

MARINE PRODUCTS CORP  
Form DEF 14A  
March 21, 2016

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 Pursuant to §240.14a-12

MARINE PRODUCTS CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)

Title of each class of securities to which transaction applies: N/A

(2)

Aggregate number of securities to which transaction applies: N/A

(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): N/A

(4)

Proposed maximum aggregate value of transaction: N/A

(5)

Total fee paid: N/A

Fee paid previously with preliminary materials.

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

(1)

Amount previously paid: N/A

(2)

Form, Schedule or Registration Statement No.: N/A

(3)

Filing party: N/A

(4)

Date Filed: N/A

MARINE PRODUCTS CORPORATION  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
2801 Buford Highway NE, Suite 520, Atlanta, Georgia 30329  
TO THE HOLDERS OF THE COMMON STOCK:

PLEASE TAKE NOTICE that the 2016 Annual Meeting of Stockholders of Marine Products Corporation, a Delaware corporation (“Marine Products” or the “Company”), will be held at 2170 Piedmont Road, NE, Atlanta, Georgia 30324, on Tuesday, April 26, 2016, at 12:00 Noon, or any adjournment thereof, for the following purposes:

1.  
To elect the three Class III nominees identified in the attached proxy statement to the Board of Directors;
2.  
To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and
3.  
To consider and act upon such other business as may properly come before the Annual Meeting or any adjournment of the meeting.

The Proxy Statement dated March 21, 2016 is attached.

The Board of Directors has fixed the close of business on February 29, 2016 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof.

Stockholders who do not expect to be present at the meeting are urged to complete, date, sign and return the enclosed proxy. No postage is required if the enclosed envelope is mailed in the United States.

The Proxy Statement and 2015 Annual Report are available at <http://www.astproxyportal.com/ast/26232/>

BY ORDER OF THE BOARD OF DIRECTORS

Linda H. Graham, Secretary  
Atlanta, Georgia  
March 21, 2016

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## PROXY STATEMENT

This Proxy Statement and a form of proxy were first mailed to stockholders on or about March 21, 2016. The following information concerning the enclosed proxy and the matters to be acted upon at the Annual Meeting of Stockholders to be held on April 26, 2016, is submitted by the Company to the stockholders in connection with the solicitation of proxies on behalf of the Company's Board of Directors.

### SOLICITATION OF AND POWER TO REVOKE PROXY

A form of proxy is enclosed. Each proxy submitted will be voted as directed, but if not otherwise specified, proxies solicited by the Board of Directors of the Company will be voted in favor of the candidates for election to the Board of Directors and in favor of the ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016.

A stockholder executing and delivering a proxy has power to revoke the same and the authority thereby given at any time prior to the exercise of such authority, if he so elects, by contacting either proxy holder, by timely submitting a later dated proxy changing his vote, or by attending the meeting and voting in person. However, a beneficial stockholder who holds his shares in street name must secure a proxy from his broker before he can attend the meeting and vote.

### CAPITAL STOCK

The outstanding capital stock of the Company on February 29, 2016 consisted of 38,373,970 shares of Common Stock, par value \$0.10 per share. Holders of Common Stock are entitled to one vote (non-cumulative) for each share of such stock registered in their respective names at the close of business on February 29, 2016 the record date for determining stockholders entitled to notice of, and to vote at, the meeting or any adjournment thereof.

A majority of the outstanding shares will constitute a quorum at the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business. In accordance with the General Corporation Law of the state of Delaware, the election of the nominees named herein as Directors will require the affirmative vote of a plurality of the votes cast by the holders of shares of Company Common Stock entitled to vote in the election provided that a quorum is present at the Annual Meeting. In the case of a plurality vote requirement (as in the election of directors), where no particular percentage vote is required, the outcome is solely a matter of comparing the number of votes cast for each nominee, with those nominees receiving the most votes being elected, and hence only votes for director nominees (and not abstentions or broker non-votes) are relevant to the outcome. In this case, the three nominees receiving the most votes will be elected. The affirmative vote of a majority of a quorum of the Company's outstanding shares of Common Stock present and entitled to vote at the meeting is required to approve the ratification of the appointment of the Company's independent registered public accounting firm for fiscal year 2016. Abstentions will have the effect of a vote against the proposal and broker non-votes will have no effect on the proposal for the ratification of the appointment of the Company's independent registered public accounting firm. There are no rights of appraisal or similar dissenter's rights with respect to any matter to be acted upon pursuant to this Proxy Statement. It is expected that shares held of record by officers and directors of the Company, which in the aggregate represent approximately 72.3 percent of the outstanding shares of Common Stock, will be voted for the nominees for director and for the ratification of the appointment of the Company's independent registered public accounting firm.

## STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The executives named in the Summary Compensation Table, and the name and address of each stockholder (or “group” as that term is used in Section 13(d)(3) of the Exchange Act of 1934, as amended) who owned beneficially five percent (5%) or more of the shares of Common Stock of the Company on February 29, 2016, together with the number of shares owned by each such person and the percentage of outstanding shares that ownership represents, and information as to Common Stock ownership of the directors and executive officers of the Company as a group (according to information received by the Company), are set out below:

Name and Address of Beneficial Owner	Amount Beneficially Owned(1)	Percent of Outstanding Shares
R. Randall Rollins Chairman of the Board 2170 Piedmont Road, NE Atlanta, Georgia	23,974,620(2)	62.5
Gary W. Rollins Vice Chairman and Chief Executive Officer, Rollins, Inc. 2170 Piedmont Road, NE Atlanta, Georgia	23,779,207(3)	62.0
Gamco Investors, Inc. One Corporate Center Rye, NY	2,303,971(4)	6.0
Richard A. Hubbell President and Chief Executive Officer 2801 Buford Highway NE, Suite 520 Atlanta, Georgia	1,208,060(5)	3.1
James A. Lane, Jr. Executive Vice President and President, Chaparral Boats, Inc. 2801 Buford Highway NE, Suite 520 Atlanta, Georgia	436,037(6)	1.1
Ben M. Palmer Vice President, Chief Financial Officer and Treasurer 2801 Buford Highway NE, Suite 520 Atlanta, Georgia	425,130(7)	1.1
Linda H. Graham Vice President and Secretary 2170 Piedmont Road, NE Atlanta, Georgia	371,681(8)	**
All Directors and Executive Officers as a group (10 persons)	27,725,561(9)	72.3

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Less than one percent

(1)

Except as otherwise noted, the nature of the beneficial ownership for all shares is sole voting and investment power.

(2)

Includes 104,004 shares of Company Common Stock held indirectly on account of his role as a corporate fiduciary. Also includes 109,296 shares of Company Common Stock in two trusts of which he is Co-Trustee and as to which he shares voting and investment power. Also includes 22,654,279 shares of Company Common Stock held by RFPS Management Company III, L.P. of which RFA Management Company, LLC (“RFAM”), a Georgia limited liability company, is the general partner. The voting interests of RFAM are held by two revocable trusts, one of which each of Mr. Gary W. Rollins or Mr. R. Randall Rollins is the grantor and sole trustee. LOR, Inc. is the manager of RFAM. Mr. R. Randall Rollins and Mr. Gary W. Rollins have voting control of LOR, Inc. Included herein are 138,000 shares of restricted stock awards for Company Common Stock. This also includes 31,497 shares of Company Common Stock held by his wife, as to which Mr. Rollins disclaims any beneficial interest. Mr. Rollins is part of a control group holding shares of the Company that includes Mr. Gary W. Rollins, as disclosed on a Schedule 13D on file with the U.S. Securities and Exchange Commission.

