<br>Financial<br>Officer,<br>and<br>Treasurer | 2014 | \$ 540,800   | \$ 0    | \$ 811,234                     | \$ 486,722                      | \$ 1,765,280  | \$ 339,570                               | \$ 3,943,606 |
|  | 2013 | 515,000      | 0       | 463,502                        | 463,503                         | 520,000   | 162,521                                  | 2,124,526    |
|  | 2012 | 500,000      | 140,000 | 176,991                        | 176,997                         | 500,000   | 241,049                                  | 1,735,037    |
| Brian K.<br>Moore<br>Senior<br>Executive<br>Vice<br>President  | 2014 | \$ 590,500   | \$ 0    | \$ 738,144                     | \$ 442,875                      | \$ 885,750  | \$ 145,869                               | \$ 2,803,138 |
|  | 2013 | 562,400      | 0       | 421,794                        | 421,800                         | 0   | 125,991                                  | 1,531,985    |
|  | 2012 | 490,652      | 143,325 | 2,400,005                      | 0                               | 0   | 20,340                                   | 3,054,322    |
| A. Patrick<br>Bernard<br>Senior<br>Executive<br>Vice<br>President  | 2014 | \$ 418,500   | \$ 0    | \$ 523,139                     | \$ 313,876                      | \$ 1,183,800  | \$ 147,359                               | \$ 2,586,673 |
|  | 2013 | 398,600      | 0       | 298,952                        | 298,953                         | 427,100   | 106,484                                  | 1,530,089    |
|  | 2012 | 398,600      | 97,657  | 74,739                         | 74,735                          | 410,600   | 165,115                                  | 1,221,446    |
|  | 2014 | \$ 481,600   | \$ 0    | \$ 501,654                     | \$ 300,998                      | \$ 1,205,440  | \$ 68,477                                | \$ 2,558,169 |

William B.  
Masters  
Executive  
Vice  
President  
and

General  
Counsel

|      |         |        |         |         |         |         |           |
|------|---------|--------|---------|---------|---------|---------|-----------|
| 2013 | 437,800 | 0      | 273,619 | 273,621 | 318,500 | 245,796 | 1,549,336 |
| 2012 | 425,000 | 96,688 | 98,424  | 98,411  | 306,200 | 94,815  | 1,119,538 |

- (1) For 2012 and 2013, amounts reflect the aggregate grant date fair value of the restricted stock awards and for 2014, amounts reflect the aggregate grant date fair value of the RSUs and SPSUs granted in 2014. Restricted stock, RSUs and SPSUs, which vest and payout on the basis of a free cash flow metric, are valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 at the closing sale price per share of our common stock on the date of grant. The maximum value of the 2014 SPSUs, measured as of the grant date, for each of the named executive officers assuming maximum payout of the SPSUs is as follows: for each of Mr. Taylor \$486,769, for Mr. Moore \$442,899, for Mr. Bernard \$313,902 and for Mr. Masters \$300,994. Please see the Grants of Plan-Based Awards Table for more information regarding the stock awards we granted in 2014. Due to the change in timing of our long-term incentive awards, only an incremental grant was made in 2012, resulting in lower grant values reported that year.
- (2) The Black-Scholes option model was used to determine the grant date fair value of the options that we granted to the named executive officers during 2014. For a discussion of valuation assumptions, see Note 8 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. See the Grants of Plan-Based Awards Table for more information regarding the option awards we granted in 2014.

**Table of Contents****EXECUTIVE COMPENSATION**

- (3) The amounts reflect the annual cash incentive awards received by our named executive officers for the applicable fiscal year and the payout of performance share units (PSUs) with a performance period ending on the last day of the applicable fiscal year. The PSUs payout in cash, unless the Compensation Committee elects to pay a portion of the aggregate payout value (up to 50%) in shares of our common stock. For 2014, the amount reflected in the table represents the aggregate payout value of the PSUs, although the Compensation Committee elected to pay 50% of such value in shares of our common stock. Please see the Executive Compensation Compensation Discussion and Analysis Long-Term Incentives for more information regarding the PSUs.

| Name        | Annual Cash | Aggregate PSU |
|-------------|-------------|---------------|
|             | Incentive   | Payout        |
| Mr. Dunlap  | \$2,400,000 | \$2,775,000   |
| Mr. Taylor  | \$ 865,280  | \$ 900,000    |
| Mr. Moore   | \$ 885,750  | \$            |
| Mr. Bernard | \$ 585,900  | \$ 597,900    |
| Mr. Masters | \$ 674,240  | \$ 531,200    |

- (4) For 2014, includes (i) annual contributions to the executive's retirement account under the supplemental executive retirement plan and matching contributions to our 401(k) plan, (ii) life insurance premiums paid by the Company for the benefit of the executives, and (iii) the value of perquisites, consisting of payments made under the Exec-U-Care program during 2014, the provision of an automobile allowance, including fuel and maintenance costs, relocation expense reimbursements to our executives and accrued dividend equivalents for outstanding time-based stock awards that were granted prior to the Company's payment of dividends, and thus for which payment of dividends was not part of the grant date valuation, as set forth below:

| Name        | Retirement    | Life      | Exec-   | Automobile | Relocation | Dividends |
|-------------|---------------|-----------|---------|------------|------------|-----------|
|             | Plans         | Insurance | U-Care  |            |            |           |
|             | Contributions | Premiums  |         |            |            |           |
| Mr. Dunlap  | \$ 85,400     | \$1,331   | \$6,294 | \$18,000   | \$         | \$18,947  |
| Mr. Taylor  | \$118,560     | \$1,331   | \$3,876 | \$15,145   | \$194,520  | \$ 6,138  |
| Mr. Moore   | \$ 97,804     | \$1,331   | \$4,297 | \$ 9,600   | \$         | \$32,837  |
| Mr. Bernard | \$ 73,175     | \$1,331   | \$9,077 | \$17,971   | \$ 41,850  | \$ 3,955  |
| Mr. Masters | \$ 46,520     | \$1,331   | \$2,064 | \$14,944   | \$         | \$ 3,617  |

Please see Executive Compensation Compensation Discussion and Analysis for more information regarding our relocation program.

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The following table presents additional information regarding stock and option awards, as well as non-equity incentive plan awards granted to our named executive officers during the year ended December 31, 2014.

