

Orion Marine Group Inc  
Form DEFR14A  
April 04, 2016

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A  
(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(A)  
OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant  x  
Filed by a party other than the Registrant  o  
Check the appropriate box:

o Preliminary proxy statement  
 o Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))  
 x Definitive proxy statement  
 o Definitive additional materials  
 o Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

**ORION MARINE GROUP, INC.**

(Name of Registrant as Specified in its Charter)

Payment of filing fee (Check the appropriate box):

x No fee required

o Fee computed on the table below per Exchange Act Rules 14a-6(i)(I) and 0-11  
(1) Title of each class of securities to which transaction applies;

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(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

(4) Proposed maximum aggregate value of 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 the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement number:

(3) Filing party:

(4) Date filed:

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**ORION MARINE GROUP, INC.  
12000 AEROSPACE, SUITE 300  
HOUSTON, TEXAS 77034**

**April 4, 2016**

To our Stockholders:

On behalf of the Board of Directors, we cordially invite you to attend the 2016 Annual Meeting of Stockholders of Orion Marine Group, Inc., which will be held on Thursday, May 19, 2016 at 10:00 a.m. Central Time. You will be able to attend the 2016 Annual Meeting, vote and submit your questions during the meeting via live webcast by visiting [www.virtualshareholdermeeting.com/orn2016](http://www.virtualshareholdermeeting.com/orn2016). You will need the 12-digit control number included in your proxy materials in order to be able to enter the Annual Meeting.

At the Annual Meeting, you will be voting on:

- (1) the election of two Class III members to our Board of Directors, each to serve a three-year term and until his successor is duly elected and qualified;
- (2) a non-binding advisory proposal to approve the compensation of our named executive officers as disclosed in the proxy statement (the "say-on-pay" vote);
- (3) the ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for 2016; and
- (4) any other business that may properly come before the Annual Meeting, or any reconvened meeting after an adjournment thereof.

The following pages contain the formal Notice of Annual Meeting and the Proxy Statement.

**Important Notice Regarding Internet Availability of Proxy Materials  
For the Annual Meeting of Stockholders to be held on May 19, 2016**

You may access an electronic, searchable copy of this Proxy Statement and the Annual Report on Form 10-K for the year ended December 31, 2015 at <http://www.proxyvote.com>

This year, as in previous years, we will seek to conserve natural resources and reduce annual meeting costs by electronically disseminating annual meeting materials as permitted under rules of the Securities and Exchange Commission. Many stockholders will receive a Notice of Internet Availability of Proxy Materials containing instructions on how to access annual meeting materials via the Internet. Stockholders may also request mailed paper copies if preferred.

The accompanying Proxy Statement provides detailed information regarding the matters to be acted upon at the Annual Meeting. In addition to the Proxy Statement, we have included a copy of our Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2015. The Form 10-K provides information regarding our operations as well as our audited, consolidated financial statements. In accordance with Securities and Exchange Commission rules, the Proxy Statement and the Form 10-K, as well as our other proxy materials may be found at [www.proxyvote.com](http://www.proxyvote.com).

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Your vote is important. Please vote your shares as soon as possible, as this will ensure representation of your shares. Voting is available online or by telephone, or, if you have received a paper copy of our proxy materials, by paper proxy card. Returning the proxy card or voting by telephone or online does not deprive you of your right to attend the virtual meeting and to vote your shares during the live webcast for the matters to be acted upon at the meeting.

Sincerely,

Peter R. Buchler  
Corporate Secretary

Houston, Texas  
April 4, 2016

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**ORION MARINE GROUP, INC.  
12000 AEROSPACE, SUITE 300  
HOUSTON, TEXAS 77034**

**NOTICE OF 2016 ANNUAL MEETING OF  
STOCKHOLDERS**

**Important Notice Regarding the Availability of Proxy  
Materials for the  
Stockholder Meeting to be held on May 19, 2016a**

The Proxy Statement and accompanying 2015 Annual Report on Form 10-K are available at  
*<http://www.proxyvote.com>.*

You may also access the proxy materials and vote your shares at *<http://www.proxyvote.com>*

TIME AND DATE: 10:00 a.m. Central Time, on Thursday, May 19, 2016

INTERNET ACCESS: *[www.virtualshareholdermeeting.com/orn2016](http://www.virtualshareholdermeeting.com/orn2016)*  
Use the 12-digit Control Number provided in your proxy materials  
(1)

ITEMS OF BUSINESS: To elect two Class III members to our Board of Directors, each to serve a  
three-year term and until his successor is duly elected and qualified;  
(2)

To approve a non-binding advisory proposal on the compensation of our  
named executive officers as disclosed in the attached proxy statement;  
(3)

To ratify the appointment of Grant Thornton LLP as the Company's  
independent registered public accounting firm for 2016; and  
(4)

RECORD DATE: To transact any other business that may properly come before the Annual  
Meeting or any reconvened meeting after an adjournment thereof.  
Only stockholders of record at the close of business on March 30, 2016, are  
entitled to notice of, and to vote at, the Annual Meeting and any adjournment  
or postponement thereof.

PROXY VOTING: It is important that your shares are represented and voted at the Annual  
Meeting. You may vote your shares online or by telephone, as indicated in the

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accompanying Proxy Statement or the Notice of Internet Availability of Proxy Materials. If you received a paper copy of our proxy materials, you may also vote your shares by completing and returning the proxy card included in those materials. You can revoke a proxy at any time prior to its exercise at the Annual Meeting by following the instructions in the Proxy Statement. You are invited to attend the Annual Meeting through the link at [www.virtualshareholdermeeting.com/orn2016](http://www.virtualshareholdermeeting.com/orn2016), and may vote at that time.

This Notice of Annual Meeting of Stockholders and related Proxy Materials are being distributed or made available to stockholders beginning on or about April 4, 2016.

By Order of the Board of Directors

Peter R. Buchler  
Corporate Secretary  
Houston, Texas  
April 4, 2016

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**ORION MARINE GROUP, INC.  
12000 Aerospace Suite 300  
Houston, Texas 77034  
Telephone: (713) 852-6500**

**PROXY STATEMENT  
FOR THE 2016 ANNUAL MEETING OF  
STOCKHOLDERS**

*We are providing this Proxy Statement, and accompanying proxy materials, to the holders of the common stock of Orion Marine Group, Inc. ( Orion or the Company ) for use in connection with the 2016 Annual Meeting of Stockholders, and any adjournments or postponements thereof. The Annual Meeting will be held on May 19, 2016, at 10:00 a.m. Central Time at [www.virtualshareholdermeeting.com/orn2016](http://www.virtualshareholdermeeting.com/orn2016). You may access this site using the 12-digit Control Number provided with your proxy materials. The Proxy Statement, the enclosed form of proxy, and the Company s Annual Report for the year ended December 31, 2015 are first being distributed or made available to stockholders on or about April 4, 2016.*

*Our Board of Directors has established March 30, 2016 as the record date for determining the stockholders of record entitled to vote at the Annual Meeting and any adjournment or postponement thereof. Only stockholders of record at the close of business on the record date are entitled to vote on matters presented at the Annual Meeting.*

*This Proxy Statement contains important information that you should consider when deciding how to vote on the matters to be brought before the Annual Meeting. Please read it and the enclosed materials carefully.*

**PLEASE VOTE YOUR VOTE IS IMPORTANT**

**ABOUT THE COMPANY  
GENERAL INFORMATION**

Orion Marine Group, Inc., a leading construction company, provides services both on and off the water in the continental United States, Alaska, Canada and the Caribbean Basin through its heavy civil marine construction segment and its commercial concrete segment. The Company s heavy civil marine construction segment services include marine transportation facility construction, marine pipeline construction, marine environmental structures, dredging of waterways, channels and ports, environmental dredging, design, and specialty services. Its commercial concrete segment provides turnkey concrete construction services including pour and finish, dirt work, layout,

forming, rebar, and mesh across the light commercial, structural and other associated business areas. The Company is headquartered in Houston, Texas with offices throughout its operating areas. Our principal executive offices are located at 12000 Aerospace, Suite 300, Houston, Texas 77034. Our common stock is listed for trading on the New York Stock Exchange ( NYSE ) under the trading symbol ORN. At the close of business on the Record Date, [27,303,868] shares of common stock were outstanding.

## ABOUT THE ANNUAL MEETING

*Why did I receive a one-page Notice of Internet Availability of Proxy Materials in the mail rather than a full set of proxy materials?*

The Securities and Exchange Commission ( SEC ) rules allow companies to provide stockholders with access to proxy materials over the Internet rather than by mailing the proxy materials to stockholders. To conserve natural resources and reduce costs, we are sending a Notice of Internet Availability of Proxy Materials to many of our stockholders. The Notice provides instructions for accessing the proxy materials online or for requesting printed copies of the proxy materials. The Notice also provides instructions for requesting the delivery of the proxy materials for future Annual Meetings in printed form by mail or electronically by email.

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*Why did I receive these proxy materials?*

The Company's Board of Directors (the Board) is providing these proxy materials to you in connection with the 2016 Annual Meeting of Stockholders, which will take place on May 19, 2016 (the Annual Meeting). As a stockholder of the Company on the Record Date, you are entitled to vote your shares at the Annual Meeting.

*What is the purpose of the Annual Meeting?*

There are currently three proposals scheduled for consideration and vote at the Annual Meeting:

1. the re-election of two Class III directors, each to serve a three-year term expiring in 2019;
2. a non-binding proposal to approve the compensation of our named executive officers as disclosed in this proxy statement (the say-on-pay vote); and
3. the ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016.

*Could other matters be considered and voted upon at the meeting?*

Our Board does not expect to bring any other matter before the Annual Meeting and is not aware of any other matter that may be presented for consideration at the meeting. In addition, pursuant to our By-laws, the time has elapsed for any stockholder to properly bring a matter before the meeting. However, if any other matter does properly come before the meeting, the proxy holders will vote the proxies at their discretion.

*How many votes may stockholders cast?*

Each share of common stock that was outstanding on the record date is entitled to one vote on each matter submitted to a vote at the Annual Meeting. As of the record date, there were 27,303,868 shares of common stock outstanding and entitled to vote at the Annual Meeting.

*How many shares must be present to hold the Annual Meeting?*

A majority of the outstanding shares of common stock must be present, in person (online) or represented by proxy, at the Annual Meeting in order to hold the Annual Meeting and conduct business. This is called a quorum. In determining whether a quorum exists, the inspector of elections will count as present shares owned by holders who are present but abstain from voting, shares owned by stockholders who do not vote on one or more proposals, withheld votes, and broker non-votes (see *What is a broker non-vote?* below).

*What are my voting options for each proposal? How does the Board of Directors recommend that I vote? How many votes are required to approve each proposal? How are the votes counted?*

Proposal	Election of Directors	Say-on-Pay (advisory	Ratification of Selection of Auditors
Your Voting Options	You may vote FOR or AGAINST the nominees or you may ABSTAIN from voting.	You may vote FOR or AGAINST this proposal or you may ABSTAIN from voting.	You may vote FOR or AGAINST this proposal or you may ABSTAIN from voting.
Recommendation of the Board of Directors	The Board recommends you vote FOR the nominees	The Board recommends that you vote FOR the approval, on an advisory	The Board recommends that you vote FOR ratification of our selection

basis, of the compensation of Grant Thornton LLP as  
of our named executive our independent registered  
officers as disclosed in this public accounting firm for  
proxy statement. 2015.

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Proposal	Election of Directors	Say-on-Pay (advisory)	Ratification of Selection of Auditors
Vote Required for Approval	<u>plurality of the votes cast</u> (but see the note below on our Majority Voting Policy in Director Elections )	<u>affirmative vote of a majority</u> of the shares present in person or represented by proxy and entitled to vote on the proposal	<u>affirmative vote of a majority</u> of the shares present in person or represented by proxy and entitled to vote on the proposal
Effect of Abstention	no effect	will count as a vote AGAINST this proposal	will count as a vote AGAINST this proposal
Effect of Broker Non-Vote	no effect	no effect	not applicable

*Majority Voting Policy in Director Elections.* Although our directors are elected by plurality vote, our Board has adopted a majority voting policy. Each of our current directors, including the director nominees, has delivered an irrevocable resignation letter that the Board has the power to accept or decline in the event that the director does not receive more FOR than AGAINST votes in an uncontested election. We have provided more information about our majority voting policy under the heading Proposal No. 1 Election of Directors.

*Any Other Matters.* Any other matter properly brought before the Annual Meeting will be decided by the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the matter, unless a different vote is required by statute, NYSE listing standards, or our certificate of incorporation or By-laws.