(3)

Includes 104,004 shares of Company Common Stock held indirectly on account of his role as a corporate fiduciary. Includes 109,296 shares of Company Common Stock in two trusts of which he is Co-Trustee and as to which he shares voting and investment power. Also includes 22,654,279 shares of Company Common Stock held by RFPS Management Company III, L.P of which RFAM is the general partner. The voting interests of the RFAM are held by two revocable trusts, one of which each of Mr. Gary W. Rollins or Mr. R. Randall Rollins is the grantor and sole trustee. LOR, Inc. is the manager of RFAM. Mr. R. Randall Rollins and Mr. Gary W. Rollins have voting control of LOR, Inc. Mr. Rollins is part of a control group holding shares of the Company that includes Mr. R. Randall Rollins, as disclosed on a Schedule 13D on file with the U.S. Securities and Exchange Commission.

(4)

Based on a Form 13F filed on February 5, 2016.

(5)

Includes 138,000 shares of restricted stock awards for Company Common Stock.

(6)

Includes 120,000 shares of restricted stock awards for Company Common Stock.

(7)

Includes 109,500 shares of restricted stock awards for Company Common Stock.

(8)

Includes 63,000 shares of restricted stock awards for Company Common Stock.

(9)

Shares held in trusts as to which more than one officer and/or director are Co-Trustees or entities in which there is common ownership have been included only once. Includes 568,500 shares of restricted stock grants for Company Common Stock awarded and issued to five executive officers pursuant to the Company's Stock Incentive Plans.

#### PROPOSAL 1: ELECTION OF DIRECTORS

At the Annual Meeting, Ms. Linda H. Graham and Messrs. Bill J. Dismuke and James A. Lane, Jr. will be nominated to serve as Class III directors. The nominees for election at the 2016 Annual Meeting are all now directors of the Company. The directors in each class serve for a term of three years. The director nominees will serve in their respective class until their successors are elected and qualified. Six other individuals serve as directors but are not standing for re-election because their terms as directors extend past this Annual Meeting pursuant to provisions of the Company's Bylaws that provide for the election of directors for staggered terms, with each director serving a term of three years. Unless authority is withheld, the proxy holders will vote for the election of each nominee named below. Although management does not contemplate the possibility, in the event any nominee is not a candidate or is unable to serve as a director at the time of the election, unless authority is withheld, the proxies will be voted for any nominee who shall be designated by the present Board of Directors and recommended by the Nominating and Governance Committee, to fill such vacancy.

#### Director Qualifications

The name and age of each of our directors and each of the nominees, his or her principal occupation, together with the number of shares of Common Stock beneficially owned, directly or indirectly, by each and the percentage of outstanding shares that ownership represents, all as of the close of business on February 29, 2016 (according to information received by the Company), other board memberships and the period during which he or she has served us as a director are set forth as follows:

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Names of Directors	Principal Occupation(1)	Service as Director	Age	Shares of Common Stock(2)	Percent of Outstanding Shares
Names of Director Nominees					
Class III (Current Term Expires 2016, New Term Will Expire 2019)					
Linda H. Graham	Vice President and Secretary of the Company; Vice President and Secretary of RPC, Inc. (oil and gas services).	2001 to date	79	371,681(3)	**
Bill J. Dismuke	Retired President of Edwards Baking Company (manufacturer of pies and pie parts).	2005 to date	79	1,500	**
James A. Lane, Jr.	Executive Vice President of the Company and President of Chaparral Boats, Inc.	2001 to date	73	436,037(4)	1.1
Names of Directors Whose Terms Have Not Expired					
Class I (Current Term Expires 2017)					
R. Randall Rollins(5)	Chairman of the Board; Chairman of the Board of RPC, Inc. (oil and gas services); Chairman of the Board of Rollins, Inc. (consumer services).	2001 to date	84	23,974,620(6)	62.5
Henry B. Tippie	Presiding Director of the Company; Chairman of the Board and Chief Executive Officer of Tippie Services, Inc. (management services); Chairman of the Board of Dover Downs Gaming & Entertainment, Inc. (operator of multi-purpose gaming and entertainment complex); Chairman of the Board of Dover Motorsports, Inc. (operator of motor racing tracks).	2001 to date	89	337,905(7)	**
James B. Williams	Retired Chairman of the Executive Committee, SunTrust Banks, Inc. (bank holding company).	2001 to date	82	54,000	**
Class II (Current Term Expires 2018)					
Gary W. Rollins (5)	Vice Chairman and Chief Executive Officer of Rollins, Inc. (consumer services).	2001 to date	71	23,779,207(8)	62.0
Richard A. Hubbell	President and Chief Executive Officer of the Company;	2001 to date	71	1,208,060(9)	3.1

President and Chief Executive  
Officer of RPC, Inc. (oil and gas  
services).

Larry L. Prince	Retired Chairman of the Board of Directors of Genuine Parts Company (automotive parts distributor).	2009 to date	77	5,000	**
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Less than one percent

4

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(1)

Unless otherwise noted, each of the directors has held the positions of responsibility set out in this column (but not necessarily his or her present title) for more than five years. In addition to the directorships listed in this column, the following individuals also serve on the Boards of Directors of the following companies: R. Randall Rollins: Dover Downs Gaming & Entertainment, Inc. and Dover Motorsports, Inc.; and Gary W. Rollins: Genuine Parts Company and Emory University. All of the directors named above, except Messrs. Hubbell and Lane and Ms. Graham are also directors of Rollins, Inc. and RPC, Inc. ("RPC"). Richard A. Hubbell, James A. Lane, Jr. and Linda H. Graham, are also directors of RPC. Larry L. Prince formerly served as a director of Genuine Parts Company. James B. Williams formerly served as a director of The Coca-Cola Company.

(2)

Except as otherwise noted, the nature of the beneficial ownership for all shares is sole voting and investment power.

(3)

See information contained in footnote (8) to the table appearing in the Capital Stock section.

(4)

See information contained in footnote (6) to the table appearing in the Capital Stock section.

(5)

R. Randall Rollins and Gary W. Rollins are brothers.

(6)

See information contained in footnote (2) to the table appearing in the Capital Stock section.

(7)

Includes shares held by a wholly owned corporation that owns 405 shares.

(8)

See information contained in footnote (3) to the table appearing in the Capital Stock section.

(9)

See information contained in footnote (5) to the table appearing in the Capital Stock section.

#### Key Attributes, Experience and Skills of Directors

R. Randall Rollins was elected a Director of Marine Products in 2001. Mr. Rollins has extensive knowledge of the Company's business and industry serving over 29 years at the Company including the years that it was a subsidiary of RPC before it was spun-off in 2001. Mr. Rollins serves as Chairman of the Board of the Company. He is also Chairman of the Board of RPC, Inc. as well as Rollins, Inc. Mr. Rollins has been a Director of Dover Motorsports, Inc. since 1996 and a Director of Dover Downs Gaming & Entertainment, Inc. since 2002. Mr. Rollins served as a Director of SunTrust Banks, Inc. from 1995 to 2004.