**Grants of Plan-Based Awards During 2014**

| Grant Date <sup>(2)</sup> | No. of Units Granted Under Non-Equity Incentive Plan Awards <sup>(3)</sup> | Estimated Future Payouts Under Non-Equity Incentive Plan Awards |              |              | All Other Stock Awards: Number of Shares of Stock or Units | Estimated Future Payouts Under Equity Incentive Plan Awards |        |         | All Other Option Awards: Number of Securities Underlying Options <sup>(4)</sup> | Exercise or Base Price of Option Awards | Grant Date |
|---------------------------|--|---|--------------|--------------|--|---|--------|---------|---|---|------------|
|                           |  | Threshold   | Target       | Maximum      |  | Threshold   | Target | Maximum |   |   |            |
| <b>Dunlap</b>             |  |   |              |              |  |   |        |         |   |   |            |
|                           |  | \$ 600,000  | \$ 1,200,000 | \$ 2,400,000 |  |   |        |         |   |   |            |
| 1/15/2014                 | 30,000   | 1,500,000   | 3,000,000    | 6,000,000    |  |   |        |         |   |   |            |
| 1/15/2014                 |  |   |              |              | 57,648 <sup>(4)</sup>                                      |   |        |         |   |   |            |
| 1/15/2014                 |  |   |              |              |  |   |        | 215,827 | \$26.02   |   |            |
| <b>Taylor</b>             |  |   |              |              |  |   |        |         |   |   |            |
|                           |  | \$ 216,320  | \$ 432,640   | \$ 865,280   |  |   |        |         |   |   |            |
| 1/15/2014                 | 9,734  | 486,700   | 973,400      | 1,946,800    |  |   |        |         |   |   |            |
| 2/12/2014                 |  |   |              |              | 12,671 <sup>(5)</sup>                                      | 6,336   | 12,671 | 19,007  |   |   |            |
| 1/15/2014                 |  |   |              |              | 18,706 <sup>(4)</sup>                                      |   |        |         |   |   |            |
| 1/15/2014                 |  |   |              |              |  |   |        | 70,032  | 26.02   |   |            |
| <b>Moore</b>              |  |   |              |              |  |   |        |         |   |   |            |
|                           |  | \$ 221,438  | \$ 442,875   | \$ 885,750   |  |   |        |         |   |   |            |
| 1/15/2014                 | 8,858  | 442,900   | 885,800      | 1,771,600    |  |   |        |         |   |   |            |
| 2/12/2014                 |  |   |              |              | 11,529 <sup>(5)</sup>                                      | 5,765   | 11,529 | 17,294  |   |   |            |
| 1/15/2014                 |  |   |              |              | 17,021 <sup>(4)</sup>                                      |   |        |         |   |   |            |
| 1/15/2014                 |  |   |              |              |  |   |        | 63,723  | 26.02   |   |            |
| <b>Bernard</b>            |  |   |              |              |  |   |        |         |   |   |            |

|                  |       |            |            |            |                       |       |       |        |       |
|------------------|-------|------------|------------|------------|-----------------------|-------|-------|--------|-------|
|                  |       | \$ 146,475 | \$ 292,950 | \$ 585,900 |                       |       |       |        |       |
| 1/15/2014        | 6,278 | 313,900    | 627,800    | 1,255,600  |                       |       |       |        |       |
| 2/12/2014        |       |            |            |            | 8,171 <sup>(5)</sup>  | 4,086 | 8,171 | 12,257 |       |
| 1/15/2014        |       |            |            |            | 12,063 <sup>(4)</sup> |       |       |        |       |
| 1/15/2014        |       |            |            |            |                       |       |       | 45,162 | 26.02 |
| <b>. Masters</b> |       |            |            |            |                       |       |       |        |       |
|                  |       | \$ 168,560 | \$ 337,120 | \$ 674,240 |                       |       |       |        |       |
| 1/15/2014        | 6,020 | 301,000    | 602,000    | 1,204,000  |                       |       |       |        |       |
| 2/12/2014        |       |            |            |            | 7,835 <sup>(5)</sup>  | 3,918 | 7,835 | 11,753 |       |
| 1/15/2014        |       |            |            |            | 11,568 <sup>(4)</sup> |       |       |        |       |
| 1/15/2014        |       |            |            |            |                       |       |       | 43,309 | 26.02 |

- (1) The amounts shown reflect possible payments under our annual incentive bonus program for fiscal year 2014 under which the named executive officers were eligible to receive a cash bonus based on a target percentage of base salary upon our achievement of certain pre-established performance measures. Please see [Executive Compensation Compensation Discussion and Analysis](#) for more information regarding our annual incentive program.
- (2) On December 9, 2013, the Compensation Committee approved the PSU, RSU and stock options awards for each of our named executive officers, which were effective January 15, 2014.
- (3) The amounts shown reflect grants of PSUs under our stock incentive plan. The PSUs have a three-year performance period. The performance period for the PSUs granted on January 15, 2014 is January 1, 2014 through December 31, 2016. Please see [Executive Compensation Compensation Discussion and Analysis](#) for more information regarding the PSUs and the LTI awards made by the Compensation Committee.
- (4) The stock options and RSUs were granted under our stock incentive plan, and vest ratably over a three-year period. Please see [Executive Compensation Compensation Discussion and Analysis](#) for more information regarding the LTI awards made by the Compensation Committee.
- (5) SPSUs are granted under our stock incentive plan. On the grant date, each recipient received an award of a target number of SPSUs, and the recipient will earn between 0% and 150% of this target award based on the level of free cash flow achieved by the Company for the fiscal year ending December 31, 2014. Under the program, the recipients will receive a similar award in 2015 that will be based on the free cash flow achieved by the Company for the fiscal year ending December 31, 2015. All earned SPSUs will convert to an equivalent number of shares of the Company's common stock and be paid out in 2016. Please see [Executive Compensation Compensation Discussion and Analysis](#) for more information regarding the LTI awards made by the Compensation Committee.



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The following table sets forth the outstanding equity awards held by our named executive officers as of December 31, 2014.

**Outstanding Equity Awards at 2014 Year-End**

| Name             | Option Awards   |   |                       |                        | Stock Awards   |  |  |  |
|------------------|---|---|-----------------------|------------------------|--|--|--|--|
|                  | Number of Securities Underlying Unexercised Options Exercisable | Number of Securities Underlying Unexercised Options Unexercisable | Option Exercise Price | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested <sup>(1)</sup> | Market Value of Shares or Units of Stock That Have Not Vested <sup>(2)</sup> | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(3)</sup> | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(2)</sup> |
| David D. Dunlap  | 144,370   |   | \$25.49               | 04/28/2020             | 115,514  | \$ 2,327,607   |  |  |
|                  | 60,211  |   | \$34.60               | 12/10/2020             |  |  |  |  |
|                  | 66,716  |   | \$28.59               | 12/08/2021             |  |  |  |  |
|                  | 36,960  |   | \$28.57               | 02/10/2022             |  |  |  |  |
|                  | 53,453  | 106,903 <sup>(4)</sup>  | \$23.03               | 01/15/2023             |  |  |  |  |
|                  |   | 215,827 <sup>(5)</sup>  | \$26.02               | 01/15/2024             |  |  |  |  |
| Robert S. Taylor | 60,000  |   | \$17.46               | 06/24/2015             | 37,371   | \$ 753,026   | 19,007   | \$382,991  |
|                  | 24,000  |   | \$24.99               | 02/23/2016             |  |  |  |  |
|                  | 14,591  |   | \$35.69               | 12/14/2016             |  |  |  |  |
|                  | 15,908  |   | \$35.84               | 12/06/2017             |  |  |  |  |
|                  | 41,186  |   | \$12.86               | 12/04/2018             |  |  |  |  |
|                  | 27,655  |   | \$20.30               | 12/10/2019             |  |  |  |  |

