

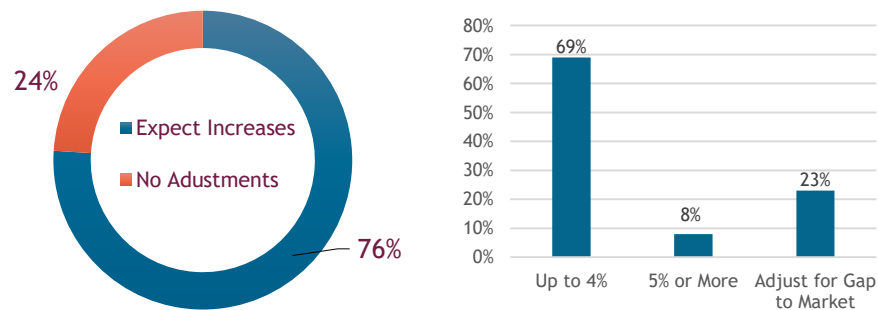
Anticipated Executive Compensation Actions (2018/2019)

(based on survey of 27 participating oilfield services & drilling companies)

Base Salaries

76% of companies state they anticipate increases in executive base salaries for 2019.

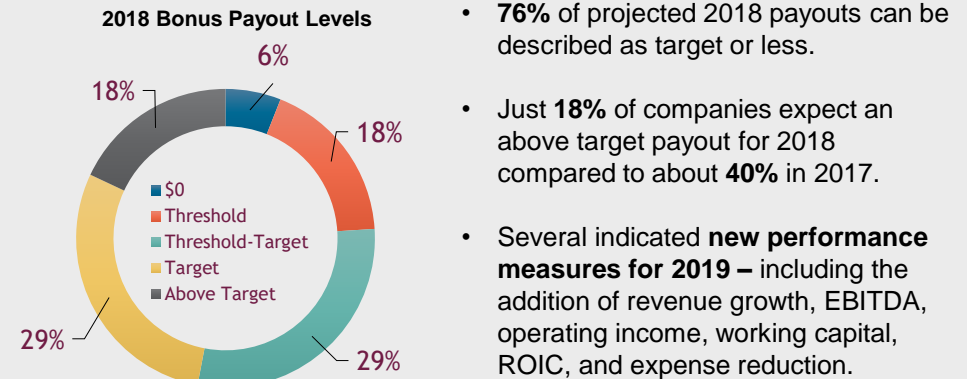
Most characterized expected increases as modest up to 4%. Nearly 25% state they do not intend to adjust.



Annual Incentives / Bonuses

94% of companies state they will pay a bonus for 2018 performance.

This is consistent with 2017, and significantly better than 2016 when more than 40% of the sector paid \$0.



- 76% of projected 2018 payouts can be described as target or less.
- Just 18% of companies expect an above target payout for 2018 compared to about 40% in 2017.
- Several indicated **new performance measures for 2019** – including the addition of revenue growth, EBITDA, operating income, working capital, ROIC, and expense reduction.

Other

Discretion – a bad word or an upcoming trend?

- While discretion is still a “red-flag” to institutional shareholder advisers, it is coming up more frequently in committee conversations. 18% of companies indicated 2018 payouts may be adjusted through discretion.
- Nearly 25% of companies indicated that they have or anticipate having committee conversations regarding the possibility of introducing an element of discretion due to the recent removal of 162(m).

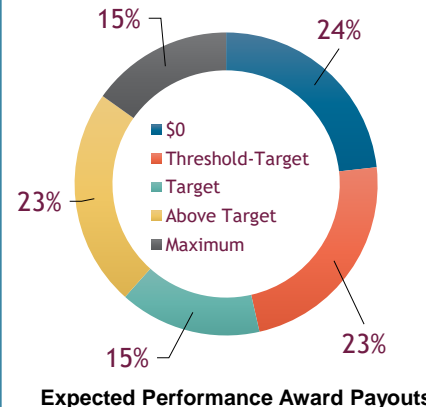
Gender Pay Equity

- 22% of companies indicated gender pay equity has been discussed at the Compensation Committee level.
- An additional 7% stated they had run an analysis internally, but it was not discussed with the Committee.
- It is unlikely that gender pay equity will become an SEC disclosure item in the near term, but it seems certain to find its way into the Compensation Committee’s overall risk assessment.

Long-Term Incentives (LTI)

Most companies expect upcoming LTI awards to be similar in value to 2018 awards.

The average performance-based LTI award has paid out at about 63% of target throughout the downturn (includes instances of \$0 payout).



- 23% expect no payout this performance cycle
- 23% expect payouts to be below target
- 54% expect at least target or higher; 15% overall anticipate near maximum payout.
- The average program allocates about 50% of the total LTI award to performance based.
- 40% of companies indicate that cash based awards will be used again in upcoming grants. This is down from 55% a year ago.