Richard A. Hubbell was elected a Director of Marine Products in 2001. Mr. Hubbell has extensive knowledge of the Company's business and industry serving over 29 years at the Company including the years that it was a subsidiary of RPC before it was spun-off in 2001. He has served as the Chief Executive Officer and President of the Company since 2001. Mr. Hubbell is also the President, Chief Executive Officer and a Director of RPC, Inc.

Gary W. Rollins was elected a Director of Marine Products in 2001. Mr. Rollins has extensive knowledge of the Company's business and industry. In addition, Mr. Rollins serves as the Vice Chairman and Chief Executive Officer of Rollins, Inc. Mr. Rollins has been a Director of RPC since 1984 and as a Director of Rollins, Inc. since 1981. Mr. Rollins has been a Director of Genuine Parts Company since 2005.

Henry B. Tippie was elected a Director of Marine Products in 2001. Mr. Tippie brings extensive financial and management experience to our Board of Directors serving as controller and chief financial officer of Rollins, Inc. from 1953 to 1970. Mr. Tippie has over 65 years of experience including being involved with publicly traded companies during the past 55 years in various positions including founder, CFO, CEO, President, Vice-Chairman and Chairman of the Board. He is currently Chairman of the Board of Dover Downs Gaming & Entertainment, Inc. as well as Dover Motorsports, Inc. and is also a Director of RPC, Inc. and Rollins, Inc.

James B. Williams was elected a Director of Marine Products in 2001. Mr. Williams brings extensive financial and management experience to our Board of Directors serving over 29 years as a Director including the years that it was a subsidiary of RPC before it was spun-off in 2001. He retired in 1998 as Chairman of the Board and Chief Executive Officer of SunTrust Banks, Inc., a bank holding company, which positions he had held for more than five years. He is a Director of RPC, Inc. and Rollins, Inc. Mr. Williams previously served as a Director of Genuine Parts Company, Georgia Pacific Corporation and The Coca-Cola Company.

Bill J. Dismuke was elected a Director of Marine Products in 2005. Mr. Dismuke brings extensive financial, management and manufacturing experience to our Board of Directors. He served as a Senior Vice President of Rollins, Inc. for five years from 1979 until 1984. He retired as President of Edwards Baking Company in 1995. Mr. Dismuke has also been a Director of Rollins, Inc. since 1984 and RPC, Inc. since 2005.

Larry L. Prince was elected a Director of Marine Products in 2009. Mr. Prince brings extensive management experience to our Board of Directors. He also served as Chairman of the Board of Genuine Parts Company from 1990 until 2005 and as Chief Executive Officer from 1989 until 2004. Mr. Prince is also a Director of Rollins, Inc. and RPC, Inc. Mr. Prince previously served as a Director of SunTrust Banks, Inc., Crawford & Company, Equifax, Inc., John H. Harland Company and Genuine Parts Company.

James A. Lane, Jr. was elected a Director of Marine Products in 2001. Mr. Lane brings extensive financial, management and manufacturing experience to our Board of Directors. He has held the position of President of Chaparral Boats, Inc. (formerly a subsidiary of RPC) since 1976. Mr. Lane has been Executive Vice President and a Director of the Company since it was spun off in 2001. Mr. Lane has been a Director of RPC, Inc. since 1987.

Linda H. Graham was elected a Director of Marine Products in 2001. Ms. Graham brings extensive management experience to our Board of Directors. She has been the Vice President and Secretary of RPC, Inc. since 1987 and has served as a Director of RPC, Inc. since 2001.

Our Board of Directors recommends a vote "FOR" the nominees listed above.

**PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has appointed Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016. During fiscal year 2015, Grant Thornton LLP served as the Company's independent registered public accounting firm. Representatives of Grant Thornton LLP are expected to attend the annual meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

Although the Company is not required to seek ratification of this appointment, the Audit Committee and the Board of Directors believes that it is appropriate to do so. If stockholders do not ratify the appointment of Grant Thornton LLP, the current appointment will stand, but the Audit Committee will consider the stockholder action in determining whether to retain Grant Thornton LLP as the Company's independent registered public accounting firm.

Our Board of Directors recommends a vote "FOR" the ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the 2016 fiscal year.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS,  
COMMITTEES AND MEETINGS

Board Meetings

The Board of Directors met five times during the fiscal year ended December 31, 2015. No director attended fewer than 75 percent of the aggregate of all Board meetings and meetings of committees on which he or she served during 2015. Board members are encouraged to attend the Company's Annual Stockholders Meetings and a majority of the Board members were in attendance at last year's meeting.

The Board of Directors has an Audit Committee, a Compensation Committee, a Diversity Committee and a Nominating and Governance Committee.

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

Committee Member	Audit Committee	Compensation Committee	Diversity Committee	Nominating & Governance Committee	Executive Committee
R. Randall Rollins(1)					Member
Henry B. Tippie(2)	Chair	Chair	Chair	Chair	
Larry L. Prince(2)	Member	Member	Member	Member	
James B. Williams(2)	Member	Member	Member	Member	
Bill J. Dismuke(2)	Member				
Gary W. Rollins					Member
Richard A. Hubbell(3)					Member

(1)  
Chairman of the Board of Directors

(2)  
Financial Expert

(3)  
President and Chief Executive Officer

Audit Committee

The Audit Committee of the Board of Directors of the Company consists of Henry B. Tippie (Chairman), James B. Williams, Bill J. Dismuke and Larry L. Prince, all of whom are independent, as discussed below. The Audit Committee held five meetings during the fiscal year ended December 31, 2015, including a meeting to review the Company's Form 10-K for the year ended December 31, 2014. The Board of Directors has determined that all of the Audit Committee members are independent as that term is defined by the rules of the Securities and Exchange Commission ("SEC") and the New York Stock Exchange ("NYSE"). The Board of Directors has also determined that all of the Audit Committee members are "Audit Committee Financial Experts" as defined in the SEC rules. The Audit Committee meets with the Company's independent registered public accountants, internal auditor, Chief Executive Officer and Chief Financial Officer to review the scope and results of audits and recommendations made with respect to controls over financial reporting and specific accounting and financial reporting issues. The Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding from the Company for outside legal, accounting or other advisors as it deems necessary to carry out its duties. The Audit Committee charter is available on the Company's website at [www.marineproductscorp.com](http://www.marineproductscorp.com) under the Governance section.

Compensation Committee

The Compensation Committee of the Board of Directors of the Company consists of Henry B. Tippie (Chairman), James B. Williams, and Larry L. Prince. It held two meetings during the fiscal year ended December 31, 2015. The function of the Compensation Committee is to review the base salary and cash based incentive compensation for all of

the executive officers, and to administer the compensation of James A. Lane, Jr. in accordance with the Performance-Based Compensation Agreement. The

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Compensation Committee also administers the Company's Stock Incentive Plans. The Compensation Committee does not have a formal charter, and is not required to have one under the "controlled company" exemption under the NYSE rules, as described in the section titled "Director Independence and NYSE Requirements."