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

Many of our stockholders hold their shares through a broker or other nominee rather than in their own name. As summarized below, there are several distinctions between shares held of record and those held beneficially.

*Stockholders of Record.* If your shares are registered in your name with the Company's transfer agent, American Stock Transfer & Trust, you are the stockholder of record of those shares.

*Beneficial Owners.* If your shares are held in a bank account, brokerage account, or by another nominee, you are the beneficial owner of those shares, and your bank, broker, or nominee (your broker) is the stockholder of record.

*How do I vote?*

*Stockholders of Record.* If you are a stockholder of record, you may vote in any of the following ways:

- (1) online at <http://www.proxyvote.com>;
- (2) by telephone, by calling 1-800-690-6903;
- (3) if you received a paper copy of our proxy materials, by mail, by signing, dating and mailing the proxy card in the enclosed postage-paid envelope, which must be received by the date indicated on the proxy card; or
- (4) during the Annual Meeting by your attendance through our link at [www.virtualshareholdermeeting.com/orn2016](http://www.virtualshareholdermeeting.com/orn2016). You must use the 12-digit Control Number provided in your proxy materials to access this site.

*Beneficial Owners.* If you are a beneficial owner, you should refer to the proxy card or voting instruction form you received from your broker for an explanation of the voting options that are available to you. If you wish to vote shares that you beneficially own online during the Annual Meeting, you must request, complete, and deliver a proxy from your broker as directed in the materials provided by your broker.



*Can my shares be voted if I do not provide voting instructions?*

*Stockholders of Record.* If you are a stockholder of record and do not deliver a proxy or otherwise vote your shares, your shares will not be voted. However, if you execute a proxy or cast a vote (whether online, by telephone, or by proxy card) without giving instructions as to how to vote on one or more proposals, your shares will be voted in accordance with the Board's recommendations on the proposals for which you have not provided specific voting instructions.

*Beneficial Owners.* If you are a beneficial owner and do not provide your broker with specific voting instructions, your shares will not be voted on any proposal as to which your broker does not have discretionary authority to vote. Brokers generally only have discretionary authority to vote shares held in street name on routine matters. The proposal to ratify the retention of the independent registered public accounting firm is considered a routine matter. The election of directors and the say-on-pay vote are non-routine matters; therefore, if you do not provide voting instructions to your broker on those proposals, your shares will not be voted on those proposals.

*What is a broker non-vote ?*

A broker non-vote occurs when a broker holding shares for a beneficial owner submits a proxy that votes the shares on one or more proposals, but does not vote (the broker non-vote) on non-routine matters with respect to which the beneficial owner has not given voting instructions. As noted above, if you are a beneficial owner and do not provide voting instructions, the only matter proposed in this proxy statement on which your broker may vote is the ratification of our selection of auditors. If you hold your shares through a broker, bank, or nominee, please follow their instruction as to how to provide them with specific voting instructions.

*Can I change or revoke my vote?*

Yes. You may revoke your proxy or change your vote at any time before it is voted at the Annual Meeting by (1) filing a written revocation with the Corporate Secretary at the Company's executive offices, (2) submitting online, by mail, or by phone a duly executed proxy bearing a later date, or (3) changing or revoking your vote online at any time before voting is closed at the Annual Meeting at [www.virtualshareholdermeeting.com/orn2016](http://www.virtualshareholdermeeting.com/orn2016).

*Who are the proxies?*

In connection with the solicitation of proxies for the Annual Meeting, the Board of Directors has appointed Mark R. Stauffer, Peter R. Buchler and Christopher J. DeAlmeida as proxies. All properly executed proxies that specify how the stockholder wishes to vote his shares will be voted in accordance with those instructions.

*Who will count the votes?*

The Company has appointed Broadridge Financial Solutions, Inc. (Broadridge) to tabulate the votes and act as the Inspector of Elections.

*When will the voting results be announced?*

We will announce preliminary voting results at the Annual Meeting and will publish the final results in a current report on Form 8-K filed with the SEC within four business days following the meeting, which will be available on our website at [www.orionmarinegroup.com](http://www.orionmarinegroup.com).

*Who pays for the cost of the proxy solicitation?*

The Company bears the expense of preparing, printing, mailing, and distributing the proxy materials. In addition to this solicitation by mail, directors, officers, and other employees of the Company may, without additional compensation, solicit the return of proxies by telephone, messenger, facsimile, or email. The Company will request that brokers and other nominee holders of common stock furnish proxy materials to their beneficial owners. The Company will reimburse such brokers and other nominees for their reasonable out-of-pocket expense in doing so.

## **DISCUSSION OF THE PROPOSALS**

### **PROPOSAL NO. 1 ELECTION OF DIRECTORS**

At the Annual Meeting, stockholders will be asked to elect two directors each to serve on the Company's Board of Directors. Under the Company's By-Laws, the Board may determine, by resolution, the number of directors that the Company will have. The size of the Board is currently set at six persons.

The Company's Certificate of Incorporation and By-Laws provide for a classified Board of Directors, divided into three classes, with each class serving a staggered three-year term. As a result, stockholders generally elect one-third of our Board each year. The current term of each of our two Class III directors, Austin J. Shanfelter and Gene G. Stoever, expires at the 2016 Annual Meeting. On the recommendation of its Nominating and Corporate Governance Committee, the Board has nominated each Messrs. Shanfelter and Stoever for re-election as Class III Directors, with each to serve a three-year term expiring at the 2019 annual meeting. Mr. Shanfelter currently serves as Chairman of the Compensation Committee and Mr. Stoever serves as Chairman of the Audit Committee.

Each of Messrs. Shanfelter and Stoever has indicated that he is willing to serve the three-year directorship term for which he has been nominated. However, if, prior to the Annual Meeting, either of these two director nominees should become unwilling or unable to serve, then (i) the shares represented by proxy will be voted for the election of such other person as may be designated by the Board, (ii) the Board may leave the position unfilled, or (iii) the Board may reduce the authorized number of directors, as provided in the Company's By-Laws.

Please see [The Board of Directors and its Committees](#) below for information about the director nominees and the other current members of the Board of Directors, each of whom will continue to serve following the Annual Meeting.

Directors are elected by plurality vote; however, our Board has adopted a majority voting policy in uncontested elections. Each of our current directors, including the two director nominees, has delivered an irrevocable resignation letter for the Board's consideration in the event that he does not receive more FOR than AGAINST votes in an uncontested election. If an incumbent director fails to receive the required vote for re-election, our Board, after considering the recommendation of its Nominating and Corporate Governance Committee and any factors it deems relevant, will determine whether to accept the resignation. Any director whose resignation is under consideration will abstain from participating in that decision.

*The Board recommends that you vote FOR election of the director nominees.*

### **PROPOSAL NO. 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION ( SAY-ON-PAY PROPOSAL )**

We are seeking stockholder approval of the compensation of our executive officers (our named executive officers or NEOs) as disclosed in this proxy statement. This disclosure includes the Compensation Discussion and Analysis (CD&A), the compensation tables, and the accompanying narrative compensation disclosures. This non-binding advisory proposal, commonly known as a say-on-pay proposal, is required under Section 14A of the Securities Exchange Act of 1934 (the Exchange Act). Stockholders are asked to vote on the following resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in the Company's proxy statement for the Company's 2016 annual meeting of stockholders pursuant to Item 402 of Regulation S-K of the rules of the Securities and Exchange Commission, is hereby APPROVED.

Our executive compensation program has historically been based on a pay-for-performance philosophy, balancing a fixed base salary with annual cash and long-term equity incentive opportunities. However, given the challenges our Company has faced in recent years, our traditional executive compensation program has been largely curtailed in recent years. Specifically, between 2011 and the end of 2014, the main components of our executive pay program have been a fixed base salary and two modest perquisites (specifically, a car allowance and the Company's matching contribution to the executive's 401(k) plan account).



Our annual cash incentive program has been suspended since 2011. In March 2015, the Compensation Committee approved the payment of modest discretionary bonuses based on Company performance during fiscal 2014 the Company's second consecutive year of record revenue and improved gross margin. However, our executives did not earn any annual incentives for fiscal 2015 performance, discretionary or otherwise.

With respect to our long-term incentive program, the Compensation Committee made multi-year challenge equity grants to our executives in 2011, with a stated commitment to not consider any new long-term incentive awards until at least 2014. In November 2014, the Compensation Committee, reviewing the performance of the Company and the executives, made equity grants to each of our executives. Since those November 2014 awards, our Compensation Committee has not made any new long-term incentive grants to our executives, except for a hire-on grant to Dr. Breaux, who became our Chief Operating Officer in September 2015.

As the Company's financial performance continues to improve, the Compensation Committee expects to reinstate a formal, balanced executive compensation program, using our historical program (as described in the CD&A) as a starting point.

Because this is an advisory vote, it will not be binding on the Board and it will not directly affect or otherwise limit any existing compensation or award arrangement of any of our NEOs. However, we understand that our executive compensation practices are important to our stockholders. Our Compensation Committee will consider the outcome of this vote when considering future executive compensation arrangements.

In considering how to vote on this proposal, we encourage our stockholders to review all the relevant information in this proxy statement our CD&A (including its executive summary), the compensation tables, and the rest of the narrative disclosures regarding our executive compensation program.

*The Board recommends that you vote FOR approval of this say-on-pay proposal.*

## **PROPOSAL NO. 3 APPROVAL OF THE APPOINTMENT OF GRANT THORNTON LLP**

The Audit Committee has recommended and the Board of Directors subsequently approved the appointment of Grant Thornton LLP ( Grant Thornton ) as the Company's independent registered public accounting firm to perform the audit of the Company's financial statements for 2016. Grant Thornton was also the Company's independent registered public accounting firm for the year ended December 31, 2015.

The Board is asking stockholders to approve the appointment of Grant Thornton, although ratification is not required by law or by the Company's By-laws. The Board is submitting the appointment of Grant Thornton for approval as a matter of good corporate practice. Regardless of whether stockholders approve the appointment, the Board of Directors, in its discretion, may select an independent registered public accounting firm at any time during the year if it determines that to do so would be in the best interest of the Company and its stockholders. There is additional information about Grant Thornton under the heading *Information about Audit Fees and Audit Services*, below, which includes all amounts paid to Grant Thornton during fiscal 2014 and fiscal 2015.

A representative of Grant Thornton is expected to be present at the Annual Meeting and will have the opportunity to make a statement and will be available to respond to appropriate questions from stockholders.

*The Board recommends that you vote **FOR** the approval of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm.*

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## **CORPORATE GOVERNANCE**

We conduct our business under the direction of our Board. Members of the Board of Directors devote the time, energy, and attention as necessary to ensure diligent performance of their duties.

The Board has adopted corporate governance practices designed to aid in the Board and management in the fulfillment of their respective duties and responsibilities to our stockholders.

### **Corporate Governance Guidelines**

Our Corporate Governance Guidelines, first adopted by the Board in 2007, work together with our certificate of incorporation, By-laws, and Board committee charters to form the framework for the governance of our company.

These Guidelines set forth the practices the Board of Directors follows in making decisions regarding board composition and selection, the frequency of board meetings, involvement of senior management in board meetings, Chief Executive Officer performance evaluation and succession planning, board committees and compensation matters.

### **Code of Ethics**

The Company has adopted a code of ethics that applies to its senior accounting and financial officers, including the Chief Executive Officer and Chief Financial Officer. The Code of Ethics complies with the rules of the SEC and Rule 406 of the Sarbanes-Oxley Act of 2002. The Code of Ethics, as well as other governance documents, is available as described below under Website Availability of Governance Documents. Any changes in, or waivers to, the Code of Ethics for the Company's directors, executive officers, and certain senior financial officers are posted on the Company's website within five business days and maintained for at least twelve months.

### **Website Availability of Governance Documents**

You can access the Company's certificate of incorporation, By-laws, Code of Conduct, Code of Ethics, Corporate Governance Guidelines, and Stockholder Communication Policy, as well as the Audit, Nominating and Corporate Governance, and Compensation Committee Charters on the Investor Relations section of the Company's website at <http://www.orionmarinegroup.com>. Information contained on the Company's website or any other website is not incorporated into this proxy statement and does not constitute a part of this proxy statement. Additionally, any stockholder who so requests may obtain a printed copy of the governance documents from the Company's Corporate Secretary at the address indicated on the first page of this proxy statement.