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|                           |        |                       |         |            |        |              |        |           |
|---------------------------|--------|-----------------------|---------|------------|--------|--------------|--------|-----------|
|                           | 40,725 |                       | \$21.93 | 04/01/2020 |        |              |        |           |
|                           | 18,246 |                       | \$34.60 | 12/10/2020 |        |              |        |           |
|                           | 20,237 |                       | \$28.59 | 12/08/2021 |        |              |        |           |
|                           | 13,419 |                       | \$28.57 | 02/10/2022 |        |              |        |           |
|                           | 17,205 | 34,410 <sup>(4)</sup> | \$23.03 | 01/15/2023 |        |              |        |           |
|                           |        | 70,032 <sup>(5)</sup> | \$26.02 | 01/15/2024 |        |              |        |           |
| <b>Brian K. Moore</b>     | 19,918 |                       | \$20.01 | 04/20/2016 | 99,167 | \$ 1,998,215 | 17,294 | \$348,474 |
|                           | 20,998 |                       | \$16.56 | 01/31/2017 |        |              |        |           |
|                           | 31,437 |                       | \$16.29 | 03/20/2017 |        |              |        |           |
|                           | 44,276 |                       | \$23.29 | 01/31/2021 |        |              |        |           |
|                           | 26,718 | 13,359 <sup>(6)</sup> | \$28.09 | 01/31/2022 |        |              |        |           |
|                           | 15,657 | 31,314 <sup>(4)</sup> | \$23.03 | 01/15/2023 |        |              |        |           |
|                           |        | 63,723 <sup>(5)</sup> | \$26.02 | 01/15/2024 |        |              |        |           |
| <b>A. Patrick Bernard</b> | 37,500 |                       | \$17.46 | 06/24/2015 | 24,203 | \$ 487,690   | 12,257 | \$246,979 |
|                           | 15,000 |                       | \$24.99 | 02/23/2016 |        |              |        |           |
|                           | 9,120  |                       | \$35.69 | 12/14/2016 |        |              |        |           |
|                           | 13,729 |                       | \$35.84 | 12/06/2017 |        |              |        |           |
|                           | 33,824 |                       | \$12.86 | 12/04/2018 |        |              |        |           |
|                           | 22,712 |                       | \$20.30 | 12/10/2019 |        |              |        |           |
|                           | 40,725 |                       | \$21.93 | 04/01/2020 |        |              |        |           |
|                           | 14,984 |                       | \$34.60 | 12/10/2020 |        |              |        |           |
|                           | 16,621 |                       | \$28.59 | 12/08/2021 |        |              |        |           |
|                           | 5,666  |                       | \$28.57 | 02/10/2022 |        |              |        |           |
|                           | 11,097 | 22,194 <sup>(4)</sup> | \$23.03 | 01/15/2023 |        |              |        |           |
|                           |        | 45,162 <sup>(5)</sup> | \$26.02 | 01/15/2024 |        |              |        |           |
| <b>William B. Masters</b> | 8,413  |                       | \$40.69 | 02/28/2018 | 22,585 | \$ 455,088   | 11,753 | \$236,823 |
|                           | 25,227 |                       | \$12.86 | 12/04/2018 |        |              |        |           |
|                           | 16,939 |                       | \$20.30 | 12/10/2019 |        |              |        |           |
|                           | 32,000 |                       | \$21.93 | 04/01/2020 |        |              |        |           |
|                           | 11,175 |                       | \$34.60 | 12/10/2020 |        |              |        |           |
|                           | 12,395 |                       | \$28.59 | 12/08/2021 |        |              |        |           |
|                           | 7,461  |                       | \$28.57 | 02/10/2022 |        |              |        |           |
|                           | 10,157 | 20,313 <sup>(4)</sup> | \$23.03 | 01/15/2023 |        |              |        |           |
|                           |        | 43,309 <sup>(5)</sup> | \$26.02 | 01/15/2024 |        |              |        |           |

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(1) The shares of restricted stock and restricted stock units held by our named executive officers as of December 31, 2014 vest as follows:

| Name        | Total Unvested<br>Restricted Stock/RSUs | Vesting Schedule   |
|-------------|---|--|
| Mr. Dunlap  | 115,514                                 | 10,494 shares vesting on 1/1/15<br>40,058 shares vesting on 1/15/15<br>5,688 shares vesting on 2/10/15<br>40,058 shares vesting on 1/15/16<br>19,216 shares vesting on 1/15/17             |
| Mr. Taylor  | 37,371                                  | 3,183 shares vesting on 1/1/15<br>12,944 shares vesting on 1/15/15<br>2,065 shares vesting on 2/10/15<br>12,944 shares vesting on 1/15/16<br>6,235 shares vesting on 1/15/17               |
| Mr. Moore   | 99,167                                  | 11,779 shares vesting on 1/15/2015<br>11,599 shares vesting on 1/31/2015<br>58,337 shares vesting on 12/12/2015<br>11,778 shares vesting on 1/15/2016<br>5,674 shares vesting on 1/15/2017 |
| Mr. Bernard | 24,203                                  | 2,614 shares vesting on 1/1/15<br>8,348 shares vesting on 1/15/15<br>872 shares vesting on 2/10/15<br>8,348 shares vesting on 1/15/16<br>4,021 shares vesting on 1/15/17                   |
| Mr. Masters | 22,585                                  | 1,949 shares vesting on 1/1/15<br>7,816 shares vesting on 1/15/15<br>1,148 shares vesting on 2/10/15<br>7,816 shares vesting on 1/15/16<br>3,856 shares vesting on 1/15/17                 |

(2) Based on the closing price of our common stock on December 31, 2014 of \$20.15, as reported on the NYSE.

(3) Represents the maximum award of SPSUs granted to and held by each of our named executives other than Mr. Dunlap, which awards are earned based on the level of the Company's 2014 free cash flow and continued service. Effective February 26, 2015, the Compensation Committee certified that the level of 2014 free cash flow resulted in the executives earning 150% of the target award, and these awards converted to time-based awards vesting in 2016.

(4) The unvested options will vest in two equal increments on January 15, 2015 and 2016.

(5) The unvested options will vest in three equal increments on January 15, 2015, 2016 and 2017.

(6) The unvested options will vest on January 31, 2015.

The following table sets forth certain information regarding the exercise of stock options and the vesting of restricted stock during the fiscal year ended December 31, 2014 for each of the named executive officers.

#### Option Exercises and Stock Vested in 2014

|                    | Option Awards        |                            | Stock Awards        |                           |
|--------------------|----------------------|----------------------------|---------------------|---------------------------|
|                    | Number of Shares     | Value Realized             | Number of Shares    | Value Realized            |
|                    | Acquired on Exercise | on Exercise <sup>(1)</sup> | Acquired on Vesting | on Vesting <sup>(2)</sup> |
| David D. Dunlap    |                      |                            | 45,289              | \$1,180,725               |
| Robert S. Taylor   | 136,200              | \$2,878,290                | 14,461              | \$ 376,203                |
| Brian K. Moore     |                      |                            | 76,042              | \$2,493,551               |
| A. Patrick Bernard | 50,483               | \$1,103,054                | 9,870               | \$ 258,126                |
| William B. Masters |                      |                            | 8,594               | \$ 223,766                |

(1) The value realized is based on the difference between the weighted-average sale price of the shares sold upon exercise of the options and the exercise price of each option.

(2) The value realized is based on the closing sale price on the applicable date of vesting of the restricted stock award, or, if there were no reported sales on such date, on the last preceding date on which any reported sale occurred.

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**Table of Contents****EXECUTIVE COMPENSATION****RETIREMENT BENEFIT PROGRAMS****Supplemental Executive Retirement Plan**

The Supplemental Executive Retirement Plan (the SERP) provides retirement benefits to the Company's executive officers and certain other designated key employees. The SERP is an unfunded, non-qualified defined contribution retirement plan, and all contributions under the SERP are in the form of credits to a notional account maintained for each participant. The Company may elect to set aside funds in a rabbi trust to cover the benefits under the SERP, though such funds remain subject to the claims of the Company's creditors.