#### Diversity Committee

The Diversity Committee of the Board of Directors of the Company consists of Henry B. Tippie (Chairman), James B. Williams, and Larry L. Prince. It held one meeting during the fiscal year ended December 31, 2015. The function of the Diversity Committee is to monitor compliance with applicable non-discrimination laws.

#### Nominating and Governance Committee

The Nominating and Governance Committee of the Board of Directors of the Company consists of Henry B. Tippie (Chairman), James B. Williams, and Larry L. Prince, each of whom is independent, as discussed more fully in the section titled "Director Independence and NYSE Requirements." The Committee was formed in 2002 pursuant to a resolution passed by the Board of Directors for the following purposes:

- to recommend to the Board of Directors nominees for director and to consider any nominations properly made by a stockholder;
- upon request of the Board of Directors, to review and report to the Board with regard to matters of corporate governance; and
- to make recommendations to the Board of Directors regarding the agenda for Annual Stockholders Meetings and with respect to appropriate action to be taken in response to any stockholder proposals.

The Nominating and Governance Committee held one meeting during the fiscal year ended December 31, 2015.

#### Director Nominations

Under Delaware law, there are no statutory criteria or qualifications for directors. No criteria or qualifications have been prescribed by the Board at this time. The Nominating and Governance Committee does not have a charter or a formal policy with regard to the consideration of director candidates. As such, there is no formal policy relative to diversity, although as noted below, it is one of many factors that the Nominating and Corporate Governance Committee has the discretion to factor into its decision making. This discretion would extend to how the Committee might define diversity in a particular instance – whether in terms of background, viewpoint, experience, education, race, gender, national origin or other considerations. The Committee acts under the guidance of the Corporate Governance Guidelines approved by the Board of Directors and posted on the Company's website at [www.marineproductscorp.com](http://www.marineproductscorp.com) under the Governance section. The Board believes that it should preserve maximum flexibility in order to select directors with sound judgment and other desirable qualities. According to the Company's Corporate Governance Guidelines, the Board of Directors will be responsible for selecting nominees for election to the Board of Directors. The Board delegates the screening process to the Nominating and Governance Committee. This Committee is responsible for determining the appropriate skills and characteristics required of Board members in the context of the then current makeup of the Board. This determination takes into account all factors which the Committee considers appropriate, such as independence, experience, strength of character, mature judgment, technical skills, diversity, age and the extent to which the individual would fill a present need on the Board. The Company's Bylaws provide that nominations for the election of directors may be made by any stockholder entitled to vote for the election of directors. Nominations must comply with an advance notice procedure which generally requires, with respect to nominations for directors for election at an annual meeting, that written notice be addressed to: Secretary, Marine Products Corporation, 2170 Piedmont Road, NE, Atlanta, Georgia 30324, and received not less than ninety days prior to the anniversary of the prior year's annual meeting and set forth among other requirements specified in the Company's Bylaws, the name, age, business address and, if known, residence address of the

nominee proposed in the notice, the principal occupation or employment of the nominee for the past five years, the nominee's qualifications, the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person and any other information relating to the person that would be required to be disclosed in a proxy statement or other filings. Other requirements related to the notice are contained in the Company's Bylaws and stockholders are advised to carefully review those requirements to ensure that nominations comply with the Bylaws. The Committee will consider nominations from stockholders that satisfy these requirements. The Committee is responsible for screening the nominees that are selected by the Board of Directors for nomination to the Board and for service on committees of the Board. To date, the Company has not received a recommendation for a director nominee from a stockholder. All of the nominees for directors being voted upon at the Annual Meeting to be held on April 26, 2016 are directors standing for re-election.

#### Board Leadership

The Company has had separate persons serving as its Chairman of the Board and Chief Executive Officer since its inception in 2001. Mr. Randall Rollins is our Chairman and chairs our Board meetings. Mr. Richard Hubbell is our President and Chief Executive Officer. We believe that it represents the appropriate structure for us at this time; the Chairman of the Board provides general oversight and strategic planning for the Company while the President focuses on optimizing operational efficiencies.

#### Risk Oversight by Board

Our Board's oversight of risk has not been delegated to any Board Committee. "Risk" is an extremely broad concept that extends to multiple functional areas and crosses multiple disciplines. As such, risk may be addressed from time to time by the full Board or by one or more of our Committees. Senior management is responsible for identifying and managing material risks that we face and provides the Board with a summary of insurance coverage annually and updates as deemed necessary. Liquidity risk and cash management are handled primarily by our finance department which regularly provides a financial report to both the Audit Committee and to the full Board. Operational, business, regulatory and political risks are handled primarily by senior executive management which regularly provides various operational reports to, among others, the full Board or to the Executive Committee.

#### Director Independence and NYSE Requirements

##### Controlled Company Exemption

The Company is not required by law or NYSE listing requirements to have a Nominating or Compensation Committee composed of independent directors, nor to have a Board of Directors, the majority of which are independent. Because the Company is a "controlled corporation," as defined by NYSE Rule 303A.00, the Company is exempt from NYSE Rules 303A.01, 303A.04 and 303A.05 and does not undertake compliance with those provisions. The Company is a "controlled corporation" because a group that includes the Company's Chairman of the Board, R. Randall Rollins, his brother, Gary W. Rollins, who is also a director and certain companies under their control, possesses in excess of fifty percent of the Company's voting power.

The Company's Audit Committee is composed of four "independent" directors as defined by the Company's Corporate Governance Guidelines, the NYSE rules, the Securities Exchange Act of 1934, SEC regulations thereunder, and the Company's Audit Committee Charter. All of the members of the Compensation, Diversity and Nominating and Governance Committees are also independent directors. The independent directors of the Company are Henry B. Tippie, James B. Williams, Bill J. Dismuke and Larry L. Prince.

##### Independence Guidelines

Under NYSE listing standards, to be considered independent, a director must be determined to have no material relationship with the Company other than as a director. The NYSE standards set forth a nonexclusive list of relationships which are conclusively deemed material. The Company's Independence Guidelines (Appendix A to the Company's Corporate Governance Guidelines) are posted on the Company's website at [www.marineproductscorp.com](http://www.marineproductscorp.com) under the Governance section.

#### Audit Committee Charter

Under the Company's Audit Committee Charter, in accordance with NYSE listing requirements and the Securities Exchange Act of 1934, all members of the Audit Committee must be independent of management and the Company. A member of the Audit Committee is considered independent as long as he or she (i) does not accept any consulting, advisory, or compensatory fee from the Company, other than as a director or committee member; (ii) is not an affiliated person of the Company or its subsidiaries; and (iii) otherwise meets the independence requirements of the NYSE and the Company's Corporate Governance Guidelines.

#### Nonmaterial Relationships

After reviewing all of the relationships between the members of the Audit Committee and the Company, the Board of Directors determined that none of the members of the Audit Committee had any relationships not included within the categorical standards set forth in the Independence Guidelines and disclosed above except as follows:

1.

Mr. Tippie was employed by Rollins, Inc. from 1953 to 1970, and held several offices with that company during that time, including as Executive Vice President – Finance, Secretary, Treasurer and Chief Financial Officer. Mr. Dismuke was employed by Rollins from 1979 to 1984 and held various offices within that company including Senior Vice President. Messrs. Randall and Gary Rollins are directors and executive officers of Rollins, Inc. and are part of a group that has voting control of Rollins, Inc.