### **Stockholder Communications with the Board**

Interested persons wishing to communicate with the Board may do so by the following means:

Email: [pbuchler@orionmarinegroup.com](mailto:pbuchler@orionmarinegroup.com)  
Mail: Board of Directors  
Attn: Corporate Secretary  
Orion Marine Group, Inc.  
12000 Aerospace Ave, Suite 300

Houston, TX 77034

## Director Independence

NYSE listing rules require a majority of our directors to be independent. In accordance with these rules, our Board has reviewed the relationships between the Company and each director and has determined that each of Messrs. Amonett, Daerr, Shanfelter, and Stoever has no direct or indirect material relationships with the Company or any member of management, and thus each of them satisfies the NYSE's definition of an independent director. Only Mr. Pearson, our former Chief Executive Officer, and Mr. Stauffer, our current President and Chief Executive Officer, are not independent. However, since Mr. Pearson is no longer an employee, he is a non-management director. Each of the Board's committees is comprised solely of independent directors.

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## Nomination of Directors

The Board of Directors is responsible for nominating a slate of candidates for Board membership, and acts through its Nominating and Corporate Governance Committee ( NCGC ), to review the composition of the Board, and screen and recruit potential director nominees in consultation with the Chairman of the Board and the Chief Executive Officer. Although the NCGC has not established specific minimum qualifications for a position on the Board, the Committee seeks candidates who individually demonstrate a high ethical standard, a wide range of business experience at the policy-making level, and the ability to exercise sound and mature judgment in matters that relate to the current and long-term objectives of the Company. The NCGC believes diversity of background, education, experience and social perspective, as well as independence, and the ability to represent the best interests of all stockholders, contribute to an optimal balance of Board members. The Board of Directors, upon recommendation by the NCGC, has determined that each of the director nominees contributes to an active, effective and diverse Board.

## Board Leadership Structure

Our Chairman of the Board is an independent director. We believe that having a chairman independent of management provides critical and independent thinking with respect to the Company s strategy and long-term objectives. Our President and Chief Executive Officer serves on the Board of Directors and provides in-depth understanding of the operations of the Company and the issues, opportunities, and challenges facing the Company. Our former President and Chief Executive Officer also serves on the Board of Directors.

## The Board s Role in Risk Oversight

The members of our Board of Directors are actively involved in the oversight of risk that could affect the Company. This oversight is conducted primarily through committees of the Board, as discussed in the charters of each committee and descriptions, below. We have adopted enterprise risk management policies based on the Integrated Framework of the Committee of Sponsoring Organizations ( COSO ). Under these policies, the Chief Executive Officer, Chief Financial Officer, and General Counsel periodically report on the Company s risk management policies and practices to relevant Board Committees and to the full Board. The Audit Committee provides direction on risks identified by management through its annual risk assessment related to financial reporting and internal controls and provides a central oversight role with respect to financial and compliance risks, including compliance with the Foreign Corrupt Practices Act. Our Compensation Committee considers potential risk related to the Company s overall compensation programs and effectiveness at linking executive pay to performance and aligning the interests of our executives and stockholders. Key risks to the Company s operations, liquidity, and strategies are considered by the full Board.

## Board/Committee Primary Areas of Risk Oversight

Full Board	Risk management process, structure, and overall policies and practices for enterprise risk management; strategic risks associated with business plans, significant capital transactions, including acquisitions and divestitures; and other significant risks such as major litigation, business development risks and succession planning
Audit Committee	Major financial risk exposure; significant operational, compliance, reputational, and strategic risks
Nominating and Governance Committee	

Compensation Committee

Risks and exposures related to corporate governance, effectiveness of the Board and its committees in overseeing the Company, review of director candidates, conflicts of interest and director independence

Risks related to executive recruitment, assessment, development, retention and succession policies and programs; and risks associated with compensation policies and practices, including incentive compensation

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## THE BOARD OF DIRECTORS AND ITS COMMITTEES

The following table sets forth the names, ages and positions of our director nominees and our continuing directors as of the date of this Proxy Statement.

	Current position	Age	Class	Director since	Term Expires
<u>Nominees for Director</u>					
Austin J. Shanfelter	Director	58	III	2007	2016
Gene G. Stoever	Director	77	III	2007	2016
<u>Continuing Directors</u>					
Thomas N. Amonett	Director	72	I	2007	2017
Mark R. Stauffer	President, Chief Executive Officer & Director	53	I	2015	2017
Richard L. Daerr, Jr	Chairman of the Board of Directors	71	II	2007	2018
J. Michael Pearson	Director	68	II	2006	2018

### Nominees for Directors

The following sets forth certain biographical information for each of the director nominees, including his position with the Company and his business experience during the past five years.

**Austin J. Shanfelter** Mr. Shanfelter has been a member of our Board and a Class III director since May 2007, and has served as Chairman of our Compensation Committee since May 2007 and as a member of the Nominating and Governance Committee since May 2010. He served until December 18, 2008, as a member of the Board of Directors of MasTec, Inc. (NYSE: MTZ), a publicly traded specialty contractor, and as a special consultant. Mr. Shanfelter served as Chief Executive Officer and President of MasTec from August 2001 until March 2007. From February 2000 until August 2001, Mr. Shanfelter was MasTec's Chief Operating Officer. Prior to being named Chief Operating Officer, he served as President of one of their service offerings from January 1997. Mr. Shanfelter has been in the telecommunications infrastructure industry since 1981. Mr. Shanfelter has been a member of the Society of Cable Television Engineers since 1982 and the National Cable Television Association since 1991. Since April 2009, Mr. Shanfelter has served as President of the Power and Communications Contractors Association ( PCAA ). Mr. Shanfelter is a member of the Board of Directors of Patriot National INC. (NYSE: PN) Insurance services company, and served as Chairman of Global HR Research LLC. As of August 2012, Mr. Shanfelter began serving as a member of the Board of Directors of Sabre Industries, a leading manufacturer of power delivery structures.

Mr. Shanfelter's achievements as an executive and director of MasTec, Inc., his many years of service as its Chief Executive Officer and President, and prior to this, its Chief Operating Officer, as well as his service on the board of other diverse entities, provide us with industry insight and perspective and qualify him to serve as one of our directors.

The National Association of Corporate Directors has designated Mr. Shanfelter a *Governance Fellow*.

**Gene G. Stoever** Mr. Stoever has been a member of our Board and a Class III director since May 2007, has served as chairman of our Audit Committee since May 2007, and as a member of the Compensation Committee since May 2010. He was an audit partner with KPMG LLP for 24 years until his retirement in 1993. During his approximately 30-year tenure with KPMG, he served domestic and multinational clients engaged in the manufacturing, construction, refining, oil and gas, real estate and banking industries, as well as serving as SEC Reviewing Partner responsible for advising and reviewing client filings with the SEC. Mr. Stoever currently serves as chairman of the audit committee

and previously as a member of the nominating and corporate governance committee of the Board of Directors of Evolution Petroleum Corp. (AMEX: EPM) and previously served on the Boards and as chairman of the audit committees of several other companies. Mr. Stoever is a Certified Public Accountant in Texas (currently inactive license holder).

Mr. Stoever is well qualified to serve on our Board, based on his extensive experience in public accounting, his service on other boards, and his service as Chairman of our Audit Committee since 2007, coupled with his knowledge of financial reporting, SEC accounting rules and regulations, and generally



accepted accounting principles and auditing standards. Mr. Stoever qualifies as an audit committee financial expert pursuant to SEC rules. The National Association of Corporate Directors has designated Mr. Stoever a *Governance Fellow*.

## Background of the Continuing Directors

**Richard L. Daerr, Jr.** Mr. Daerr has served as non-executive Chairman of the Board and as a Class II director since May 2007, and is a member of each Board Committee. Mr. Daerr founded RK Enterprises in 1997, a firm that has assisted companies and investor groups in developing and implementing strategic plans and initiatives focused primarily on the energy, biotechnology, engineering and construction, and pharmaceuticals industries. From 1994 to 1996, Mr. Daerr served as President and Chief Executive Officer of Serv-Tech, Inc., an industrial services company that was listed on the NASDAQ. Mr. Daerr worked for CRSS, Inc. from 1979 to 1992 where he served as General Counsel and Chief Administrative Officer and as the President and Chief Operating Officer from 1990 to 1992. Prior to its acquisition, CRSS, Inc. was a NYSE listed company and one of the largest engineering, architectural and construction management companies in the U.S. as well as one of the largest independent power producers in the U.S. CRSS owned a controlling interest in NATEC, Inc., a NASDAQ listed environmental services company of which Mr. Daerr was a director. Mr. Daerr has served on the boards of several private and public companies, including TIMEC Company, Inc., a refinery turnaround maintenance company. From 2002 to 2007, where he served as Chairman of an Independent Committee and served on the Audit Committee. From 2003 to 2014, Mr. Daerr served as a director and on the Audit Committee of DISA, Inc., an industrial drug testing and background checking company. From 2011 to 2015, Mr. Daerr served as a director and on the Audit Committee of ENTACT, Inc., an environmental remediation firm. From 1976 to 1979, Mr. Daerr was Associate Counsel with Dresser Industries, Inc., an industrial equipment and materials supply company. From 1972 to 1976, he was a trial attorney with the antitrust division of the United States Department of Justice. In March 2015, Mr. Daerr began serving as a director of MES Partners, Inc., a broad based industrial service company.

Mr. Daerr brings a vast amount of diverse experience to our Board, as he has served on numerous boards of public, private and not-for profit companies, as well as serving as a committee member within those boards. Mr. Daerr has been a consultant to various companies in the areas of strategic planning, acquisitions, divestitures and capital market transactions. As a former attorney with the Department of Justice and as counsel to other businesses in the public and private sector, Mr. Daerr has dealt with many of the laws and regulatory issues that affect public companies today. The National Association of Corporate Directors has designated Mr. Daerr a *Governance Fellow*.

**Thomas N. Amonett** Mr. Amonett has been a member of our Board and a Class I director since May 2007, and serves as the Chairman of the Nominating and Corporate Governance Committee, and as a member of the Audit Committee. He has been President, Chief Executive Officer and a director of Athlon Solutions, LLC, a manufacturer and distributor of specialty chemicals and related services primarily to the refining and petrochemical industries, since April 2013. From November 1999 to April 2013, he was President, Chief Executive Officer and a director of Champion Technologies, Inc., a manufacturer and distributor of specialty chemical and related services primarily to the oil and gas industry. From July 2007 to November 2015, Mr. Amonett had been a director of Hercules Offshore, Inc., a provider of contract oil and gas drilling services and liftboat services, where he served as Chairman of the Nominating and Corporate Governance Committee. Mr. Amonett has been a director of Bristow Group Inc. (NYSE: BRS), a global provider of helicopter services, since 2006, where he currently serves on the Audit Committee and Executive Compensation Committee. Mr. Amonett also serves as an advisory director to Triten Corporation, a privately held company and as a director of T.F. Hudgins Incorporated, also a private company.

Mr. Amonett is qualified to serve as one of our directors, based on his considerable management, operational and financial experience in a wide range of industries. Of particular note is his service as President and Chief Executive

Officer of several companies, his service as a director of other companies and his corporate governance experience and expertise. The National Association of Corporate Directors has designated Mr. Amonett a Governance Fellow and recently elevated his certification to *Board Leadership Fellow*.

**J. Michael Pearson** Mr. Pearson served as our President and Chief Executive Officer from 2006 and as a Class II director since May 2007. Effective February 2014, Mr. Stauffer replaced him as President of the Company and, ten months later, on December 31, 2014, Mr. Pearson retired as Chief Executive Officer whereby he changed from a management to non-management Director of the Company. Mr. Pearson joined us as Chief Operating Officer in March 2006 from Global Industries, Inc. (NASDAQ: GLBL), an offshore marine construction company, where he served as Chief Operating Officer from May 2002 to November 2005 and Senior Vice President, Strategic Planning from February 2002 to May 2002. Prior to joining Global Industries, Inc., Mr. Pearson served as a General Manager for Enron Engineering and Construction Co. from 2000 to 2001. Prior to that position, Mr. Pearson served as Executive Vice President for Transoceanic Shipping Co. in 1999 and President and Chief Executive Officer for International Industrial Services, Inc. from 1997 to 1999. From 1973 to 1997, Mr. Pearson served in various management capacities at McDermott International, Inc. (NYSE: MDR), including as Vice President and General Manager. Mr. Pearson is a registered Professional Engineer in Louisiana, Idaho and Texas. Mr. Pearson currently serves as Past President and Life Director of the Board of Directors of Louisiana Tech University's Engineering & Science Foundation (ESF), a corporation that supports the activities and programs for the Dean of the college of Engineering & Science at the University.