**Contributions:** Under the SERP, the Company generally makes annual contributions ranging from 2.5% to 25% of salary and annual cash bonus based on the participant's age and years of service. Executives whose combined age and years of service was at least 55 as of December 31, 2008, receive higher annual contributions, ranging from 10% to 35% of base salary and annual cash bonus. The highest annual contribution made for an executive during 2014 was 20%. The Compensation Committee, in its sole discretion, may also make discretionary contributions to a participant's SERP account.

**Vesting:** A participant vests in his SERP account upon the earliest to occur of: (i) attaining six years of service (including service prior to the adoption of the SERP), upon which amounts in the SERP account vest in 20% annual increments provided the participant remains employed; (ii) attaining age 65; (iii) a change of control; (iv) becoming disabled; or (v) termination of the participant's employment without cause by the Company. Regardless of their vested status, participants will forfeit all benefits under the SERP if they are terminated for cause or, if within 36 months of a termination without cause, engage in any activity in competition with any activity of the Company or inimical, contrary or harmful to the interests of the Company.

**Earnings:** Following the end of each plan year, SERP credits are adjusted to reflect earnings on the average daily balance of the notional accounts during the year, at a rate of interest equal to the Company's after-tax long-term borrowing rate for the year.

**Payout:** Upon separation from service, participants are paid their vested SERP accounts in a lump sum or installments, as elected by the participant, commencing seven months after separation from service.

**Nonqualified Deferred Compensation Plan**

The Nonqualified Deferred Compensation Plan (the NQDC Plan) provides an income deferral opportunity for executive officers and certain senior managers of the Company who qualify for participation. The NQDC Plan is unfunded, but the Company may elect to set aside funds in a rabbi trust to cover the benefits under the plan, though such funds remain subject to the claims of the Company's creditors.

**Contributions:** Participants in the NQDC Plan may make an advance election each year to defer up to 75% of base salary, 100% of their annual bonus and 50% of the cash payout value of any performance share units. The Company may provide a match of up to 100% of the deferrals, if approved by the Board, however the Board has not elected to provide a match.

**Vesting:** Participants are immediately 100% vested in their benefits under the NQDC Plan, with the exception of matching contributions, which, if made, would vest according to the same schedule provided under the Company's 401(k) plan.

**Earnings:** Participants earn a rate of return on their NQDC Plan account that approximates the rate of return that would be provided by certain specified mutual funds that participants may designate from a list of available funds selected by the NQDC Plan administrative committee.

**Payout:** Benefits are paid in either a lump-sum or in equal annual installments over a 2- to 15-year period, as elected by the participant. Generally, benefits that are due as a result of a termination of service are paid or commence in the seventh month after termination. However, only participants who are at least age 55 with at least five years of service at termination will be eligible to receive or continue receiving installment distributions following termination.

See Executive Compensation Compensation Discussion and Analysis for more information on these retirement programs.

Table of Contents**EXECUTIVE COMPENSATION****Nonqualified Deferred Compensation for 2014**

| <b>Name</b>               | <b>Executive Contributions in 2014<sup>(1)</sup></b> | <b>Registrant Contributions in 2014<sup>(2)</sup></b> | <b>Aggregate Earnings in 2014</b> | <b>Aggregate Withdrawals/ Distributions</b> | <b>Aggregate Balance at 12/31/14</b> |
|---------------------------|--|---|-----------------------------------|---|--------------------------------------|
| <b>David D. Dunlap</b>    |  |   |                                   |   |                                      |
| NQDC Plan                 |  |   | \$ 24,997 <sup>(3)</sup>          |   | \$ 283,198                           |
| SERP                      |  | \$ 75,000   | \$ 14,088 <sup>(4)</sup>          |   | \$ 433,549 <sup>(6)</sup>            |
| <b>Robert S. Taylor</b>   |  |   |                                   |   |                                      |
| NQDC Plan                 |  |   |                                   | \$(163,455)                                 |                                      |
| SERP                      |  | \$108,160   | \$ 40,000 <sup>(4)</sup>          |   | \$1,126,202 <sup>(6)</sup>           |
| <b>Brian K. Moore</b>     |  |   |                                   |   |                                      |
| NQDC Plan                 |  |   |                                   |   |                                      |
| SERP                      |  | \$ 88,575   | \$ 4,319 <sup>(4)</sup>           |   | \$ 198,753 <sup>(6)</sup>            |
| <b>A. Patrick Bernard</b> |  |   |                                   |   |                                      |
| NQDC Plan                 | \$148,533  |   | \$260,502 <sup>(3)</sup>          |   | \$4,829,352 <sup>(5)</sup>           |
| SERP                      |  | \$ 62,775   | \$ 24,623 <sup>(4)</sup>          |   | \$ 689,424 <sup>(6)</sup>            |
| <b>William B. Masters</b> |  |   |                                   |   |                                      |
| NQDC Plan                 | \$ 23,979  |   | \$ 770 <sup>(3)</sup>             |   | \$ 105,615 <sup>(5)</sup>            |
| SERP                      |  | \$ 36,120   | \$ 10,152 <sup>(4)</sup>          |   | \$ 294,519 <sup>(6)</sup>            |

(1) Of the contributions reflected in this column, the following contributions are part of the total compensation for 2014 and are included under the salary column in the Summary Compensation Table herein: Mr. Bernard \$41,758 and Mr. Masters \$23,979. The remainder of the contributions reported in this column for Mr. Bernard were part of the total compensation reported for 2013 but paid in 2014.

(2) The amounts reflected are part of each executive's total compensation for 2014, and are included under the all other compensation column in the Summary Compensation Table herein.

(3) With regard to the NQDC Plan, participant contributions are treated as if invested in one or more investment vehicles selected by the participant. The annual rate of return for these funds for fiscal year 2014 was as follows:

| <b>Fund</b>                           | <b>One Year Total Return</b> |
|---------------------------------------|------------------------------|
| Model Portfolio Conservative          | 1.33%                        |
| Model Portfolio Moderate/Conservative | 8.97%                        |

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|                                       |                     |        |
|---------------------------------------|---------------------|--------|
| Model Portfolio                       | Moderate            | 15.51% |
| Model Portfolio                       | Moderate/Aggressive | 21.35% |
| Model Portfolio                       | Aggressive          | 28.26% |
| Nationwide VIT Money Market V         |                     | 0%     |
| PIMCO VIT Total Return Admin          |                     | -1.96% |
| PIMCO VIT Real Return Admin           |                     | -9.22% |
| MFS VIT Value Svc                     |                     | 35.59% |
| Dreyfus Stock Index Initial           |                     | 32.03% |
| American Funds IS Growth 2            |                     | 30.10% |
| JPMorgan IT Mid Cap Value 1           |                     | 32.30% |
| Morgan Stanley UIF Mid Cap Growth I   |                     | 37.49% |
| Royce Capital Small Cap               |                     | 34.75% |
| Vanguard VIF Small Company Growth Inv |                     | 46.54% |
| MFS VIT II International Value Svc    |                     | 27.63% |
| American Funds IS International 2     |                     | 21.63% |
| Invesco VIF Global Real Estate I      |                     | 2.71%  |

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**EXECUTIVE COMPENSATION**

- (4) Pursuant to the terms of the SERP, aggregate earnings for 2014 were calculated at a rate of interest equal to 4.08%, which was our after-tax long-term borrowing rate.
- (5) With regard to the NQDC Plan, of the contributions reflected in this column, \$146,635 and \$215,680 of Mr. Bernard's contributions are part of his total compensation for 2013 and 2012, respectively, and \$21,865 and \$48,344 of Mr. Masters' contributions are part of his total compensation for 2013 and 2012, respectively, each of which are included under the applicable columns in the Summary Compensation Table herein.
- (6) With regard to the SERP, the following amounts reflected in this column for each named executive officer are part of his total compensation for 2013 and are included under the all other compensation column in the Summary Compensation Table : Mr. Dunlap \$67,425, Mr. Taylor \$131,000, Mr. Moore \$105,859, Mr. Bernard \$74,439, and Mr. Masters \$40,087. The following amounts reflected in this column for each named executive officer are part of his total compensation for 2012 and are included under the all other compensation column in the Summary Compensation Table : Mr. Dunlap \$132,050, Mr. Taylor \$208,160, Mr. Bernard \$128,118, and Mr. Masters \$61,905.

