

TETRA TECHNOLOGIES INC
Form PRE 14A
March 06, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No. -)

Filed by the registrant [X].

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

Check the appropriate box:

[X] Preliminary proxy statement.

[___] Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2)).

[___] Definitive proxy statement.

[___] Definitive additional materials.

[___] Soliciting material under Rule 14a-12.

TETRA TECHNOLOGIES, INC.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (check the appropriate box):

[X] No Fee required.

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

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

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

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

(4) Proposed maximum aggregate value of the transaction:

(5) Total Fee paid:

[___] 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 date of its filing.

(1) Amount previously paid:

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

(3) Filing party:

(4) Date filed:

2017 NOTICE of ANNUAL MEETING of STOCKHOLDERS and PROXY STATEMENT

Notice of 2017 Annual Meeting of Stockholders

To the stockholders of TETRA Technologies, Inc.:

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

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

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

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

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

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

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

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

Kimberly M. O'Brien
Corporate Secretary

March [23], 2017
The Woodlands, Texas

PROXY STATEMENT

TABLE OF CONTENTS

Proxy Statement Highlights	<u>1</u>
Proposal No. 1: Election of Directors (Nominees for Director, Key Attributes and Expertise)	<u>2</u>
Proposal No. 2: Appointment of Independent Registered Public Accounting Firm	<u>7</u>
Proposal No. 3: Advisory Vote to Approve Executive Compensation	<u>9</u>
Proposal No. 4: Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation	<u>11</u>
Proposal No. 5: Amendment to our Restated Certificate of Incorporation to Increase the Number of Authorized Shares of Common Stock from 150,000 to 250,000,000	<u>11</u>
Corporate Governance	<u>14</u>
Risk Oversight	<u>16</u>
Stock Ownership Guidelines	<u>17</u>
Board Committees and Meetings	<u>17</u>
Board and Committee Succession Planning, and Executive Succession Planning	<u>20</u>
Director Nominations	<u>21</u>
Insider Trading Policy & Certain Transactions	<u>22</u>
Equity Compensation Plan Information	<u>23</u>
Audit Committee Report	<u>24</u>
Executive Officers	<u>27</u>
Compensation Discussion & Analysis	<u>29</u>
Compensation Committee Report	<u>51</u>
Compensation of Executive Officers	<u>52</u>
Compensation Risk	<u>60</u>
Director Compensation	<u>60</u>
Beneficial Stock Ownership of Certain Stockholders and Management	<u>62</u>
Information About the Meeting & Voting	<u>65</u>

PROXY STATEMENT HIGHLIGHTS

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

2016 BUSINESS HIGHLIGHTS

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

Capital Structure

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

Customer Focus

• Expanded and enhanced customer engagement

• Focused on understanding customer needs and providing solutions

• Provided outstanding services and products to protect market share

Continuous Improvement

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

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

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

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

• Improved efficiency through recent systems implementation initiatives

EXECUTIVE COMPENSATION HIGHLIGHTS

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

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

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

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

CORPORATE GOVERNANCE HIGHLIGHTS

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

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

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

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

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

w No tax gross-ups;

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

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

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

PROPOSALS

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

Board Recommendation

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

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

Vote Required

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

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

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

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

TTI 2017 Proxy Statement / 2

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

Nominees for Director

The nominees for election as directors are as follows:

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

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

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

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

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

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

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

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

Stuart M. Brightman

Board Committees

s Age 60

s No Committee Memberships

s President & CEO since 2009 (not Independent)

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

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

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

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

Board Committees
s Audit Committee
s Nominating and Corporate Governance Committee

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

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

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

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

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

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

Stephen A. Snider s Age 69 s Independent Director since 2015	Board Committees s Nominating and Corporate Governance Committee s Compensation Committee
--	---

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

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

William D. Sullivan s Age 60 s Independent Director since 2007 s Chairman of the Board	Board Committees s As Chairman of the Board, Mr. Sullivan is an Ex-Officio member of all board committees
---	--

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

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

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