2.

Mr. Tippie is Chairman of the Board of Directors of Dover Motorsports, Inc. and Dover Downs Gaming & Entertainment, Inc. Mr. Randall Rollins is also a director of these companies.

3.

Mr. Tippie is the trustee of the O. Wayne Rollins Foundation and of the Rollins Children's Trust. O. Wayne Rollins is the father of Gary and Randall Rollins. The beneficiaries of the Rollins Children's Trust include the immediate family members of Messrs. Randall and Gary Rollins.

4.

Each of Messrs. Dismuke, Prince, Tippie and Williams also serve on the Boards of Rollins, Inc. and RPC, Inc. of which Messrs. Gary and Randall Rollins are directors, and voting control over which is held by a control group of which Messrs. Randall and Gary Rollins are a part; Mr. Randall Rollins is an executive officer of RPC, Inc.

As required by the Independence Guidelines, the Board of Directors unanimously concluded that the above-listed relationships would not affect the independent judgment of the independent directors, based on their experience, character and independent means, and therefore do not preclude an independence determination. All of the members of the Audit Committee are also independent under the heightened standards required for Audit Committee members. In accordance with the NYSE corporate governance listing standards, Mr. Henry B. Tippie was elected as the Presiding Director. The Company's non-management directors meet at regularly scheduled executive sessions without management. Mr. Tippie presides during these executive sessions.

#### Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines to promote better understanding of our policies and procedures. At least annually, the Board reviews these guidelines. As required by the rules of the New York Stock Exchange, our Corporate Governance Guidelines require that our non-management directors meet in at least two regularly scheduled executive sessions per year without management.

At the Company's website at [www.marineproductscorp.com](http://www.marineproductscorp.com) under the Governance section, you may access a copy of our Corporate Governance Guidelines, our Audit Committee Charter, our Code of Business Conduct and our Code of Business Conduct and Ethics for Directors and Executive Officers and Related Party Transactions Policy. Copies are also available in print, without charge, to any stockholder who requests one by writing to: The Secretary, Marine Products Corporation, 2170 Piedmont Road, NE, Atlanta, Georgia 30324.



#### Code of Business Conduct

The Company has adopted a Code of Business Conduct applicable to all directors, officers and employees generally, as well as a Code of Business Conduct and Ethics for Directors and Executive Officers and Related Party Transactions Policy applicable to the principal executive officer, principal financial officer, and directors. Both codes are available on the Company's website at [www.marineproductscorp.com](http://www.marineproductscorp.com) under the Governance section.

#### Director Communications

The Company also has a process for interested parties, including stockholders, to send communications to the Board of Directors, Presiding Director, any of the Board Committees or the non-management directors as a group. Such communications should be addressed as follows:

Mr. Henry B. Tippie

c/o Internal Audit Department

Marine Products Corporation

2801 Buford Highway NE, Suite 520

Atlanta, Georgia 30329

The above instructions for communications with the directors are also posted on our website at [www.marineproductscorp.com](http://www.marineproductscorp.com) under the Governance section. All communications received from interested parties are forwarded to the Board of Directors. Any communication addressed solely to the Presiding Director or the non-management directors will be forwarded directly to the appropriate addressee(s).

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the directors named above who serve on the Company's Compensation Committee are or have ever been an employee of the Company. There are no Compensation Committee interlocks requiring disclosure.

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## DIRECTOR COMPENSATION

The following table sets forth compensation of the Company's directors for services rendered as a director for 2015. Four of the directors, Messrs. R. Randall Rollins, Richard A. Hubbell, James A. Lane, Jr., and Ms. Linda H. Graham are employees of the Company. Their compensation is set forth in the Summary Compensation Table below under Executive Compensation. The directors listed below have never been employed by the Company or paid salaries or bonuses by the Company, have never been granted any options or other stock-based awards, and do not participate in any Company sponsored retirement plans.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards(1) (\$)	Option Awards(1) (\$)	Total (\$)
Henry B. Tippie	124,000	—	—	124,000
James B. Williams	72,000	—	—	72,000
Bill J. Dismuke	65,000	—	—	65,000
Gary W. Rollins	52,500	—	—	52,500
Larry L. Prince	72,000	—	—	72,000

(1)

Directors are eligible for grants of stock awards under the Company's Stock Incentive Plan ("SIP"). No stock awards have been granted to the non-management directors under the SIP.

Directors that are our employees do not receive additional compensation for services rendered as a director. Under current compensation arrangements effective since January 1, 2015, non-management directors each receive an annual retainer fee of \$40,000. In addition, the Chairman of the Audit Committee receives an annual retainer of \$20,000, the Chairman of the Compensation Committee receives an annual retainer of \$10,000, and the Chairman of each of the Nominating and Governance Committee and Diversity Committee receives an annual retainer of \$6,000. A director that chairs more than one committee receives a retainer with respect to each committee he chairs. All of the retainers are paid on a quarterly basis. Per meeting fees for non-management directors are as follows:

- For meetings of the Board of Directors, \$2,500.

- For meetings of the Compensation Committee, \$2,000.

- For meetings of the Diversity Committee and Nominating and Governance Committee, \$1,500.

- For meetings of the Audit Committee either in person or over the telephone, \$2,500.

- In addition, the Chairman of the Audit Committee receives an additional \$2,500 for preparing to conduct each quarterly Board and Board Committee meetings.

All non-management directors are also entitled to reimbursement of expenses for all services as a director, including committee participation or special assignments.

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, that might incorporate future filings, including the Proxy Statement, in whole or in part, the Report of the Audit Committee shall not be incorporated by reference into any such filings.

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#### REPORT OF THE AUDIT COMMITTEE

Management is responsible for the Company's internal controls, assessing the effectiveness of these controls and the financial reporting process. The Company's independent registered public accounting firm is responsible for performing independent audits of the Company's consolidated financial statements and the effectiveness of the Company's internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) and for issuing reports thereon. The Audit Committee's responsibility is generally to monitor and oversee these processes, as described in the Audit Committee Charter. It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles; that is the responsibility of management.

In fulfilling its oversight responsibilities with respect to the year ended December 31, 2015, the Audit Committee:

- Approved the terms of engagement of Grant Thornton LLP as the Company's independent registered public accounting firm for the year ended December 31, 2015;
- Reviewed with management the interim financial information included in the Forms 10-Q prior to their being filed with the SEC. In addition, the Committee reviewed all earnings releases with management and the Company's independent registered public accounting firm prior to their release;
- Reviewed and discussed with the Company's management and the independent registered public accounting firm the audited consolidated financial statements of the Company as of December 31, 2015 and 2014 and for the three years ended December 31, 2015;
- Reviewed and discussed with the Company's management and the independent registered public accounting firm, management's assessment whether the Company maintained effective control over financial reporting as of December 31, 2015;
- Discussed with the independent registered public accounting firm matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board; and
- Received from the independent registered public accounting firm the written disclosures and the letter in accordance with the requirements of the Public Company Accounting Oversight Board regarding the firm's communications with the Committee concerning independence, and discussed with such firm its independence from the Company.

Based upon the review and discussions referred to above, the Committee recommended to the Board of Directors that the audited consolidated financial statements of the Company and subsidiaries as of December 31, 2015 and 2014 and for the three years ended December 31, 2015 be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 and for filing with the Securities and Exchange Commission.