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**EXECUTIVE COMPENSATION**

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL**

In addition to the post-employment benefits provided under the Company's 401(k) plan, the SERP and the NQDC Plan (described above), we have also entered into employment agreements with each of our named executive officers entitling them to severance benefits upon a termination of employment by the Company under certain conditions or in connection with a change of control of the Company, as discussed below. See also Executive Compensation Compensation Discussion and Analysis for additional information.

Set forth below is a description of the employment agreements and Change of Control Severance Plan in place with each of our named executive officers. As required by the SEC's disclosure rules, we have included disclosure quantifying the potential payments to our named executives under various termination and change of control scenarios based on the agreements in place as of December 31, 2014.

**Executive Employment Agreements and Severance Program**

In December 2012, we entered into a new form of employment agreement with each of our executive officers, and also adopted a new Change of Control Severance Plan. The agreements and plan did not become effective, however, until June 2013 (January 2015 for Mr. Moore) in order to give the Board adequate time to assess our stockholders' views of and level of support for the program. See Executive Compensation Compensation Discussion and Analysis Components of Executive Compensation Post-Employment Compensation for a more information regarding of this program.

**Employment Agreements All Executive Officers.** During 2014, all of our executives were party to the same form of employment agreement that became effective in 2013, except for Mr. Moore (see discussion below). The initial term of each employment agreement is three years, and the term automatically extends for an additional year on the second anniversary and each anniversary thereof unless either the executive or the Company provides at least 60 days prior written notice of that party's election not to extend the term. The employment agreements provide that our executive officers will:

receive a base salary that is no less than their base salaries in effect on January 1 of the year the agreement becomes effective,

be eligible for annual incentive bonuses and long-term incentive awards as approved by the Compensation Committee,

participate in the retirement and welfare benefit plans of the Company, and

be participants in the Change of Control Severance Plan.

**Termination due to Incapacity, No Cause, Good Reason.** Under the employment agreements, if (i) the Company terminates an executive's employment due to the executive's incapacity, (ii) the Company terminates the executive's

employment without cause, or (iii) the executive terminates his employment for good reason, and such termination under (ii) or (iii) is not in connection with a change of control, then the Company will be required to pay or provide to the executive:

the executive's base salary through the date of termination, any unpaid incentive compensation for calendar years completed prior to the date of termination, any rights under the terms of equity awards and any medical or other welfare benefits required by law (the Accrued Amounts);

a lump sum payment on the first business day following the date that is 60 days after the date of termination equal to the sum of:

- i two times the sum of the executive's (1) annual salary plus (2) target annual bonus; plus
- i the executive's target annual bonus for the year of termination, pro-rated for days of employment during such year; and

continued participation in the Company's group health benefit plans for a period of 24 months for the executive and the executive's spouse and/or family, as applicable (the Welfare Continuation Benefit).

The payments and benefits described in connection with such terminations are subject to the executive's timely execution of a release of claims against the Company, and are also subject to the six month payment delay requirements under Internal Revenue Code Section 409A, if applicable.

*Termination for No Cause or Good Reason with Change of Control.* If the executive is terminated by the Company without cause or if the executive

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**EXECUTIVE COMPENSATION**

terminates his employment for good reason and such termination occurs within six months before or 24 months after a change of control, then the Company will be required to pay or provide to the executive:

the Accrued Amounts;

a cash severance payment pursuant to the terms of the Change of Control Severance Plan (described further below in this section);

on the first business day following the date that is 60 days after the date of termination, a lump sum amount equal to the executive's target annual bonus for the year of termination, pro-rated for days of employment during such year;

outplacement services for one year after termination at a cost of up to \$10,000; and

the Welfare Continuation Benefit.

The executive is liable for any taxes, including any excise taxes on excess parachute payments, on the executive due to payments or benefits pursuant to the employment agreement and the Change of Control Severance Plan.

*Termination for Cause, Death or Without Good Reason.* If the executive is terminated by the Company for cause, due to the executive's death or by the executive without good reason, then the Company will only be required to pay to the executive (or to the executive's estate) the Accrued Amounts.

Each employment agreement contains an indefinite confidentiality and protection of information covenant and a mutual non-disparagement covenant extending for one year after termination of employment. If the executive is terminated by the Company for cause or if the executive terminates the executive's employment without good reason, the executive will be bound by a non-compete and non-solicitation covenant extending for one year after the date of the executive's termination.

***Change of Control Severance Plan.*** Each executive participates in the Company's Change of Control Severance Plan beginning on the effective date of his employment agreement. The potential severance payments due under the plan are determined as of the date of the change of control, based on a sharing pool that is calculated as a percentage of the transaction value (with such sharing pool increasing or decreasing as such transaction value increases or decreases, respectively). Although the potential severance payment due each participant in the plan is determined as of the date of the change on control, payments are only made if and when a participant experiences a qualifying termination as discussed above.

*Calculation of change of control severance benefits.* Under the plan, at the time of a change of control, the Compensation Committee will determine each participant's severance benefit as if the participant had experienced a qualifying termination on the date of the change of control. The severance benefit determined by the Compensation

Committee to be potentially payable to each participant is final and binding.

The severance benefit is equal to each participant's portion of the sharing pool, which is the total cash available under the plan to be distributed to all the participants as cash severance. As noted above, each participant's severance benefit will be determined based on the assumption that the participant is terminated on the date of the change of control, and will also be determined according to two principles: (1) each participant receives as net after-tax benefit the same percentage (to within +/- 0.1%) of the total net after-tax benefit that would be received by all participants under the plan as his or her percentage interest; and (2) the total net after-tax benefit received by all participants is maximized. Under the plan, each participant's net after-tax benefit is the sum of the participant's total change of control value and severance benefit, reduced by the total tax liability (as such terms are defined in the plan).