Mr. Pearson brings extensive industry knowledge to our Board of Directors and provides critical management insight regarding the challenges and opportunities facing the Company. He has over 40 years' management, operational and strategic experience in global marine construction related fields. He is also actively involved in numerous industry associations. His engineering experience is also of significant value as a Board Member. The National Association of Corporate Directors has designated Mr. Pearson a Governance Fellow and recently elevated his certification to *Board Leadership Fellow*.

**Mark R. Stauffer** Mr. Stauffer was named Chief Executive Officer effective January 2015 and has served as Orion Marine Group's President since February of 2014. Prior to this, Mr. Stauffer assumed operational oversight in 2012, served as Executive Vice President and Chief Financial Officer from 2007 to 2014, and as Vice President and Chief Financial Officer from 1999, when he joined us, to 2007. Mr. Stauffer also served as Secretary from 2004 until 2007. Prior to joining us, Mr. Stauffer served in various capacities at Coastal Towing, Inc. from 1986 to 1999, including Vice President and Chief Financial Officer. Mr. Stauffer has 29 years of experience in the marine industry, is a Certified Public Accountant and was designated a *Governance Fellow* by The National Association of Corporate Directors.

Mr. Stauffer brings extensive industry knowledge to our Board of Directors and provides critical management insight regarding the challenges and opportunities facing the Company. He has 29 years' financial, management, operational and strategic experience in the marine industry, including extensive marine construction experience. As a Certified Public Accountant, his financial and accounting experience is also of significant value as a Board Member. The National Association of Corporate Directors has designated Mr. Stauffer a *Governance Fellow*.

## Meetings of the Board of Directors

Directors are expected to attend all meetings of the Board and each committee on which they serve, and the Board encourages all its members to attend each Annual Meeting of Stockholders.

The Board of Directors held seven meetings during 2015. Each director attended 100% of all meetings of the Board of Directors and its committees and all directors attended the 2015 Annual Meeting of Stockholders.

Non-management directors meet in executive session on a regular basis, generally at the end of a regularly-scheduled Board meeting. The Chairman of the Board presides over the executive session. In addition, the Audit Committee has

adopted a practice of reserving time at each meeting to meet without members of Company management present. The Compensation Committee has adopted a similar practice.

## **Committees of the Board**

The Board has three standing committees; the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. These committees are comprised exclusively of independent directors as defined by the listing standards of the New York Stock Exchange. Each committee is

governed by a written charter approved by the Board of Directors. A copy of each charter is available on the Company's website at <http://www.orionmarinegroup.com>.

*The Audit Committee* assists the Board in overseeing our accounting and financial reporting processes and the audits of our financial statements. Pursuant to its charter, the Audit Committee has the following responsibilities, among others:

- to select the independent auditor to audit our annual financial statements;
  - to approve the overall scope of and oversee the annual audit and any non-audit services;
  - to assist management in monitoring the integrity of our financial statements, the independent auditor's qualifications and independence, the performance of the independent auditor and our internal audit function, and our compliance with legal and regulatory requirements;
  - to discuss the annual audited financial statements and unaudited quarterly financial statements with management and the independent auditor;
  - to discuss policies with respect to risk assessment and risk management; and
  - to review with the independent auditor any audit problems or difficulties and management's responses.
- Messrs. Stoever (Chairman), Amonett, and Daerr are currently members of the Audit Committee, and the Board has determined each to be independent under NYSE listing standards and applicable SEC rules. In addition, Mr. Stoever meets the relevant standards as a financial expert as defined by SEC rules. During 2015, the Audit Committee met four times. A report by the Audit Committee is presented elsewhere in this proxy statement.

*The Compensation Committee* supports the Board in fulfilling its oversight responsibilities relating to senior management and director compensation. Pursuant to its charter, the Compensation Committee has the following responsibilities, among others:

- to develop an overall executive compensation philosophy, strategy and framework consistent with corporate objectives and stockholder interests;
- to review, approve and recommend all actions relating to compensation, promotion and employment-related arrangements for senior management, including severance arrangements;
- to approve incentive and bonus plans applicable to senior management and administer awards under incentive compensation and equity-based plans;
- to review and recommend major changes to and take administrative actions associated with any other forms of non-salary compensation; and
- to review and approve or recommend to the entire Board for its approval, any transaction in our equity securities between us and any of our officers or directors subject to Section 16 of the Exchange Act.

Messrs. Shanfelter (Chairman), Daerr, and Stoever are currently members of the Compensation Committee, and the Board has determined each to be independent under the listing standards of the NYSE, both for directors generally and compensation committee members specifically. In addition, each is a non-employee director as defined in Rule 16b-3 promulgated under the Exchange Act and an "outside director" as defined in the regulations promulgated under Internal Revenue Code 162(m). The Compensation Committee met six times during 2015. A report by the Compensation Committee is presented elsewhere in this proxy statement.

*Compensation Committee Interlocks and Insider Participation.* During the last fiscal year, Austin Shanfelter, Richard L. Daerr, and Gene Stoever served on our Compensation Committee. No Compensation Committee member served as an officer or employee of our Company or any of our subsidiaries prior to or while serving on the Compensation Committee. None of our executive officers served during the last fiscal



year on the board of directors or on the compensation committee of another entity, when one of that entity's executive officers served on our Board of Directors or on our Compensation Committee.

*The Nominating and Corporate Governance Committee* recommends director candidates to the Board, oversees the evaluation of Board and Committee members, develops and monitors corporate governance principles, practices and guidelines for the Board and the Company. Pursuant to its charter, the Nominating and Corporate Governance Committee has the following responsibilities, among others:

to identify individuals qualified to become Board members and to recommend that the Board select the director nominees for election at annual meetings of stockholders or for appointment to fill vacancies;

to recommend to the Board director nominees for each committee of the Board;

to advise the Board about appropriate composition of the Board and its committees;

to advise the Board about, develop and recommend to the Board appropriate corporate governance practices, principles and guidelines, and to assist the Board in implementing those practices;

to lead the Board in its annual review of the performance of the Board and its committees; and

to perform such other functions as the Board may assign to the committee from time to time.

Messrs. Amonett (Chairman), Daerr and Shanfelter are currently members of this committee, and the Board has determined each to be independent as defined in the applicable rules of the NYSE and the SEC. The Nominating and Governance Committee met three times during 2015.

*Director Nominations by Stockholders.* Any stockholder who wishes to recommend a nominee for director for the 2017 Annual Meeting of Company Stockholders must send written notice to the Corporate Secretary in accordance with instructions set forth below and later in this Proxy Statement under the caption Submission of Stockholder Proposals for 2017 Annual Meeting. As provided in our By-laws, any stockholder notice of intention to nominate a director must include:

The name and address of the stockholder;

A representation that the stockholder is entitled to vote at the meeting at which directors will be elected;

The number of shares of the Company that are beneficially owned by the stockholder;

A representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

The following information with respect to the person nominated by the stockholder:

Name and address;

A complete resume or statement of the candidate's qualifications, including education, work experience, industry knowledge, membership on other boards of directors and civic activity;

A description of any arrangements and understandings between the stockholder and the nominee and any other persons pursuant to which the nomination is made;

The consent of each such nominee to serve as a director if elected; and

Such other information as required to be included in a proxy statement, including information with respect to a candidate's independence as defined under the rules and regulations of the SEC and the NYSE.

The Nominating and Corporate Governance Committee seeks to achieve a Board composed of individuals who have experience relevant to the needs of the Company and who have a high level of professional and personal ethics. In addition, prospective directors must have time available to devote to Board activities. The Nominating and Corporate Governance Committee uses a variety of methods and multiple sources to identify

and evaluate nominees for directors, including referrals from other directors and management, recommendations by stockholders, and third party professional search firms.

The Company did not receive any stockholder nominations for director to be considered by the Nominating and Corporate Governance Committee for the Annual Meeting and, pursuant to our By-laws, the time has elapsed for any stockholder to properly nominate a candidate for director for consideration at this year's Annual Meeting.

## Annual Performance Evaluations

Annually, the Board and its committees conduct self-performance evaluations and review each committee charter. In addition, our Corporate Governance Guidelines are reviewed and reassessed for adequacy annually.

## DIRECTOR COMPENSATION

The following table describes the compensation earned by persons who served as non-employee directors during 2015. Mr. Stauffer, who serves as our President and Chief Executive Officer in addition to a director, is not entitled to any additional compensation as a director. All amounts paid to Mr. Stauffer are reported in the charts under Executive Compensation.

Name	Fees Earned or Paid in Cash <sup>(1)</sup> (\$)	Stock Compensation <sup>(2)</sup> (\$)	Total (\$)
Thomas N. Amonett	67,000	0	67,000
Richard L. Daerr, Jr.	141,000	0	141,000
Austin J. Shanfelter	72,000	0	72,000
Gene Stoever	72,000	0	72,000
J. Michael Pearson	50,000	0	50,000

(1) Amounts in this column represent retainers, meeting fees and chairmanship fees as further described below.

(2) The non-employee directors did not receive any equity grants during 2015.

The Compensation Committee of the Board of Directors retained Pearl Meyer & Partners, an independent consulting firm, to assist in determining the components and amounts of director compensation for 2015, based on comparisons of board compensation in similarly-situated companies.

Director compensation consists of both cash and equity compensation. The current schedule of director fees paid in cash is as follows:

	Annual Retainer Amount
Board service annual retainer	\$ 50,000
Board Chairman additional annual retainer	\$ 70,000
Audit Committee Chairman additional annual retainer	\$ 15,000



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Compensation Committee Chairman additional annual retainer	\$ 15,000
Nominating and Corporate Governance Chairman additional annual retainer	\$ 10,000
Additional annual retainer for (non-chair) Committee members	\$ 7,000

All retainers are paid quarterly in arrears. The Company also reimburses non-employee directors for reasonable travel and lodging expenses incurred in attending Board and committee meetings.

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## EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth the executive officers of the Company serving as of the date of this Proxy Statement. All executive officers are appointed by, and serve at the pleasure of, the Board. There is no family relationship between or among any of the Company's directors and executive officers.

Name	Age	Position with the Company
Mark R. Stauffer	53	President and Chief Executive Officer
L. Dewayne Breaux	53	Executive Vice President and Chief Operating Officer
Peter R. Buchler	69	Executive Vice President, Chief Administrative Officer, Chief Compliance Officer, General Counsel and Secretary
Christopher J. DeAlmeida	38	Vice President, Chief Financial Officer & Treasurer

Below is a summary of the business experience of each of our current executive officers other than Mr. Stauffer (whose business experience is included under the caption *Background of Continuing Directors*, above).

**L. Dewayne Breaux** Dr. Breaux joined the Company in September 2015, following his service as a key employee of The Wison Group since 2009. Dr. Breaux has over 25 years of experience in the energy industry, including 14 years at SBM Atlantia, where he completed the design, construction and installation of over ten major deep-water offshore platforms for leading oil companies in the Gulf of Mexico. Dr. Breaux led the company's Operations efforts through execution of EPCI projects for the Gulf of Mexico, West Africa, Brazil and Southeast Asia. His oversight responsibilities included project management, construction and installation activities as well as corporate financial responsibility. In addition to his operational experience, Dr. Breaux has a foundation in design engineering with a specialty of structural dynamics. While employed by J. Ray McDermott, Dr. Breaux completed over twenty shallow water projects for marine operations, was Project Engineer for a record setting TLP mating and installation, performed detailed engineering design on deep-water compliant towers and fixed platforms, and engineered installation hardware for subsea pipeline systems. He has worked on projects for BP, Shell, Chevron, BHP Billiton, Total, Marathon and other major oil companies. Dr. Breaux holds a Ph.D. in Structural Dynamics from Texas A&M University and a Masters in Civil Structures from Louisiana Tech University.

**Peter R. Buchler** Mr. Buchler joined the Company as Vice President, General Counsel and Corporate Secretary in September 2009. He subsequently became the Company's Chief Compliance Officer and effective January 1, 2010, became Executive Vice President. In 2011, he became our Chief Administrative Officer. Prior to joining the Company, Mr. Buchler founded and operated The Buchler Group, LLC, a consulting firm providing corporate and contracting advisory services to the domestic and international construction industry. From 2003 to 2008, Mr. Buchler worked for Global Industries, Ltd. (formerly NASDAQ: GBLB) in various capacities, including Assistant General Counsel, Vice President Commercial and Subcontracts, and Vice President of Asia Pacific. Prior to this, he served as Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary of Cooperheat-MQS, Inc., following service as Assistant General Counsel - Corporate, and subsequently Assistant General Counsel - the Marine Construction and Shipbuilding, Industrial Services segments of McDermott International, Inc. (NYSE: MDR). Mr. Buchler has over 35 years of experience in the marine construction industry, is admitted to practice law in Texas and Louisiana and is designated by The National Association of Corporate Directors as a *Governance Fellow*.