In giving its recommendation to the Board of Directors, the Audit Committee has relied on (i) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America and (ii) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Submitted by the Audit Committee of the Board of Directors.

Henry B. Tippie, Chairman

James B. Williams

Bill J. Dismuke  
Larry L. Prince  
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## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Committee

During the fiscal year ended December 31, 2015, the members of our Compensation Committee held primary responsibility for determining executive compensation levels. The Committee is composed of three of our non-management directors who do not participate in the Company's compensation plans. The Committee determines the compensation and administers the cash based incentives for our executive officers. In addition, the Committee also administers our Stock Incentive Plans for all the employees.

The members of our Compensation Committee have extensive and varied experience with various public and private corporations - as investors and stockholders, as senior executives, and as directors charged with the oversight of management and the setting of executive compensation levels. Henry B. Tippie, the Chairman of the Compensation Committee, has served on the board of directors of twelve different publicly traded companies and has been involved in setting executive compensation levels at all of these companies. Messrs. James B. Williams and Larry L. Prince have served on the board of directors of several different publicly traded companies and have similarly been involved in setting executive compensation levels at many of these companies.

The Compensation Committee has authority to engage attorneys, accountants and consultants, including executive compensation consultants, to solicit input from management concerning compensation matters, and to delegate any of its responsibilities to one or more directors or members of management where it deems such delegation appropriate and permitted under applicable law. The Committee has not used the services of any compensation consultants in determining or recommending the amount or form of executive compensation.

The Compensation Committee believes that determinations relative to executive compensation levels are best left to the discretion of the Committee. In addition to the extensive experience and expertise of the Committee's members and their familiarity with the Company's performance and the performance of our executive officers, the Committee is able to draw on the experience of other directors and on various legal and accounting executives employed by the Company, and the Committee has access to readily available public information relative to structuring executive compensation programs and setting appropriate compensation levels. The Committee also believes that the structure of our executive compensation programs should not become overly complicated or difficult to understand. The Committee solicits input from our Chairman with respect to the performance of our executive officers and their compensation levels.

### The Role of Shareholder Say-on-Pay Votes

The Company provides its stockholders with the opportunity to cast an advisory vote on executive compensation (a "say-on-pay proposal") once every three years. At the Company's annual meeting of stockholders held in April 2014, a substantial majority of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Compensation Committee believes this affirms stockholders' support of the Company's approach to executive compensation. The stockholders voted to hold a say-on-pay advisory vote on executive compensation every three years, and the Board resolved to accept the stockholders' recommendation. As a result, the advisory vote on executive compensation will be held again at the 2017 Annual Meeting of Stockholders. The Compensation Committee will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for its executive officers.

### General Compensation Objectives and Guidelines

The Company is engaged in a highly competitive industry. The success of the Company depends on its ability to attract and retain highly qualified and motivated executives. In order to accomplish this objective, the Company structures the executive compensation in a fashion that takes into account the Company's overall performance and the individual performance of the executive.

The Compensation Committee endorses the philosophy that executive compensation should reflect Company performance and the contribution of executive officers to that performance. The Company's compensation policy is designed to achieve three fundamental objectives: (i) attract and retain qualified

executives, (ii) motivate performance to achieve Company objectives, and (iii) align the interests of our executives with the long-term interests of the Company's stockholders. The Committee recognizes that there are many intangibles involved in evaluating performance and in motivating performance, and that determining an appropriate compensation level is a highly subjective endeavor. The analysis of the Committee is not based upon a structured formula and the objectives referred to above are not weighted in any formal manner. During the year, none of the executive officers made recommendations or otherwise contributed input on their own compensation. However, the Compensation Committee may from time to time solicit input from the Chairman when reviewing executive compensation.

The Company's executive officers are also executive officers of RPC and receive compensation directly from RPC. The members of the Company's Compensation Committee also constitute the Compensation Committee of RPC. In determining the compensation for the executive officers at the Company, the Committee considers these dual responsibilities and sources of compensation. The Company sets compensation of its executives at such levels so that the aggregate compensation received from both RPC and the Company is reasonable in light of their respective responsibilities and the performance of both companies and so that the compensation from the Company for services solely to the Company is reasonable. A discussion of the Company's executive officers' compensation at RPC is contained in its annual Proxy Statement filed with the SEC.

Pursuant to the Company's compensation philosophy, the total annual compensation of its executive officers is primarily made up of base salary, cash based incentives and stock based incentive compensation. In addition, the Company provides retirement compensation plans, group welfare benefits and certain perquisites.

We believe a competitive base salary is important to attract, retain and motivate top executives. We believe a performance-based incentive cash compensation plan is valuable in recognizing and rewarding individual achievement. Finally, we believe stock based incentives make executives "think like owners" and, therefore, align their interests with those of our stockholders.

The Company does not have any formal stock ownership requirements for its executive officers but notes that its current directors and executive officers are stockholders of the Company, as is disclosed elsewhere in this Proxy Statement. The Company is mindful of the stock ownership of our directors and executive officers but does not believe that it is appropriate to provide a mechanism or formula to take stock ownership (or gains from prior option or stock awards) into account when setting compensation levels. The Company provides in its insider trading policies that directors and executive officers may not sell Company securities short and may not sell puts, calls or other derivative securities tied to our Common Stock.

The Company does not have a formal policy relative to the adjustment or recovery of incentives or awards in the event that the performance measures upon which incentives or awards were based are later restated or otherwise adjusted in a manner that would have reduced the size of an incentive or award. However, as all incentives and awards remain within the discretion of the Compensation Committee, the Committee retains the ability to take any such restatements or adjustments into account in subsequent years. In addition, the Sarbanes-Oxley Act requires in the case of accounting restatements that result from material non-compliance with SEC financial reporting requirements, that Chief Executive Officers and Chief Financial Officers must disgorge bonuses and other incentive-based compensation and profits on stock sales, if the non-compliance results from misconduct.

#### Base Salary

The salary of each executive officer is determined by the Compensation Committee. In making its determinations, the Committee gives consideration to the recent financial performance of the Company, the magnitude of responsibilities, the scope of the position, individual performance and compensation paid by RPC. The Committee solicits input from our Chairman with respect to the performance of our executive officers and their compensation levels. There were no changes to the officers' base salary in 2015 or in 2016 through the date of this proxy statement. Effective August 1, 2009, Mr. Jim Lane's base salary was increased to \$250,000 per year, with corresponding reductions in potential future bonus payments, payable after August 1, 2009. Under these modifications, the Company reduced future bonuses under the performance-based compensation agreement which may otherwise be payable to Mr. Lane by the cumulative amount of the increase in base salary paid to Mr. Lane.