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*Determination of sharing pool.* The total severance benefits payable under the plan may not exceed the sharing pool. The sharing pool is determined based on the transaction value (as defined in the plan, but

generally includes the consideration paid for the outstanding shares of our common stock plus any debt assumed less cash assumed) at the time of the change of control, as follows:

| Transaction Value<br>(in Billions) | Sharing Pool<br>(7 Executives) | Sharing Pool as a<br>Percentage of<br>Transaction Value<br>(Approximate) |
|------------------------------------|--------------------------------|--|
| \$1.0                              | \$14,600,000                   | 1.46%  |
| \$2.0                              | \$17,925,601                   | 0.90%  |
| \$2.5                              | \$18,726,908                   | 0.75%  |
| \$3.0                              | \$19,545,266                   | 0.65%  |
| \$3.5                              | \$20,381,202                   | 0.58%  |
| \$4.0                              | \$21,235,260                   | 0.53%  |
| \$4.5                              | \$22,108,000                   | 0.49%  |
| \$5.0                              | \$23,000,000                   | 0.46%  |
| \$5.5                              | \$23,892,000                   | 0.43%  |
| \$6.0                              | \$24,803,260                   | 0.41%  |
| \$6.5                              | \$25,734,358                   | 0.40%  |
| \$7.0                              | \$26,685,889                   | 0.38%  |
| \$7.5                              | \$27,658,465                   | 0.37%  |
| \$8.0                              | \$28,652,719                   | 0.36%  |
| \$8.5                              | \$29,669,301                   | 0.35%  |
| \$9.0                              | \$30,708,880                   | 0.34%  |
| \$9.5                              | \$31,772,146                   | 0.33%  |
| \$10.0                             | \$32,859,811                   | 0.33%  |
| \$10.5                             | \$33,972,605                   | 0.32%  |
| \$11.0                             | \$35,111,283                   | 0.32%  |
| \$20.0                             | \$42,000,000                   | 0.21%  |

If the actual transaction value at the time of a change of control falls between the transaction values shown above, the sharing pool will be interpolated, and the Compensation Committee will determine the sharing pool should the applicable transaction value fall outside the values above. In addition, the sharing pool values will be adjusted if new participants are added or removed from the plan between the effective date of the plan and the date of the change of control. Specifically, the sharing pool will be decreased or increased, as applicable, by the amount that is equal to the applicable transaction value multiplied by 0.07% or 0.04% if the individual is in the top half or bottom half, respectively, of participants ranked by their combined compensation (as defined in the plan), as determined by the Compensation Committee. The table above represents an adjusted sharing pool, as one of the original participants in the plan left the Company in 2014 resulting in only seven participants as of December 31, 2014. Under the plan, a

participant's combined compensation is the sum value of the participant's base salary, target bonus, and unvested long-term incentives, as those terms are defined in the plan.

*Calculation of participant's percentage interest in the sharing pool.* Each participant's interest, or participation alignment, in the sharing pool is initially determined by dividing the participant's combined compensation by the sum of the combined compensation for all participants, thus resulting in a percentage amount for each participant which, in total, add up to 100%. The difference between the participation alignment of the participant with the highest combined compensation and the participation alignment of the participant with the second highest combined compensation of all the participants as of the date of the change of control may not exceed the percentage that is equal to  $(1/n)\% + 12\%$ , where  $n$  is the number of participants as of the date of the change of control. If necessary, the participation alignment of the participant with the highest combined compensation as of the date of the change of control will be decreased and the participation alignments of each of the other participants increased on a pro rata basis such that (1) the rule contained in the preceding sentence is respected and (2) the sum of the participation

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**EXECUTIVE COMPENSATION**

alignments of all participants is equal to 100% (effectively capping the highest paid executive's benefit).

**Employment Agreement Mr. Moore.** During 2014, we were party to an employment agreement with Mr. Moore that we assumed in connection with our acquisition of Complete in 2012. This assumed agreement expired by its terms on December 31, 2014, and on January 1, 2015, the agreement we entered into with Mr. Moore in December 2012 (along with our other executives as described above) became effective. The following describes the benefits that would have been due Mr. Moore under the assumed agreement in connection with various termination scenarios as of December 31, 2014.

**Termination for No Cause.** Pursuant to the agreement, in the event Mr. Moore was terminated by the Company other than for cause, Mr. Moore would have been entitled to receive, in addition to any other amounts payable:

a lump-sum payment within 70 days after the date of such termination in an amount equal to the sum of:

- i one and two-thirds times (1.67x) the sum of his base salary plus the greater of (i) seventy-five percent (75%) of his base salary, or (ii) the highest annual bonus earned in the preceding three fiscal years; plus
- i seventy-five percent (75%) of his base salary pro-rated to the days of service with the Company prior to termination, including date of termination;

a lump-sum payment in lieu of an automobile allowance for up to 20 months following the date of termination;  
and

health and disability coverage and benefits for up to 20 months following the date of termination.

In addition, all of Mr. Moore's unvested stock options and restricted stock would have immediately vest and his options would have had an additional twelve months to exercise, but in no event later than the tenth anniversary of the option grant date.

**Termination for No Cause or Good Reason with Change of Control.** In the event Mr. Moore's employment was terminated by the Company without cause or he left under certain circumstances during the period beginning six months prior to and ending two years following a change of control, Mr. Moore would have been entitled to receive, in addition to any other amounts payable:

a lump-sum payment within 70 days after the date of such termination in an amount equal to the sum of:

i

two and one half times (2.5x) the sum of his base salary plus the greater of (i) seventy-five percent (75%) of his base salary or (ii) the highest annual bonus earned in the preceding three fiscal years; plus

- i seventy-five percent (75%) of his base salary pro-rated for the number of days of service with the Company prior to termination, including date of termination; plus
  
- i two and one half times (2.5x) the amount we would be required to contribute to his 401(k), deferred compensation and other retirement plans based on his base salary and the Company contributions then in effect; plus
  
- i two and one half times (2.5x) his annual car allowance.

health and disability coverage and benefits for up to two and half years following the date of termination. In addition, all of Mr. Moore's unvested stock options and restricted stock would have immediately vest and he would have had an additional twelve months to exercise his options, but in no event could he exercise them later than the tenth anniversary of the applicable grant date. Further, Mr. Moore was entitled to receive additional tax-gross up payments to compensate for excise taxes imposed by Section 4999 of the Internal Revenue Code on the compensation and benefits provided.

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Except as otherwise noted, the following table quantifies the potential payments to our named executive officers under the contracts, arrangements or plans discussed above, for various scenarios involving a change of control or termination of employment of each of our named executive officers, assuming a December 31, 2014 termination date, and where applicable, using the closing price of our common stock of \$20.15 (as reported on the NYSE as of December 31, 2014). Excluded are benefits provided to all employees, such as accrued vacation and benefits provided by third parties under our life and other insurance policies. Also excluded are benefits our named executive officers would receive upon termination of employment under the SERP and the NQDC Plan, as described above, as

well as benefits under our 401(k) plan. The table also assumes the following:

the number of participants in the Change of Control Severance Plan is seven and does not include Mr. Moore, who did not become a participant until January 1, 2015;

the transaction value on December 31, 2014 is \$4.272 billion (estimated value assumes equity based on December 31, 2014 stock price plus all outstanding debt on the December 31, 2014 balance sheet); and

the corresponding sharing pool is \$21,710,031.