**Christopher J. DeAlmeida** Mr. DeAlmeida has served as Orion Marine Group's Vice President, Chief Financial Officer and Treasurer since February of 2014. Mr. DeAlmeida has over 15 years of public company accounting and financial management experience and has overseen most of the Company's daily financial and accounting responsibilities since 2012, when he was named Vice President, Finance and Accounting. Prior to that Mr. DeAlmeida

served as the Company's Director of Finance from 2011 to 2012 and served as Director of Investor Relations from 2007 to 2011. Prior to joining Orion, Mr. DeAlmeida held progressively responsible positions in accounting, finance and investor relations with Continental Airlines, Inc. (NYSE: UAL) and BMC Software, Inc. (NYSE: BMC).

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables, based in part upon information supplied by officers, directors and certain stockholders, sets forth the ownership of the Company's common stock as of the record date by:

- (1) each person or entity who is known by the Company to own beneficially more than 5% of the Company's common stock;
- (2) each of the Company's directors;
- (3) each of the Company's named executive officers, and
- (4) all directors and executive officers of the Company as a group.

Name and Address of 5% Stockholders:	Common Shares Beneficially Owned	Percent of Common Shares <sup>(a)</sup>
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, NY 10055	2,841,776 <sup>(b)</sup>	10.41 %
Van Den Berg Management, Inc. 805 Las Cimas Parkway, Suite 430 Austin, TX 78746	1,986,108 <sup>(c)</sup>	7.27 %
Invesco Ltd. 1555 Peachtree Street NE, Suite 1800 Atlanta, GA 30309	3,031,644 <sup>(d)</sup>	11.10 %
National Rural Electric Cooperative Association 4301 Wilson Boulevard Arlington, VA 22203	2,271,136 <sup>(e)</sup>	8.32 %
Boston Partners One Beacon Street, 30 <sup>th</sup> Floor Boston, MA 02108	2,712,614 <sup>(f)</sup>	9.94 %

(a) Calculated based on 27,303,868 common shares outstanding on the record date.

(b) As reported on Schedule 13GA filed on February 11, 2016, BlackRock, Inc., a parent holding company, holds sole voting power over 2,738,998 shares and sole dispositive power over all reported shares.

(c) As reported on Schedule 13GA filed on February 16, 2016, Van Den Berg Management Inc., an investment adviser, holds sole voting power and sole dispositive power over all reported shares.

(d) As reported on Schedule 13G/A filed on February 5, 2016, Invesco Ltd., an investment adviser and a parent holding company, holds sole voting power and sole dispositive power over all reported shares.

(e) As reported on Schedule 13G/A filed on February 16, 2016, National Rural Electric Cooperative Association, an employee benefit plan, holds sole voting power and sole dispositive power over all reported shares.

(f) As reported on Schedule 13G filed on February 12, 2016, Boston Partners, an investment adviser, holds sole voting power over 1,741,514 shares and sole dispositive power over 2,712,614 reported shares.

## Security Ownership of Directors and Officers

Name of Beneficial Owner	Number of Outstanding Shares of Common Stock Owned <sup>(1)</sup>	Shares Acquirable within 60 days upon the Exercise of Stock Options <sup>(2)</sup>	Total Beneficial Ownership	Percent of Class <sup>(3)</sup>
<b>Directors:</b>				
Thomas N. Amonett	45,005	21,726	66,731	*
Richard L. Daerr, Jr.	51,856	21,726	73,582	
Austin J. Shanfelter	14,516	11,332	25,848	*
Gene G. Stoever	32,916	35,932	68,848	*
J. Michael Pearson	250,843	477,336	728,179	2.67 %
Mark R. Stauffer	187,660	272,959	460,619	1.69 %
<b>Named Executive Officers<sup>(4)</sup>:</b>				
L. Dwayne Breaux	38,660	0	38,660	*
Peter R. Buchler	62,651	105,743	168,394	*
Christopher J. DeAlmeida	7,930	44,414	52,344	*
Current Directors and Officers as a group (9 Persons):	692,037	991,168	1,683,205	6.17 %

\*

Less than 1%

(1) Includes grants of stock for which vesting restrictions have not lapsed, however, the recipient retains voting rights.

(2) Includes shares that may be acquired under outstanding stock options that are currently vested or will vest within 60 days of March 31, 2015.

(3) Calculated based on 27,303,868 common shares outstanding on the record date. For each individual who holds options, this percentage is determined by assuming he exercises all of his options that are vested on or within 60 days of March 30, 2016.

(4) Mr. Stauffer, whose beneficial ownership is reported under Directors, is also a Named Executive Officer.

**Section 16(a) Beneficial Ownership Reporting Compliance** Section 16(a) of the Exchange Act requires the Company's officers and directors and persons who own more than 10% of the Company's equity securities, or insiders, to file with the SEC reports of beneficial ownership of those securities and certain changes in beneficial ownership on Forms 3, 4 and 5 and to furnish the Company with copies of those reports.

Based solely on a review of the copies of these reports furnished to the Company and representations that no other reports were required during the year ended December 31, 2015, we believe that our executive officers and directors have complied in a timely manner with all Section 16(a) filing requirements.

# COMPENSATION DISCUSSION AND ANALYSIS

## Introduction

This Compensation Discussion and Analysis (CD&A) explains our executive compensation philosophy and objectives, each element of our executive compensation program and how the Compensation Committee of the Board of Directors ( the Compensation Committee ) made its compensation decisions for our 2015 named executive officers ( NEOs ) listed below:

NEO	Current Title
Mark R. Stauffer	President and Chief Executive Officer
Christopher J. DeAlmeida	Vice President and Chief Financial Officer
L. Dwayne Breaux*	Executive Vice President and Chief Operating Officer
Peter R. Buchler	Executive Vice President, Chief Administrative Officer, General Counsel, Corporate Secretary and Chief Compliance Officer

\**Dr. Breaux was appointed Executive Vice President and Chief Operating Officer by the Board of Directors on September 29, 2015.*

## Executive Summary

### 2015 Business Wrap-Up

On August 5, 2015 we completed our acquisition of TAS Commercial Concrete, roughly doubling the size of our business, diversifying our revenue base, and positioning ourselves for even stronger, sustainable growth going forward.

Full year 2015 contract revenue was \$466.5 million, an increase of 21% as compared with full year 2014 revenues of \$385.8 million, due primarily to the acquisition of TAS.

The Company's full year 2015 EBITDA was \$20.6 million, representing a 4.4% EBITDA margin, which compares to full year 2014 EBITDA of \$34.2 million, or an 8.9% EBITDA margin.

Backlog of work under contract as of December 31, 2015 was \$357.6 million, which compares with backlog under contract at December 31, 2014 of \$215.3 million. Of the 2015 ending backlog, \$194.3 million was attributable to the heavy civil specialty construction segment, while \$163.3 million was attributable to the commercial concrete segment.

While 2015 was a successful year for us from a strategic standpoint, and while we enter 2016 better positioned to grow shareholder value over the long-term, our EBITDA performance for 2015 was below the trigger level in our annual incentive plan and consequently no bonuses were paid for 2015 performance.

## **A Consistent Pattern of Growth 2011 2015 (\$ millions)**

### **2015 Executive Compensation Approach and Decisions**

In 2015, the Compensation Committee set target total direct compensation (i.e., base salary, target NEO Bonus Plan ( NBP ) award, and target long-term incentive award) consistent with our long-standing compensation philosophy, which:

Provides an externally competitive compensation package to help attract, motivate and retain top executive talent;  
Places the majority of executive pay at risk; and  
Ties executive pay to long-term growth in stockholder value.

There were no grants of equity made to executive officers during 2015 except Dr. Breaux, who was hired during the year. The target pay mix below includes November 2014 long-term incentive grants for our other NEOs, including Mr. Stauffer, as representative of target total direct compensation for a normal year.

## **NEO Target Total Direct Compensation Mix 2015**

### **CEO Pay At-A-Glance**

As noted, our program is structured to place a majority of NEO compensation at risk with realized value dependent upon Company performance. The chart below provides a summary of total direct compensation for our CEO, Mr. Stauffer, for 2014 and 2015 in comparison to target total direct compensation for 2016. As shown:

No bonus was awarded to Mr. Stauffer for our performance during 2015

No equity incentive awards were granted to Mr. Stauffer during 2015

For 2016 the Committee anticipates adding a new, performance-based equity component to Mr. Stauffer's compensation (discussed in greater detail below)

### **CEO PAY AT A GLANCE 2015**



### 2015 Say On Pay Vote

At our 2015 annual meeting of stockholders, we received 23,848,762 votes in favor of our executive compensation program, 378,750 votes in opposition, and 8,748 abstentions for total support of 98.4% of the shares voted. The Committee values stockholders' input on the design of our executive compensation program and interpreted the 2015 vote result as strong stockholder support for the Company's reinstatement of its historic approach to executive compensation.

As we continue to grow we are committed to continuing to ensure the alignment of our business priorities and stockholder interests. Based upon our evaluation of peer group programs and generally accepted best practices, the Committee has decided to add a performance-vested equity component for our NEOs in 2016. The Committee will continue to review and evaluate our program during 2016 in order to determine what, if any, additional changes are appropriate for the coming year.

### Our Executive Compensation Practices

Adherence to executive compensation best practices is a critical component of good corporate governance, aids our Committee in its decision-making process, enhances our ability to manage compensation-related risk, and is always in the best interests of our stockholders and executives. Below are highlights of our current practices and policies that guide our executive compensation program:

What We Do	What We Don't Do
<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pay for performance	No tax gross ups
<input checked="" type="checkbox"/>	<input type="checkbox"/>
Heavy emphasis on at-risk pay	No repricing of stock option awards
<input checked="" type="checkbox"/>	<input type="checkbox"/>
Executive and director stock ownership requirements	No hedging of Company stock
<input checked="" type="checkbox"/>	<input type="checkbox"/>
Independent Compensation Consultant	No special benefits or perquisites for NEOs
<input checked="" type="checkbox"/>	<input type="checkbox"/>
Double-trigger vesting of equity awards upon a change of control	No accelerated vesting upon termination, except after a change of control

## Compensation Program Overview: What Guides Our Program

### Our Compensation Philosophy and Objectives

Orion Marine Group is one of the leaders in the specialty construction industry because it has an array of highly-experienced people, strength in resources, and the geographic reach to provide customers a full suite of turn-key specialty construction solutions that meet even the most challenging needs. Maintaining this leading posture, and ensuring we are positioned for future success requires we be able to attract, retain, and engage the talent necessary

to grow the company, to ensure the quality and sustainability of that growth, and to produce positive long-term returns for our stockholders.

We designed our executive compensation program to provide an externally competitive and internally equitable total rewards package that reflects individual and company performance, job complexity, and strategic value of the position while ensuring long-term retention and motivation. Our philosophy has been to closely align the compensation paid to our executives with the performance of the company on both a short-term and long-term basis, and to set performance goals that support the Company's long-term goals. Because of our emphasis on pay-for-performance, our executive compensation has historically been heavily weighted toward incentive (variable) compensation, which is directly tied to achieving results. As performance goals are met or exceeded, executives are rewarded commensurately; conversely, if goals are not met, actual earned compensation is lower.

We designed our executive compensation program to further Orion's mission of producing superior financial returns for our stockholders by pursuing the following objectives:

Objectives	Guiding Principles Generally	Specifically
Retain and attract highly qualified executives	Pay competitively	Use statistics developed from a review of compensation survey data and publicly-disclosed peer company pay data as a reference point to help establish competitive pay opportunities. Weight executive compensation program in favor of incentive compensation balancing rewards for driving sustained profitability on an annual basis with equity-based compensation elements in the form of stock options and restricted stock.
Motivate executives to contribute to our future success and to build long-term stockholder value	Link a significant part of compensation to Orion's financial and stock price performance, especially long-term performance	Make annual equity-based grants in the form of restricted shares and stock options promoting an ownership culture and providing a powerful incentive to grow stockholder value. Share ownership requirements further enhance alignment and focus on long-term ownership.
Further align executive and stockholder interests	Encourage and facilitate significant ownership of Orion stock by executives	Share ownership requirements further enhance alignment and focus on long-term ownership.

**Principle Elements of Compensation: Total Direct Compensation ( TDC )**

As described previously, our philosophy and objectives are supported by the following principle elements of pay in our executive compensation program:

Element	Form	Description
Base Salary	Cash (Fixed)	The fixed amount of compensation for performing day-to-day responsibilities. NEOs are generally eligible for increases annually, depending on company and individual performance.
Named Executive Officer Bonus Plan ( NBP ) (Annual Incentive)	Cash (Variable)	Provides competitively-based annual incentive awards for achieving short-term financial goals and other strategic objectives measured over the current year.