### Cash Based Incentives

The annual cash based incentive compensation for the executive officers, is based upon broad performance objectives. The executive officers, with the exception of Mr. Lane, participate in a variety of individualized performance bonus programs designed by the Committee. These plans all have payouts subjectively based on net sales, net income, budget objectives, and other individual performance objectives. The individual performance objectives relate to each executive officer improving the contribution of his functional area of responsibility to further enhance the operating results of the Company. Bonuses are not made subject to any plan or program, written or unwritten, that is communicated in advance to the executive officers. No specific performance criteria are established in advance, and no specific ranges for bonuses are established in advance. Bonuses for a particular fiscal year are generally determined during the first quarter of the following fiscal year and paid at the discretion of the Compensation Committee. Discretionary bonuses were paid in early 2016 to our executive officers for performance during fiscal year 2015 in the following amounts: Mr. Richard A. Hubbell: \$160,000; Mr. Ben M. Palmer: \$80,000; Mr. R. Randall Rollins: \$128,000; and Ms. Linda H. Graham: \$48,000. Performance based incentive paid to Mr. James A. Lane, Jr. is discussed below.

Mr. James A. Lane, Jr. has a performance-based compensation agreement that was approved by the stockholders under which he receives an incentive bonus equal to 10 percent of pre-tax profits of Chaparral Boats, Inc. as defined, monthly, determined in accordance with generally accepted accounting principles. The plan was approved by the stockholders in 2013 to qualify for the performance-related compensation exemption from the prohibition on the Company of an income tax deduction for compensation exceeding \$1,000,000. Pursuant to this plan, Mr. Lane earned \$2,963,326 for his performance during fiscal year 2015 which reflects a reduction for the previously discussed increase in base salary payments totaling \$182,159. This incentive payment was approximately 92 percent of the total cash compensation earned by Mr. Lane in 2015.

### Stock Based Incentive Plans

Our Stock Incentive Plan allows for a wide variety of stock based awards such as stock options and restricted stock awards. We last issued stock options to the executive officers in 2003 and have no current plans to issue additional stock options. We have never issued any stock appreciation rights. Partially in response to changes relative to the manner in which stock options are accounted for under generally accepted accounting principles, we have modified the structure and composition of the long-term equity based component of our executive compensation. In recent years, we have awarded time-based restricted stock in lieu of granting stock options. The terms and conditions of these awards are described in more detail below.

Awards under the Company's Stock Incentive Plans are purely discretionary, are not based upon any specific formula and may or may not be granted in any given fiscal year. For the past three years, we have granted time-based restricted stock to various employees, including our executive officers, in January during our regularly scheduled meetings of the Compensation Committee during which the Committee reviews executive compensation. Consistent with this practice, we granted restricted stock awards to our executive officers in January 2016 and 2015. In 2014, all of the executive officers with the exception of Messrs. Hubbell and Rollins were granted restricted stock awards in January. Messrs. Hubbell and Rollins were granted shares in April 2014 after the stockholder approval of the stock incentive plan. The shares granted in each of these years are as follows:

Name	2016	2015	2014
Richard A. Hubbell	30,000	30,000	30,000
Ben M. Palmer	26,250	26,250	26,250
R. Randall Rollins	30,000	30,000	30,000
James A. Lane, Jr.	30,000	30,000	26,250
Linda H. Graham	15,000	15,000	15,000

When considering the grant of stock based awards, the Committee gives consideration to the overall performance and the performance of individual employees. The amount of each grant to our executive officers is influenced in part by the Committee's subjective assessment of each individual's respective



contributions to achievement of the Company's long-term goals and objectives. In evaluating individual performance for these purposes, the Committee considers the overall contributions of executive management as a group and the Committee's subjective assessment of each individual's relative contribution to that performance rather than specific aspects of each individual's performance over a short-term period. We expect to continue annual grants of restricted stock awards although we reserve the right to modify or discontinue this or any of the other compensation practices at any time.

All of our restricted stock awards granted since 2004 have had the same features. The shares vest one-fifth per year beginning on the second anniversary of the grant date. Restricted shares have full voting and dividend rights. However, until the shares vest, they cannot be sold, transferred or pledged. Should the executive leave our employment for any reason prior to the vesting dates (other than due to disability, or retirement on or after age 65), the unvested shares will be forfeited. In the event of death or "change in control" as determined by the Board of Directors, all unvested restricted shares shall vest immediately.

Grants are made under our Stock Incentive Plan and the plan is administered pursuant to Rule 16b-3 of the Securities Exchange Act of 1934.

#### Employment Agreements

There are no agreements or understandings between the Company and any executive officer which guarantee continued employment or guarantee any level of compensation, including incentive or bonus payments, to the executive officer.

#### Retirement Plans

The Company maintains a defined benefit pension plan (called the Retirement Income Plan) for all our eligible employees, a non-qualified supplemental retirement plan for our executives and certain other highly compensated employees and a 401(k) Plan for the benefit of all regular full time employees. Messrs. Richard A. Hubbell, Ben M. Palmer, R. Randall Rollins and Ms. Linda H. Graham are not eligible to participate in the Company's Retirement Income Plan and 401(k) Plan because they participate in the corresponding plans at RPC. In 2002, the Company's Board of Directors approved a resolution to cease all future benefit accruals under the Retirement Income Plan effective March 31, 2002. During 2002, the Company began permitting selected highly compensated employees to defer a portion of their compensation into the Company's non-qualified Supplemental Retirement Plan ("SRP"). The SRP is described in more detail under the caption "Nonqualified Deferred Compensation" below.

#### Other Compensation

Mr. Lane participates in regular employee benefit programs, including the 401(k) Plan with Company match, group life insurance, group medical and dental coverage and other group benefit plans at Chaparral Boats, Inc. Messrs. Rollins, Hubbell, Palmer and Ms. Graham participate in similar employee benefit programs at RPC.

Mr. Lane is entitled to the use of a Company owned automobile. The Company pays to insure and maintain the automobile. The Company also pays all fuel expenses.

The following Compensation Committee Report shall not be incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended (the "Securities Act"), except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under the Securities Act or the Exchange Act.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed the above “Compensation Discussion and Analysis” with management. Based upon this review and discussion, we have recommended to the Board of Directors that the “Compensation Discussion and Analysis” be included in this Proxy Statement.

Submitted by the Compensation Committee of the Board of Directors.

Henry B. Tippie, Chairman

James B. Williams

Larry L. Prince

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company has completed a review of Forms 3, 4, and 5 and amendments thereto furnished to the Company by all directors, officers and greater than 10 percent stockholders subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended. In addition, the Company has a written representation from all directors, officers and greater than 10 percent stockholders from whom no Form 5 was received indicating that no Form 5 filing was required. Based solely on this review, the Company believes that filing requirements of such persons under Section 16 for the fiscal year ended December 31, 2015 have been satisfied.

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## EXECUTIVE COMPENSATION

Shown below is information concerning the annual and long-term compensation for services in all capacities to the Company for the calendar years ended December 31, 2015, 2014 and 2013 of those persons who were at December 31, 2015,

- our Principal Executive Officer and Principal Financial Officer; and

- our three other executive officers:

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
Richard A. Hubbell President and Chief Executive Officer	2015	350,000	160,000	212,400	—	—	—	722,400
	2014	350,000	100,000	231,900	—	—	—	681,900
	2013	350,000	—	256,000	—	—	—	606,000
Ben M. Palmer Vice President, Chief Financial Officer and Treasurer	2015	175,000	80,000	185,850	—	—	—	440,850
	2014	175,000	50,000	208,688	—	—	—	433,688
	2013	175,000	—	192,000	—	—	—	367,000
R. Randall Rollins Chairman of the Board	2015	300,000	128,000	212,400	—	—	—	640,400
	2014	300,000	80,000	231,900	—	—	—	611,900
	2013	300,000	—	256,000	—	—	—	556,000
James A. Lane, Jr. Executive Vice President, and President,	2015	250,000	—	212,400	2,963,326	—	28,900	3,454,626
	2014	250,000	—	208,688	1,862,405	97,515	8,880	2,427,488
	2013	250,000	—	224,000	1,528,466	—	9,168	2,011,634

Chaparral  
Boats, Inc.