| Name   | Lump Sum Severance Payment | Outstanding Unvested Options | Outstanding Restricted Stock/RSUs | Outstanding SPSUs <sup>(3)</sup> | Outstanding PSUs | Health Benefits | Tax Gross-Up | Total         |
|--|----------------------------|------------------------------|-----------------------------------|----------------------------------|------------------|-----------------|--------------|---------------|
| <b>David D. Dunlap</b>                             |                            |                              |                                   |                                  |                  |                 |              |               |
| Retirement   | n/a                        | (2)                          | (2)                               | n/a                              | (3)              | n/a             | n/a          |               |
| Death  | n/a                        | \$ 0                         | \$ 2,327,607                      | n/a                              | (3)              | n/a             | n/a          | \$ 2,327,607  |
| Disability/Incapacity                              | \$ 5,600,000               | \$ 0                         | \$ 2,327,607                      | n/a                              | (3)              | \$31,298        | n/a          | \$ 7,958,905  |
| Termination No Cause                               | \$ 5,600,000               | (2)                          | (2)                               | n/a                              | (3)              | \$31,298        | n/a          | \$ 5,631,298  |
| Termination Good Reason                            | \$ 5,600,000               | n/a                          | n/a                               | n/a                              | (3)              | \$31,298        | n/a          | \$ 5,631,298  |
| Termination after Change of Control <sup>(1)</sup> | \$ 11,095,538              | \$ 0                         | \$ 2,327,607                      | n/a                              | \$11,760,000     | \$31,298        | n/a          | \$ 25,214,443 |
| <b>Robert S. Taylor</b>                            |                            |                              |                                   |                                  |                  |                 |              |               |
| Retirement   | n/a                        | (2)                          | (2)                               | \$382,991                        | (3)              | n/a             | n/a          | \$ 382,991    |
| Death  | n/a                        | \$ 0                         | \$ 753,026                        | \$382,991                        | (3)              | n/a             | n/a          | \$ 1,136,017  |
| Disability/Incapacity                              | \$ 2,379,520               | \$ 0                         | \$ 753,026                        | \$382,991                        | (3)              | \$31,298        | n/a          | \$ 3,546,835  |
| Termination No Cause                               | \$ 2,379,520               | (2)                          | (2)                               | \$382,991                        | (3)              | \$31,298        | n/a          | \$ 2,793,809  |
| Termination Good Reason                            | \$ 2,379,520               | n/a                          | n/a                               | \$382,991                        | (3)              | \$31,298        | n/a          | \$ 2,793,809  |

|   |              |      |             |           |             |          |      |              |
|---|--------------|------|-------------|-----------|-------------|----------|------|--------------|
| Termination after<br>Change of Control <sup>(1)</sup> | \$ 2,157,746 | \$ 0 | \$ 753,026  | \$382,991 | \$3,800,800 | \$31,298 | n/a  | \$ 7,125,861 |
| <b>Brian K. Moore</b>                                 |              |      |             |           |             |          |      |              |
| Retirement  | n/a          | (2)  | (2)         | \$348,474 | (3)         | n/a      | n/a  | \$ 348,474   |
| Death/Disability                                      | n/a          | \$ 0 | \$1,764,495 | \$348,474 | (3)         | n/a      | n/a  | \$ 2,112,969 |
| Termination No Cause                                  | \$ 2,747,610 | \$ 0 | \$1,998,215 | \$348,474 | (3)         | \$26,082 | n/a  | \$ 5,120,381 |
| Termination Change<br>in Control                      | \$ 3,916,198 | \$ 0 | \$1,998,215 | \$348,474 | \$3,458,800 | \$39,123 | \$ 0 | \$ 9,760,809 |
| <b>A. Patrick Bernard</b>                             |              |      |             |           |             |          |      |              |
| Retirement  | n/a          | (2)  | (2)         | \$246,979 | (3)         | n/a      | n/a  | \$ 246,979   |
| Death   | n/a          | \$ 0 | \$ 487,690  | \$246,979 | (3)         | n/a      | n/a  | \$ 743,382   |
| Disability/Incapacity                                 | \$ 1,715,850 | \$ 0 | \$ 487,690  | \$246,979 | (3)         | \$31,298 | n/a  | \$ 2,481,817 |
| Termination No Cause                                  | \$ 1,715,850 | (2)  | (2)         | \$246,979 | (3)         | \$31,298 | n/a  | \$ 1,994,127 |
| Termination Good<br>Reason                            | \$ 1,715,850 | n/a  | n/a         | \$246,979 | (3)         | \$31,298 | n/a  | \$ 1,994,127 |
| Termination after<br>Change of Control <sup>(1)</sup> | \$ 3,027,012 | \$ 0 | \$ 487,690  | \$246,979 | \$2,451,400 | \$31,298 | n/a  | \$ 6,244,379 |
| <b>William B. Masters</b>                             |              |      |             |           |             |          |      |              |
| Retirement  | n/a          | (2)  | (2)         | \$236,823 | (3)         | n/a      | n/a  | \$ 236,823   |
| Death   | n/a          | \$ 0 | \$ 455,088  | \$236,823 | (3)         | n/a      | n/a  | \$ 691,911   |
| Disability/Incapacity                                 | \$ 1,974,560 | \$ 0 | \$ 455,088  | \$236,823 | (3)         | \$31,298 | n/a  | \$ 2,697,769 |
| Termination No Cause                                  | \$ 1,974,560 | (2)  | (2)         | \$236,823 | (3)         | \$31,298 | n/a  | \$ 2,242,681 |
| Termination Good<br>Reason                            | \$ 1,974,560 | n/a  | n/a         | \$236,823 | (3)         | \$31,298 | n/a  | \$ 2,242,681 |
| Termination after<br>Change of Control <sup>(1)</sup> | \$ 3,275,355 | \$ 0 | \$ 455,088  | \$236,823 | \$2,298,600 | \$31,298 | n/a  | \$ 6,297,164 |

**Table of Contents****EXECUTIVE COMPENSATION**

- (1) Certain of the benefits described in the table would be achieved in the event of a change of control alone, and would not require a termination of the executive's employment. In particular, pursuant to the terms of our stock incentive plans and the individual award agreements, upon a change of control as defined in the plans, (i) all outstanding stock options would immediately vest, (ii) all restrictions on outstanding restricted shares and RSUs would lapse, (iii) all outstanding SPSUs would be paid out as if the maximum level of performance had been achieved and (iv) all outstanding PSUs would be paid out as if the maximum level of performance had been achieved. Each executive is also entitled to outplacement assistance of up to \$10,000, and the lump sum severance payment due each executive includes the following:

| Name        | Change of Control<br>Severance Plan<br>Payment | Target Bonus<br>Payment |
|-------------|--|-------------------------|
| Mr. Dunlap  | \$9,895,538                                    | \$1,200,000             |
| Mr. Taylor  | \$1,725,106                                    | \$ 432,640              |
| Mr. Bernard | \$2,734,062                                    | \$ 292,950              |
| Mr. Masters | \$2,938,235                                    | \$ 337,120              |

- (2) Pursuant to the terms of the restricted stock, RSUs and stock option agreements, upon termination of the executive's employment as a result of retirement or termination by the Company, the Compensation Committee, in its discretion, may elect to accelerate the vesting of such awards.
- (3) Pursuant to the terms of the PSU and SPSU award agreements, if an executive's employment terminates prior to the end of the applicable performance period as a result of retirement, death, disability, or termination for any reason other than the voluntary termination by the executive or termination by the Company for cause, then the executive retains a pro-rata portion of outstanding award based on his employment during the performance period, and the remaining units will be forfeited. The retained units will be valued and paid out to the executive in accordance with their original payment schedule based on the Company's achievement of the applicable performance criteria. Upon a voluntary termination by the executive or a termination by the Company for cause, all outstanding units are forfeited. With respect to the SPSUs, in February 2015, the Compensation Committee determined that the Company had achieved the maximum level of performance of the free cash flow metric applicable to the outstanding SPSUs, thus the amounts in the table reflect the year-end value of 150% of the target 2014 SPSU award.



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**QUESTIONS AND ANSWERS ABOUT THE 2015 ANNUAL MEETING**

**Why am I receiving this proxy statement?**

Our Board of Directors is soliciting your proxy to vote at the annual meeting because you owned shares of our common stock at the close of business on April 8, 2015, the record date for the annual meeting, and are entitled to vote at the annual meeting. This proxy statement, along with a proxy card or a voting

instruction card and a copy of our 2014 annual report, are being mailed to our stockholders on or about April 17, 2015. This proxy statement summarizes the information you need to know to vote at the annual meeting. You do not need to attend the annual meeting to vote your shares of our common stock.