Payouts are tied to meeting aggressive goals for consolidated Net Cash Flow ( NCF ), in addition to safety and personal goals.

Element	Form Equity (Variable)	Description
Annual Long-Term Incentives (LTI)		<p>Equity awards are granted in two ways:</p> <p><b>Stock options</b> provide a meaningful performance-based incentive to grow stockholder value. Regardless of the grant date expected value of a stock option award, our NEOs only realize value on those awards to the extent that the stock price (and stockholder value) increases following the date of grant.</p> <p><b>Restricted shares</b> are primarily intended to encourage long-term ownership of stock, while also providing an incentive with a value tied directly to our stock price. We believe our program functions as intended to encourage NEOs to build toward a meaningful level of long-term stock ownership.</p> <p><b>Performance Units (New for 2016):</b> program design to be determined.</p>

NEOs are also eligible for other benefits, including a qualified 401(k) savings plan that provides participants with the opportunity to defer a portion of their compensation, up to tax code limitations, and, like other salaried Company employees, may receive a matching contribution from the Company. Modest ancillary benefits are also provided to executives by the Company. See page [32](#) for more information.

### The Role of the Compensation Committee

Our Board of Directors is responsible for making decisions about the compensation of our NEOs. The purpose of the Board's Compensation Committee, which is composed solely of independent directors, is to assist the Board in discharging this responsibility by, among other things:

- Reviewing and discussing with management the factors underlying our compensation policies and decisions, including overall compensation objectives;
- Reviewing and discussing with management the relationship between the company's compensation policies and practices, including the extent to which those policies and practices create risks for the company;
- Reviewing and approving all company goals and objectives (both financial and non-financial) relevant to the compensation of the CEO;
- Evaluating, together with the other independent directors, the performance of the CEO in light of these goals and objectives and the quality and effectiveness of his leadership;
- Recommending to the Board for approval by the independent directors each element of the compensation of the CEO;
- Reviewing the performance evaluations of all other members of executive management (the Chief Executive Officer is responsible for the performance evaluations of the non-CEO executive officers);

Reviewing and approving (and, if applicable, recommending to the Board for approval) each element of compensation, as well as the terms and conditions of employment, of these other members of executive management; and

Granting all awards under our equity compensation plans and overseeing the administration of all such plans.

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The Compensation Committee works very closely with management and the Committee's independent consultant to examine the effectiveness of the Company's executive compensation program throughout the year. Details of the Compensation Committee's authority and responsibilities are specified in its charter, which is available on the Corporate Governance page of our Website (<http://www.orionmarinegroup.com/Corporate-Governance.html>).

#### **The Role of Management**

The CEO, who attends a part of certain Compensation Committee meetings at the Committee's request, assists the Committee in determining the compensation of all other NEOs other than himself. Input provided by our CEO includes:

Recommending any annual merit increases to the base salaries of the other NEOs; and  
Establishing annual individual performance objectives for the other NEOs and evaluating their performance against such objectives, subject to Committee approval.

The other NEOs do not have a role in determining their own compensation, other than discussing their annual individual performance objectives and results achieved with the CEO.

#### **The Role of the Independent Consultant**

In furtherance of the Compensation Committee's responsibility, the Committee engaged Pearl Meyer to assist the Committee in evaluating Orion Marine Group's executive compensation during fiscal 2015. In connection with this engagement, Pearl Meyer reported directly and exclusively to the Committee. During fiscal 2015, Pearl Meyer provided the Committee competitive marketplace compensation data, as well as updates on trends and issues in executive and director compensation, and commented on the competitiveness and reasonableness of Orion's executive and director compensation programs.

The Committee regularly reviews the services provided by its outside consultants and believes that Pearl Meyer is independent in providing executive compensation consulting services. In making this determination, the Committee noted that during fiscal 2015:

Pearl Meyer did not provide any services to the Company or management other than services requested by, or with the approval of, the Committee, and its services were limited to executive and director compensation consulting. Specifically, Pearl Meyer does not provide, directly or indirectly through affiliates, any non-executive compensation services, including pension consulting or human resource outsourcing;

fees we paid to Pearl Meyer were less than 1% of Pearl Meyer's total revenue;

Pearl Meyer maintains a conflicts policy, which was provided to the Committee with specific policies and procedures designed to ensure independence;

none of the Pearl Meyer consultants working on the Company matter had any business or personal relationship with Committee members;

none of the Pearl Meyer consultants working on Company matters (or any consultants at Pearl Meyer) had any business or personal relationship with any executive officer of the Company; and

none of the Pearl Meyer consultants working on Company matters directly own Company stock.

The Committee continues to monitor the independence of its compensation consultant on an annual basis.

#### **The Role of Benchmarking and Peer Groups**

The industry-specific experience of our people is a key reason for Orion Marine Group's leading posture in the specialty construction industry. This reputation for excellence in management and leadership make our people attractive targets for other companies. To prevent loss of our executive talent, we seek to provide an overall executive

compensation program that competes well against other specialty construction companies, as well as companies in related industries. Each element of compensation is intended to help fulfill this commitment to competitiveness. Retention has been a particularly important goal for us, as we need to retain and motivate those senior executives who are in the best position to keep the Company on course as it returns to profitability.



Because retention is an imperative, we consider external survey data and data from peer group compensation disclosures as important market reference points around which to make well-informed compensation decisions. While we do not consider market data to be a prescription, we generally target the median of the market for pay opportunities, with the potential (through annual cash incentives and long-term equity incentives) for executives to earn more or less than the market median depending upon performance.

The Committee periodically reviews the appropriateness of our pay posture in light of company and individual performance, as well as other factors specific to individual executives (such as tenure, internal equity concerns, etc.). No single position in the referenced surveys or within our peer group fully captures the breadth of the responsibilities of certain of our NEOs.

For fiscal year 2015 NEO salary decisions, the Committee considered market data provided by Pearl Meyer that reflected compensation for a peer group of 15 publicly traded engineering & construction firms. While Orion has very few direct peers in the market, the companies in this group were identified in consultation with Pearl Meyer as potential competitors for talent with businesses of similar financial size and scope. Each year, the Committee reviews the peer group in order to determine whether the companies in the group remain appropriate for comparison to Orion.

A summary of the companies included in the 2015 peer group compensation review is provided below. This is the same peer group used in Pearl Meyer's 2014 review.

Ticker	Company Name	Industry Focus
AGX	Argan Inc.	Construction & Engineering
FRM	Furmanite Corp	Construction & Engineering
GV	GOLDFIELD CORP	Construction & Engineering
GLDD	Great Lakes Dredge & Dock Cp.	Construction & Engineering
GIFI	Gulf Island Fabrication Inc.	Oil & Gas Equipment & Services
HIL	Hill International Inc.	Research & Consulting Services
IESC	Integrated Electrical Svcs.	Construction & Engineering
MTRX	Matrix Service Co	Oil & Gas Equipment & Services
NWPX	Northwest Pipe Co	Construction & Engineering
PIKE	Pike Electric Corp	Construction & Engineering
STRL	Sterling Construction Co Inc.	Construction & Engineering
TISI	Team Inc.	Environmental & Facilities Services
UNTK	Unitek Global Services Inc.	Construction & Engineering Research
VSEC	VSE Corp	Engineering & Consulting Services

At the time of the annual review, Orion's projected 2015 revenues fell within the middle range of the peer group, and our market cap fell just below the peer group median. As in past years, the Committee will review and revise this group as appropriate in 2016.

To supplement the peer group data (which were collected from proxy compensation disclosures), Pearl Meyer also provided compensation statistics from a review of compensation survey data. Data reflected compensation rates across a broad group of general industry companies with revenues of between \$100 million and \$500 million. Using a robust survey sample in combination with peer group data (along with the practice of reviewing market quartiles as opposed to averages) mitigates the impact of outliers, year-over-year volatility of compensation levels, and the risk of selection bias.



We refer to the combined peer group data and survey data provided by Pearl Meyer as the market. Based upon data from Pearl Meyer's competitive review in June 2015, target total direct compensation for our NEOs fell between the market 25<sup>th</sup> and 50<sup>th</sup> percentiles on average. However, with no long-term incentive grants during 2015 to any officer except for Dr. Breaux, actual compensation for the year fell below the 25<sup>th</sup> percentile as presented in the Pearl Meyer report.

Target total direct compensation averaged 90% of the market median (including the target annual value of equity grants in our normal annual program).

Actual total direct compensation averaged 37% of the market median, with no bonuses paid for 2015 performance and no equity grants during calendar 2015.

While we may evaluate our target executive compensation levels against the survey group of companies, we do not compare our annual incentive plan goals against these companies or any other group of companies. Rather, as discussed below, when we set goals under the NBP, those goals have been based upon our internal business objectives which, when set each year, represent aggressive but, in the Committee's estimation, reasonably achievable goals, based on the information available to the Committee at the time it sets them. Accordingly, the relationship between our financial performance and the financial performance of the survey companies does not necessarily affect the relationship between our executive compensation and the executive compensation of that group in a given year.

## 2015 Executive Compensation Program in Detail

### Base Salary

Our primary objective with respect to the base salary levels of our NEOs is to provide sufficient fixed cash income to retain and attract these experienced and valuable executives in a competitive market for executive talent. The base salaries of our NEOs are reviewed and adjusted (if appropriate) annually to reflect, among other things, economic conditions, base salaries for comparable positions from a review of market data discussed previously, the tenure of the officers, and the base salaries of the officers relative to one another.

NEO	2014 Base Salary (\$)	2015 Base Salary (\$)	Percent Change (%)	Comments
Mr. Stauffer	\$ 475,000	\$ 520,000	9.5 %	Reflects market-based adjustment for promotion to CEO
Mr. DeAlmeida	\$ 275,000	\$ 300,000	9.1 %	Reflects market-based adjustment moving Mr. DeAlmeida closer to market median for his role
Dr. Breaux	\$	\$ 420,000		Reflects annualized base salary
Mr. Buchler	\$ 325,000	\$ 335,000	3.1 %	Reflects company-wide annual merit increase

### Annual Cash Incentives

Annual cash incentive opportunities for our NEOs are provided through our NBP. Annual target incentive opportunities are expressed as a percentage of base salary and are established by the Committee based on the NEO's level of responsibility and his ability to impact overall results.

Actual bonus payouts depend on the achievement of specific financial goals. For 2015, the Committee set targets on the basis of our achievement of consolidated corporate Net Cash Flow ( NCF ) goals. NCF is defined as Earnings Before Interest, Taxes, Depreciation and Amortization ( EBIDTA ), prior to any bonus computation, less net capital

expenditures for the performance period. EBITDA is a key financial performance measure for Orion because it allows our management team and other reviewers of our financial statements (such as investors and analysts) to assess the financial performance of our assets without regard to financing methods, capital structure, or historical cost. We subtract our net capital expenditures from the NCF computation because we regard investment in our core assets to be a vital component of our operations, and feel it should be accounted for in order to appropriately measure management performance on an annual basis. The NCF target set by the Compensation Committee for 2015 was \$31 million.

In connection with setting targets under the NBP, the Committee also approves a trigger for when the Company begins to accrue for discretionary bonuses. For fiscal 2015, the trigger was NCF of \$22 million.

The relationship between the level of NCF performance achieved and overall bonus pool funding is as follows:

Performance Level	NCF Performance Achieved as a % of Target		Bonus Pool Funding as a % of Target <sup>(1)</sup>	
Below Threshold	<70	%	Discretionary <sup>(2)</sup>	
Threshold	70	%	50	%
Target	100	%	100	%
Above-Target	110	%	150	%
Maximum	122	%	300	%

(1) Each NEO may earn a maximum incentive award of 200% of his base salary if the Company hits the Maximum level of NCF performance.

If performance falls below threshold, any bonus paid to the NEOs is in the Committee's discretion. As noted above, (2) for 2015, the Committee approved the establishment of a discretionary bonus pool for the NEOs once NCF had reached \$22 million.

Although the Committee generally retains the authority to grant discretionary bonuses to our executives outside of our annual incentive program, historically, our annual incentive program has expressly referenced that authority. The Committee believes that it is important to have the flexibility to grant discretionary awards if the Company does not achieve one or more specific financial metrics, in the event that the Committee determines that management's overall performance during the year otherwise merits recognition. However, the separate bonus pool funding mechanism described above (for fiscal 2015, no accruals until NCF had reached \$22 million) and any related accruals would generally serve as a cap on any discretionary bonuses, to the extent that the Committee elects to pay them.