Linda H.	2015	115,000	48,000	106,200	—	—	—	269,200
Graham Vice President and Secretary	2014	115,000	30,000	119,250	—	—	—	264,250
	2013	115,000	—	128,000	—	—	—	243,000

(1)  
Bonuses are determined and paid during the first quarter of the following fiscal year at the discretion of the Compensation Committee. In addition, Mr. James A. Lane, Jr. is paid monthly in accordance with his performance-based compensation agreement with a subsidiary of the Company.

(2)  
Represents the fair value of the award at the date of grant computed in accordance with ASC Topic 718. Please refer to Note 10 to our Financial Statements contained in our Form 10-K for the period ended December 31, 2015 for a discussion of the assumptions used in these computations. For this computation, we do not include an assumption for estimated forfeitures. Our Form 10-K has been included in our Annual Report and provided to our stockholders.

(3)  
The actuarial present value of Mr. Jim Lane's accumulated benefit under the defined benefit plan decreased during 2015 by \$(52,221). Change represents the impact of changes in discount rate only as no additional benefits are being accrued.

(4) All other compensation for 2015 includes the following items for:  
Mr. James A. Lane, Jr.: Use of Company provided automobile and related vehicle costs, the cost of club dues, and 401(k) Plan Company match of \$8,540; \$13,246 of incremental costs to the Company for personal use of the Company's airplane (calculated based on the actual variable costs to the Company for such usage).

## GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)(2)	Grant Date Fair Value of Stock and Option Awards \$(2)
		Thres- hold (\$)	Target (\$)	Maximum (\$)		
Richard A. Hubbell	1/27/2015	—	—	—	30,000	212,400
Ben M. Palmer	1/27/2015	—	—	—	26,250	185,850
R. Randall Rollins	1/27/2015	—	—	—	30,000	212,400
James A. Lane, Jr.	1/27/2015	—	2,963,326	—	30,000	212,400
Linda H. Graham	1/27/2015	—	—	—	15,000	106,200

(1)

Amounts determined monthly in accordance with the performance-based compensation agreement between Mr. James A. Lane, Jr. and a subsidiary of the Company.

(2)

These amounts represent aggregate grant date fair value for grants of restricted shares of Common Stock awarded in fiscal year 2015 under our Stock Incentive Plan computed in accordance with ASC Topic 718. Please refer to Note 10 to our Financial Statements contained in our Form 10-K for the period ended December 31, 2015 for a discussion of assumptions used in this computation. We do not include an estimate of forfeitures as one of our assumptions. Our Form 10-K has been included in our Annual Report and provided to our stockholders.

The table above reflects grants of restricted shares of Common Stock under the Stock Incentive Plan awarded in fiscal year 2015. All grants of restricted shares of Common Stock vest one-fifth per year beginning on the second anniversary of the grant date. Restricted shares have full voting and dividend rights. However, until the shares vest, they cannot be sold, transferred or pledged. Should the executive leave our employment for any reason prior to the vesting dates (other than due to death, disability, change in control or retirement on or after age 65), the unvested shares will be forfeited. We have not issued any stock options since 2003 to the executive officers and have no immediate plans to issue additional stock options.

The Company's employment contracts with its Chief Executive Officer and the Company's other executive officers are oral, at will arrangements. The Compensation Committee's compensation decisions are based upon broad performance and other objectives. The executive officers are eligible to receive shares of Company Common Stock subject to options and restricted stock awards for Company Common Stock under the Company's Stock Incentive Plans, in such amounts and with such terms and conditions as determined by the Compensation Committee at the time of grant. All of the executive officers are eligible to participate in the Company's Supplemental Retirement Plan. Mr. Lane participates in a performance-based compensation plan and the regular benefit programs, including the 401(k) Plan with Company match, group life insurance, group medical and dental coverage, vision and other group benefit plans at Chaparral Boats, Inc. Mr. Lane is also eligible to receive benefits under the Retirement Income Plan that was frozen in 2002. Messrs. Hubbell, Palmer, Rollins and Ms. Graham are eligible to receive benefits under similar employee benefit programs at RPC. For more information on these plans, see "Compensation Discussion and Analysis" at page 14, and "Benefit Plans" at page 22.

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## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The Company does not have any outstanding option awards made in prior years to the executives named in our Summary Compensation Table. The table below sets forth the total number of restricted shares of Common Stock that were granted in prior years to the executives named in our Summary Compensation Table but have not yet vested, together with the market value of these unvested shares based on the \$6.04 closing price of our Common Stock on December 31, 2015.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-exercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Richard A. Hubbell	—	—	—	—	139,000(1)	839,560
Ben M. Palmer	—	—	—	—	111,500(1)	673,460
R. Randall Rollins	—	—	—	—	139,000(1)	839,560
James A. Lane, Jr.	—	—	—	—	120,250(1)	726,310
Linda H. Graham	—	—	—	—	63,400(1)	382,940

(1)

The Company has granted employees time lapse restricted shares that vest one-fifth per year beginning on the second anniversary of the grant date. Shares of restricted stock granted to the executive officers that have not vested as of December 31, 2015 are summarized in the table that follows:

Name	Number of shares	Grant date	Date fully vested
	7,000	1/26/2010	1/26/2016
	16,000	1/25/2011	1/25/2017
Richard A. Hubbell	24,000	1/24/2012	1/24/2018
	32,000	1/22/2013	1/22/2019
	30,000	4/22/2014	4/22/2020
	30,000	1/27/2015	1/27/2021
	5,000	1/26/2010	1/26/2016
	12,000	1/25/2011	1/25/2017
Ben M. Palmer	18,000	1/24/2012	1/24/2018
	24,000	1/22/2013	1/22/2019
	26,250	4/22/2014	4/22/2020
	26,250	1/27/2015	1/27/2021
	7,000	1/26/2010	1/26/2016
	16,000	1/25/2011	1/25/2017
R. Randall Rollins	24,000	1/24/2012	1/24/2018

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	32,000	1/22/2013	1/22/2019
	30,000	4/22/2014	4/22/2020
	30,000	1/27/2015	1/27/2021
	6,000	1/26/2010	1/26/2016
	12,000	1/25/2011	1/25/2017
James A. Lane, Jr.	18,000	1/24/2012	1/24/2018
	28,000	1/22/2013	1/22/2019
	26,250	4/22/2014	4/22/2020
	30,000	1/27/2015	1/27/2021
	2,400	1/26/2010	1/26/2016
	6,000	1/25/2011	1/25/2017
Linda H. Graham	9,000	1/24/2012	1/24/2018
	16,000	1/22/2013	1/22/2019
	15,000	4/22/2014	4/22/2020
	15,000	1/27/2015	1/27/2021

OPTION EXERCISES AND STOCK VESTED