**On what matters will I be voting?**

At the annual meeting, our stockholders will be asked to (i) elect the eight director nominees, (ii) hold an advisory vote on the compensation of our named executive officers (the say-on-pay proposal), (iii) adopt the Amended and Restated 2013 Stock

Incentive Plan, (iv) ratify the appointment of KPMG as our independent registered public accounting firm for 2015 and (v) consider any other business that may properly come before the meeting.

**When and where will the annual meeting be held?**

The meeting will be held at 9:00 a.m., Central Standard Time, on Friday, May 22, 2015, at our headquarters located at 1001 Louisiana Street, Houston, Texas,

77002. To obtain directions to our headquarters and vote in person, please contact us at (713) 654-2200.

**How many votes may I cast?**

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

**How many shares of our common stock are eligible to be voted?**

As of the record date for the annual meeting, we had 150,363,393 shares of our common stock outstanding, each of which entitles the holder to one vote.

**How many shares of our common stock must be present to hold the annual meeting?**

Our Bylaws provide that a majority of the outstanding shares of our common stock entitled to vote generally in the election of directors, represented in person or by proxy, constitutes a quorum at a meeting of our stockholders. As of the record date, 75,181,697 shares of our common stock constitute a quorum. If you are a beneficial owner (as defined below) of shares of our common stock and you do not instruct your broker, bank or other nominee how to vote your shares on any

of the proposals, your shares will be counted as present at the annual meeting for purposes of determining whether a quorum exists. In addition, stockholders of record who are present at the annual meeting in person or by proxy will be counted as present at the annual meeting for purposes of determining whether a quorum exists, whether or not such holder abstains from voting on any or all of the proposals.



**Table of Contents****QUESTIONS AND ANSWERS ABOUT THE 2015 ANNUAL MEETING**

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

| <b>Proposal</b>   | <b>Your Voting Options</b>   | <b>Board s Recommendation</b>   | <b>Vote Required to Approve the Proposal</b>   |
|---|--|---|--|
| No. 1: Election of the eight director nominees  | You may vote FOR each nominee or choose to WITHHOLD your vote for all or none or one of the nominees | FOR each of the eight director nominees   | Directors will be elected by <i>plurality</i> . That means the nominees who receive the greatest number of for votes will be elected, except that a nominee who receives a greater number of withhold than for votes must tender his resignation |
| No. 2: Approval of the say-on-pay proposal (advisory)                                     | You may vote FOR AGAINST this proposal or ABSTAIN from voting  | FOR approval of our executive compensation as disclosed in this proxy statement | Affirmative vote of the holders of a majority of the shares of our common stock present and entitled to vote on the proposal   |
| No. 3: Adoption of the Amended and Restated 2013 Stock Incentive Plan                     | You may vote FOR AGAINST this proposal or ABSTAIN from voting  | FOR approval of our Amended and Restated 2013 Stock Incentive Plan              | Affirmative vote of the holders of a majority of the shares of our common stock present and entitled to vote on the proposal   |
| No. 4: Ratification of KPMG as our independent registered public accounting firm for 2015 | You may vote FOR AGAINST this proposal or ABSTAIN from voting  | FOR ratification of our selection of KPMG as our independent auditor for 2015   | Affirmative vote of the holders of a majority of the shares of our common stock present and entitled to vote on the proposal   |

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

If your shares of our common stock are registered directly in your name with our transfer agent, American Stock Transfer and Trust Company, you are considered, with respect to those shares, the stockholder of record. In this case, we have sent the proxy materials directly to you.

If your shares of our common stock are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of such shares held in street name. In this case, the proxy materials

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

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**QUESTIONS AND ANSWERS ABOUT THE 2015 ANNUAL MEETING**

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

If you properly complete, sign, date and return a proxy or voting instruction form, your shares will be voted as you specify.

If you are a stockholder of record and you do not submit voting instructions on your returned proxy card, your shares of our common stock will be voted in accordance with the recommendations of our Board, as provided above.

If you are a beneficial owner, under the rules of the NYSE, your broker, bank or other nominee may

generally vote your shares on routine matters without receiving voting instructions from you but cannot vote your shares on non-routine matters. Of the proposals, only the ratification of the appointment of KPMG as our independent registered public accounting firm for 2015 is a routine matter. If your broker, bank or other nominee does not receive instructions from you on how to vote your shares on the remainder of the proposals, the organization will not have the authority to vote your shares of our common stock on those matters. This is generally referred to as a broker non-vote.

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

Abstentions will:

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

have the effect of a vote AGAINST the remainder of the proposals (Proposal 2, Proposal 3 and Proposal 4).  
Broker non-votes will:

have no effect on the election of directors (Proposal 1), the say-on-pay proposal (Proposal 2) and the Amended and Restated 2013 Stock Incentive Plan proposal (Proposal 3), since the

stockholder of record of these shares is not entitled to vote on the specific matter without instructions from the beneficial owner.

not occur with respect to ratification of the appointment of KPMG as our independent registered public accounting firm for 2015 (Proposal 4), since this is a routine matter and a broker, bank or other nominee can vote on Proposal 4 without instructions from the beneficial owner. However, if the broker, bank or other nominee does not vote on Proposal 4, an abstention will occur.

## **How do I vote?**

You may vote using any of the following methods depending on if you are a stockholder of record or a beneficial owner.

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

*Telephone or Internet:* Stockholders of record can vote via the Internet 24 hours a day, seven days a week until 11:59 p.m. on May 21, 2015 at [www.voteproxy.com](http://www.voteproxy.com). Please have your proxy card available when you access the website. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other nominee. Therefore, we recommend that you follow the instructions on how to submit your voting instructions in the materials you receive from such organization.

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

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**QUESTIONS AND ANSWERS ABOUT THE 2015 ANNUAL MEETING**

**Can I change my vote?**

Yes. Your proxy can be revoked or changed at any time before it is used to vote your shares of our common stock by notice in writing to our Secretary, by our timely receipt of another proxy with a later date or by voting in

person at the meeting. Your attendance alone at the annual meeting will not be enough to revoke your proxy.

**Who pays for soliciting proxies?**

We pay all expenses incurred in connection with the solicitation of proxies to vote at the annual meeting. We have retained Georgeson, Inc., 480 Washington Boulevard, 26th Floor, Jersey City, New Jersey 07310, for an estimated fee of \$11,500 plus reimbursement of certain reasonable expenses, to assist in the solicitation of proxies and otherwise in connection with the annual meeting. We and our proxy solicitor will also request banks, brokers and other nominees holding shares of our common stock beneficially owned by others to send

this proxy statement, the proxy card and our 2014 annual report to, and obtain voting instructions from, the beneficial owners and will reimburse such organization for their reasonable expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitation by our directors, officers and employees. No additional compensation will be paid to directors, officers or employees for such solicitation efforts.

**Could other matters be decided at the meeting?**

Our Board does not expect to bring any other matter before the annual meeting, and it is not aware of any other matter that may be considered at the meeting. In addition, pursuant to our Bylaws, the time has elapsed for any stockholder to properly bring a matter before the

meeting. However, if any other matter does properly come before the annual meeting, the proxy holder will vote any shares of our common stock for which he holds a proxy in his discretion.