The formulas for calculating pool funding for performance between levels are as follows:

### Performance Level

From Threshold to Target	30% +	[(% of NCF Goal Achieved 70%)/60%]	×	Target Pool
From Target to Above Target		[(% of NCF Goal Achieved 100%)/20%]	×	Target Pool
From Above-Target to Maximum	2.5 ×	[(% of NCF Goal Achieved 100%)/20%]	×	Target Pool

## NBP Pool Funding

Actual performance for 2015 was below the Threshold level in the NBP, leaving pool funding solely at the discretion of the Committee. Based on these performance results, the Committee determined not to fund a bonus pool for 2015 performance.

The table below provides a summary of the individual target incentive award opportunities, as well as actual awards earned:

NEO	Target Award Opportunity		Maximum Award Opportunity		Actual Award Paid in 2015 for 2014 Performance	
	As a % of Eligible Salary	\$	As a % of Eligible Salary	\$	As a % of Salary	\$
Mr. Stauffer	85 %	\$ 442,000	200 %	\$ 1,040,000	0 %	\$ 0
Mr. DeAlmeida	60 %	\$ 180,000	200 %	\$ 600,000	0 %	\$ 0
Dr. Breaux	60 %	\$ 252,000	200 %	\$ 840,000	0 %	\$ 0
Mr. Buchler	60 %	\$ 201,000	200 %	\$ 670,000	0 %	\$ 0

### Long-Term Equity Incentives

Consistent with the company's compensation philosophy, the Committee believes that long-term incentives should promote improvements to stock holder value and strongly align the interests of our NEOs with those of our stockholders. Specifically, NEOs should hold a meaningful amount of unvested equity, which not only aligns their long-term interests with those of our stockholders, but also serves as an effective retention tool.

Historically, our mix of long-term incentives has included the following:

**50% in the form of stock options**, which vest 33.3% on the first anniversary of the grant date and one-thirty-sixth of the shares thereafter upon completion of each full month following the first year anniversary. Option awards expire on the tenth anniversary of the grant date. Stock options are a meaningful performance-based incentive to grow stockholder value. Regardless of the grant date expected value of a stock option award, our NEOs only realize value on those awards to the extent that the stock price (and stockholder value) increases following the date of grant.

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**50% in the form of restricted stock**, which vest 33.3% on the first anniversary of the grant date and one-thirty-sixth of the shares thereafter upon completion of each full month following the first year anniversary. Restricted stock encourages long-term ownership of stock, while also providing an incentive with a value tied directly to our stock price. We believe our program functions as intended to encourage NEOs to build toward a meaningful level of long-term stock ownership.

**However, due to stock option and restricted stock grants to NEOs in late 2014, the Committee did not approve any long-term incentive grants during 2015. The Committee expects to consider new grants in May 2016.**

The company does not backdate options or grant options retroactively. In addition, we do not intentionally coordinate grants of options so that they are made before announcement of favorable information, or after announcement of unfavorable information. Our option grants are granted at fair market value on a fixed date or event, with all required approvals obtained in advance of or on the actual grant date. Fair market value is the mean of the high and low sales prices of a share of the company's common stock on the grant date, as reported on the composite tape of the NYSE.

All grants to NEOs require the approval of the Compensation Committee.

## Proposed Changes for 2016

Based upon an evaluation of Company strategy and Pearl Meyer input regarding peer group prevalence and generally accepted best practices, the Compensation Committee will be approving grants for 2016 using the following mix of awards:

**25% in the form of stock options**, which vest 33.3% on the first anniversary of the grant date and one-thirty-sixth of the shares thereafter upon completion of each full month following the first year anniversary.

**25% in the form of performance-based equity**, which will be earned on the third anniversary of the grant date based upon performance relative to pre-established measures of multi-year performance.

**50% in the form of restricted stock**, which vest 33.3% on the first anniversary of the grant date and one-thirty-sixth of the shares thereafter upon completion of each full month following the first year anniversary. Restricted stock encourages long-term ownership of stock, while also providing an incentive with a value tied directly to our stock price. We believe our program functions as intended to encourage NEOs to build toward a meaningful level of long-term stock ownership.

## Other Programs, Policies and Guidelines

### Stock Ownership requirements

To further enhance our focus on stockholder alignment, our executive compensation program includes stock ownership requirements for our NEOs and our directors. The required ownership levels are expressed as a multiple of salary (for NEOs) or a multiple of the annual Board retainer (for directors), as summarized in the table below:

Covered Position	Stock Ownership Requirement (Minimum Value)
CEO	Three times salary
CFO	Two times salary
Other NEOs	One and a half times salary
Directors	Three times annual retainer

Shares that may be counted toward the satisfaction of these guidelines include shares held outright, through benefit plans or in trust, unvested restricted shares, and in-the-money value of unexercised stock options. Directors and NEOs have five years from the date first subject to these guidelines to comply with the minimum ownership requirement.





### **Benefits**

Each NEO is eligible to participate in the same benefit plans and programs that are (or in the future) may be available to our other salaried employees, including any profit-sharing plan, thrift plan, health insurance or health care plan, disability insurance, pension plan, supplemental retirement plan, vacation and sick leave plan, and other similar plans.

This also includes our 401(k) plan, which provides that we match 100% on the first 2% of eligible compensation contributed to the plan, and 50% on the next 2% of eligible compensation contributed to the plan. These matching contributions vest over a four-year period. At our discretion, we may make additional matching and profit sharing contributions to the plan.

We do not have any supplemental benefits or perquisites for our NEOs that are not generally available to other salaried employees in the organization. We provide our NEOs with car allowances, a benefit we feel meets a legitimate business need and is competitively appropriate. Orion does not own any interest in or lease any aircraft, nor does it pay or reimburse country club memberships, or provide a SERP. The Compensation Committee in its discretion may revise, amend or add to the officer's executive benefits and perquisites as it deems advisable.

The Compensation Committee reviews the overall cost to us of our benefit programs generally on an annual basis or when changes are proposed. The Compensation Committee believes that the benefits provided by these programs have been important factors in attracting and retaining key employees, including the NEOs.

### **Insider Trading and Speculation in Orion Stock**

We have established policies prohibiting our officers, directors, and employees from purchasing or selling Orion securities while in possession of material, nonpublic information, or otherwise using such information for their personal benefit or in any manner that would violate applicable laws and regulations. In addition, our policies prohibit our officers, directors, and employees from speculating in our stock, which includes short selling (profiting if the market price of our stock decreases), buying or selling publicly traded options (including writing covered calls), hedging, or any other type of derivative arrangement that has a similar economic effect.

### **Risks Arising from Compensation Policies and Practices**

Management has conducted an in-depth risk assessment of Orion's compensation policies and practices and concluded that they do not create risks that are reasonably likely to have a material adverse effect on the company. The Compensation Committee has reviewed and concurred with management's conclusion. The risk assessment process included, among other things, a review of (i) all key incentive compensation plans to ensure that they are aligned with our pay-for-performance philosophy and include performance metrics that meet and support corporate goals, and (ii) the overall compensation mix to ensure an appropriate balance between fixed and variable pay components and between short-term and long-term incentives. The objective of the process was to identify any compensation plans and practices that may encourage employees to take unnecessary risk that could threaten the company. No such plans or practices were identified.

### **Post-Employment Compensation**

We have employment agreements with our NEOs, which entitle them to certain severance benefits in the case of a qualifying termination. Severance payments following a change-in-control are subject to a double-trigger, and we do not provide excise tax gross-up payments.

Absent a change-in-control: in the event of a resignation for good reason (as defined in the agreements) or a termination without cause, each of our NEOs is entitled to one year of his base salary.

Following a change-in-control: in the event a resignation for good reason (as defined in the agreements) or a termination without cause following a change-in-control, each of our NEOs is entitled to receive their respective base salary for two to three years (varying by position level). We do not provide any tax gross-ups.

Treatment of unvested equity: NEOs may exercise vested stock options following termination, but upon termination all unvested equity awards lapse according to the terms of our long-term incentive plan.

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Severance payments following a change-in-control are subject to a double-trigger, and we do not provide any tax gross-up payments.

The company provides these contractual severance benefits in order to help support retention of valuable executive talent, and to ensure that executives remain focused on the best interests of stockholders particularly in the context of any potential transaction. The Compensation Committee believes that the severance benefits agreed to in the case of these termination events are reasonable in light of the potential value delivered to stockholders in return. See Executive Compensation Potential Payments Upon Termination or Change in Control below.

#### **Tax Deductibility of Compensation**

Section 162(m) of the Internal Revenue Code limits the company's income tax deduction for compensation paid to the Chief Executive Officer and our next three most highly-compensated executive officers (other than the Chief Financial Officer) to \$1 million per year, unless the compensation is qualified performance-based compensation or qualifies under certain other exceptions.

Options granted under our equity incentive plans are structured to qualify as performance-based compensation and will be excluded in calculating the \$1 million limit under Section 162(m). Our Committee does not have a policy that all compensation must be deductible, as the Committee believes that it is important to retain flexibility to design compensation programs that recognize a full range of criteria that contribute our success, even where compensation payable under the programs may not be fully deductible. However, our Committee intends to monitor compensation levels and the deduction limitation.

## EXECUTIVE COMPENSATION

The table below sets forth information regarding compensation earned by, awarded to or paid to anyone who served as the Company's principal executive officer or principal financial officer during fiscal 2015, and our other named executive officers at December 31, 2015 (collectively, the Named Executive Officers).

Name	Year	Salary	Bonus <sup>(1)</sup>	Stock Awards <sup>(2)</sup>	Option Awards <sup>(3)</sup>	All Other Compensation	Total
						\$	\$
Mark R. Stauffer	2015	\$528,615	\$0	\$0	\$0	\$15,289 <sup>(4)</sup>	\$543,904
<i>President and CEO;</i>	2014	\$454,366	\$116,600	\$410,000	\$410,000	\$21,054	\$1,412,020
<i>former CFO</i>	2013	\$345,719	\$0	\$0	\$0	\$19,050	\$364,769
L. Dwayne Breaux <sup>(5)</sup>	2015	\$103,385	\$0	\$225,000	\$225,000	\$3,150	\$556,535
<i>EVP &amp; COO</i>							
Peter R. Buchler	2015	\$341,135	\$0	\$0	\$0	\$12,842 <sup>(6)</sup>	\$353,977
<i>EVP, CCO, CAO, GC &amp;</i>	2014	\$312,837	\$39,890	\$90,000	\$90,000	\$14,217	\$546,944
<i>Secretary</i>	2013	\$247,062	\$0	\$0	\$0	\$6,418	\$250,480
Christopher J. DeAlmeida <sup>(7)</sup>	2015	\$305,000	\$0	\$0	\$0	\$12,842	\$371,842
<i>VP and CFO</i>	2014	\$255,442	\$33,750	\$90,000	\$90,000	\$17,405	\$486,597

(1) No bonuses were paid for fiscal 2015 performance. The amounts reported in this column represent discretionary bonuses paid in March 2015 for fiscal 2014 performance.

(2) Represents the grant date fair value of any stock awards granted during the year, as determined under ASC Topic 718.

(3) Represents the fair value of any option awards granted during the year, as determined under ASC Topic 718 using the Black-Scholes model.

(4) For Mr. Stauffer, his 2015 amount reflects an automobile allowance provided to him of \$15,289 and the Company's matching contribution under the Company's 401(k) Plan in the amount of \$7,650.

(5) For Dr. Breaux became Chief Operating Officer in September 2015. The amount reported for him under All Other Compensation for 2015 represents his automobile allowance.

(6) For Mr. Buchler, his 2015 amount reflects an automobile allowance provided to him of \$12,842 and the Company's matching contribution under the Company's 401(k) Plan in the amount of \$7,249.

(7) Mr. DeAlmeida became Chief Financial Officer on February 26, 2014. The amount reported for him under All Other Compensation for 2015 reflects an automobile allowance provided to him of \$12,842 and the Company's matching contribution under the Company's 401(k) Plan in the amount of \$7,625.

## Grants of Plan Based Awards

No plan-based awards were granted to any of our Named Executive Officers during fiscal 2015, except for the following long-term incentive awards, which were granted to Dr. Breaux when he joined the Company in September 2015:

	2015 Stock Option Grants <sup>(1)</sup>		2015 Restricted Stock <sup>(2)</sup>	
	# of Shares	Value at Grant Date	# of Shares	Value at Grant Date
NEOs				
Dr. Breaux	143,862	\$ 225,000	38,660	\$ 225,000

(1) Represents the fair value of option awards as determined under ASC Topic 718 using the Black-Scholes model.

(2) Represents the grant date fair value of stock awards as determined under ASC Topic 718.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding options or warrants authorized for issuance under our equity compensation plans as of December 31, 2015:

Plan category	<u>Column A</u> Number of securities to be issued upon exercise of outstanding options, warrants and rights	<u>Column B</u> Weighted average exercise price of outstanding options, warrants and rights	<u>Column C</u> Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column A)
Equity compensation plans approved by stockholders	2,223,099	\$ 10.06	1,500,114
Equity compensation plans not approved by stockholders			
Total	2,223,099	\$ 10.06	1,500,114

The weighted average term of outstanding options, warrants and rights as of December 31, 2014 was 2.0 years.

## Outstanding Equity Awards At Fiscal Year End 2015

The following table reflects all outstanding equity awards held by our named executive officers as of the year ended December 31, 2015:

	Option Awards Number of securities underlying unexercised options		Option Exercise Price	Option Expiration Date	Stock Awards	
	Exercisable	Unexercisable			Number of Shares or Units of Stock that have not vested	Market Value of Shares or Units of Stock that have not vested
Mark R. Stauffer	44,844		\$ 13.50	5/17/2017	(1)	
	34,300		\$ 14.25	12/4/2017	(1)	
	29,860		\$ 6.00	10/7/2018	(1)	
	20,564		\$ 19.11	11/19/2019	(1)	
	26,718		\$ 13.69	11/18/2020	(1)	
	77,404	17,369	\$ 6.00	8/18/2021	(2)	
	23,134	40,929	\$ 11.35	11/20/2024	(3)	
						34,744 \$ 144,882
L. Dwayne Breaux		143,862	5.82	9/29/2025	(4)	
						38,660 \$ 161,212
Peter R. Buchler	15,000		\$ 19.59	9/1/2019	(1)	
	10,282		\$ 19.11	11/19/2019	(1)	
	13,359		\$ 13.69	11/18/2020	(1)	
	56,452	8,684	\$ 6.00	8/18/2021	(2)	
	5,078	8,985	\$ 11.35	11/20/2024	(3)	
						10,900 \$ 45,453
Christopher J. DeAlmeida	1,954		\$ 14.25	12/4/2017	(1)	
	5,875		\$ 19.11	11/19/2019	(1)	
	7,634		\$ 13.69	11/18/2020	(1)	
	19,852	4,962	\$ 6.00	8/18/2021	(2)	
	5,078	8,985	\$ 11.35	11/20/2024	(3)	
						5,067 \$ 21,129

(1) These options vested over a three-year period such that all awards fully vested on the third anniversary of the grant date.

On August 18, 2011, equity awards were granted as an incentive for executive management to take a longer term view of the performance of the Company and to further align management with stockholder interests. Messrs. Stauffer and Buchler were granted, 87,500 and 43,750 restricted shares, respectively. In addition, Messrs. Stauffer, Buchler and DeAlmeida were granted 130,273, 65,136 and 37,221 stock options. These restricted shares and options vest over a five-year period as follows: (a) 20% vested on the first anniversary of the stock grant and (b) one-sixtieth vesting per month thereafter, such that all shares will be vested on the fifth anniversary of the date of grant (August 18, 2016).

(3)

On November 20, 2014, Messrs. Stauffer, Buchler and DeAlmeida received 64,063, 14,063 and 14,063 stock options respectively and restricted stock awards of 36,123, 7,930 and 7,930 shares, respectively. These restricted shares and options vest (a) 33% upon the first anniversary of grant date and (b) one thirty-sixth of the underlying shares upon completion of each full month following the first anniversary, such that all shares fully vested on the third anniversary of the grant date.

(4) Upon his employment with the Company on September 29, 2015, Dr. Breaux received 143,862 stock options and restricted stock awards of 38,660 shares. These restricted shares and options vest (a) 33% upon the first anniversary of grant date and (b) one thirty-sixth of the underlying shares upon completion of each full month following the first anniversary, such that all shares fully vest on the third anniversary of the grant date.

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## Option Exercises and Stock Vested In Fiscal Year Ended 2015

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Option Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Mark R. Stauffer	0	\$	30,548	\$ 180,122
L. Dwayne Breaux	0	\$ 0	0	\$ 0
Peter R. Buchler		\$	11,613	\$ 75,289
Christopher J. DeAlmeida		\$	2,863	\$ 11,547

## Potential Payments upon Termination or Change in Control

### Overview

This section describes the benefits payable to our named executive officers in two circumstances:

#### Change in control

#### Termination of employment

**Employment Agreements with Certain Officers.** We have a new form of employment agreement with each of our Chief Executive Officer, our Chief Financial Officer, our other named executive officers and certain other key employees, which were put into effect in January 1, 2015. Each of the current employment agreements provides for a base salary, a potential bonus, and participation in our benefit plans and programs.

Annualized base salaries at December 31, 2015 for each of our then named executive officers were as follows: Mark R. Stauffer \$525,000; L. Dewayne Breaux \$420,000; Peter R. Buchler \$335,000; and Christopher J. DeAlmeida \$300,000. Under the current employment agreements, the officers are entitled to severance benefits in the event of a resignation for good reason or a termination without cause of the officer's base salary continued for a period of one year if such resignation or termination is not in connection with a change of control.

These employment agreements also provide for certain change of control benefits. The officers are entitled to severance benefits of the officer's base salary continued for a period of two and one-half to three years in the event of a resignation for good reason or a termination without cause that is related to a change of control at any time three months prior to or within twelve months after a change of control. Such period is two and one-half years for Messrs. Breaux, Buchler and DeAlmeida, and three years for Mr. Stauffer. The amount of such severance payments will be reduced to an amount such that the aggregate payments and benefits to be provided to the officer do not constitute a parachute payment subject to a Federal excise tax.

The agreements also include confidentiality provisions without a time limit and non-competition provisions that apply during the periods specified in the employment agreements.

For this purpose the term "change in control" or "during a protection period" generally means the occurrence of any of the following events:



(a) A change in the ownership of the Company which will occur on the date that any one person, or more than one person acting as a group, acquires ownership of our stock that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of our stock; however the following acquisitions will not constitute a change in control: (i) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by us or any entity controlled by us or (ii) any acquisition by investors (immediately prior to such acquisition) of us for financing purposes, as determined by the Compensation Committee in its sole discretion.

(b) A change in the effective control of the Company which will occur on the date that either (i) any one person, or more than one person acting as a group, acquires ownership of our stock possessing 35% or more of the total voting power of our stock, excluding (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by us or (z) any acquisition by investors (immediately prior to such acquisition) of us for financing purposes, as determined by the Compensation Committee in its sole discretion

or (ii) a majority of the members of the Board are replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election.

(c) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any one person, or more than one person acting as a group, acquires our assets that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of our assets immediately prior to such acquisition.

The employment agreements also provide for termination of employment unrelated to a change in control (as defined above) if the executive is terminated without cause (as defined below) or he voluntarily terminates his employment for good reason (as defined below).

The term "cause" means: (a) a material breach by the executive of the noncompetition and confidentiality provisions of the employment agreement; (b) the commission of a criminal act by the executive against us, including, but not limited to, fraud, embezzlement or theft; (c) the conviction, plea of no contest or *nolo contendere*, deferred adjudication or unadjudicated probation for any felony or any crime involving moral turpitude; or (d) the executive's failure or refusal to carry out, or comply with, any lawful directive of our Board of Directors consistent with the terms of the employment agreement which is not remedied within 30 days after receipt of notice from us.

The term "good reason" means: (a) a substantial reduction of the executive's base salary without his consent; (b) a substantial reduction of his duties (without his consent) from those in effect as of the effective date of the employment agreement or as subsequently agreed to by the executive and us; or (c) the relocation of the executive's primary work site to a location greater than 50 miles from the current work site as of the effective date of the employment agreement.

The benefits payable to each named executive officer in each circumstance are contained in the provisions of that executive's respective employment agreement, which were last entered into in January 2015. These benefits ensure that the executive is motivated primarily by the needs of the Company as a whole, and not by circumstances that are outside the ordinary course of business. In general, the executive is assured that he will receive a continued level of compensation if his employment is adversely affected by the termination of employment or a change in control of the Company.

Payment of these benefits is conditional upon the Company's receipt of appropriate waivers and a release from all claims against the Company.

## Summary of payments

The table below summarizes the benefits payable to each named executive in the various termination scenarios. No benefits are payable if an executive voluntarily terminates employment without good reason or employment is terminated by us for cause.

In all cases, the executive has the right to exercise vested stock options. Equity awards for which vesting has not occurred lapse according to the provisions of the LTIP.

The tables below assume that the terminations took place on and with salaries in effect on December 31, 2015 but are based upon the terms of the latest form of employment agreements with Messrs. Stauffer, Breaux, Buchler and DeAlmeida.

		Involuntary termination without cause or for good reason, not during a protection period	Involuntary termination without cause or for good reason, during a protection period (Change of control)
Mark R. Stauffer	Death or disability		
Severance	\$	\$ 520,000	\$ 1,560,000
Annual incentive		116,600	349,800
Car allowance		15,000	45,000
Transitional		30,000	90,000
Total	\$	\$ 681,600	\$ 2,044,800

		Involuntary termination without cause or for good reason, not during a protection period	Involuntary termination without cause or for good reason, during a protection period (Change of control)
L. Dewayne Breaux	Death or disability		
Severance	\$	\$ 420,000	\$ 1,050,000
Annual incentive		0	0
Car allowance		12,600	31,500
Transitional		30,000	75,000
Total	\$	\$ 462,600	\$ 1,156,500

		Involuntary termination without cause or for good reason, not during a protection period	Involuntary termination without cause or for good reason, during a protection period (Change of control)
Peter R. Buchler	Death or disability		

		reason, not during a protection period	reason, during a protection period (Change of control)
Severance	\$	\$ 335,000	\$ 837,500
Annual incentive		39,890	99,725
Car allowance		12,600	31,500
Transitional		30,000	75,000
Total	\$	\$ 417,490	\$ 1,043,725

		Death or disability	Involuntary termination without cause or for good reason, not during a protection period	Involuntary termination without cause or for good reason, during a protection period (Change of control)
Christopher J. DeAlmeida				
Severance	\$	\$ 300,000	\$ 750,000	
Annual incentive		33,750	84,375	
Car allowance		12,600	31,500	
Transitional		30,000	75,000	
Total	\$	\$ 376,350	\$ 940,875	

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## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our Board reviews related party transactions. Related party transactions are Company transactions that involve the Company's directors, executive officers, director nominees, 5% or more beneficial owners of the Company's Common Stock, immediate family members of these persons (which shall include a person's spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and persons sharing the same household of the foregoing persons), or entities in which one of these persons has a direct or indirect material interest. A related party transaction means any transaction, or series of similar transactions (and any amendments, modifications or changes thereto), in which the amount exceeds \$120,000. A related party transaction does not include compensatory arrangements with the Board or executive officers or certain other transactions. Pursuant to the Company's Code of Business Conduct and Ethics, employees and directors have a duty to report any potential conflicts of interest to the appropriate level of management or to the Board of Directors. The Company evaluates these reports along with responses to the Company's annual director and officer questionnaires for any indication of possible related party transactions. If a transaction is deemed by the Company to be a related party transaction, the information regarding the transaction is forwarded to the Audit Committee for review and approval. The Board has delegated the authority to review and approve all related party transactions to its Audit Committee. For fiscal 2015, there were no related party transactions.

## AUDIT COMMITTEE REPORT

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference in any other filing by us under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

The Audit Committee of the Company's Board of Directors consists of three non-employee directors, each of whom the Board has determined (i) meets the independence criteria specified by the SEC and the requirements of NYSE listing standards and (ii) at least one member meets certain standards as a financial expert. Mr. Stoever, Chairman of the Committee, meets the relevant standards as a financial expert.

Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls for financial reporting. The Audit Committee is responsible for the oversight of the Company's financial reporting process on behalf of the Board of Directors. In fulfillment of its responsibilities, the Audit Committee has discussed with the Company's independent auditors their plan for the audit of the Company's annual consolidated financial statements and the independent auditors' evaluation of the effectiveness of the Company's internal control over financial reporting, as well as reviews of the Company's quarterly financial statements. The Committee met regularly with the independent auditors, with and without management present, to discuss the results of their audits and reviews, as well as their evaluations of the Company's internal control over financial reporting and the overall quality of the Company's accounting principles. The Committee has reviewed and discussed with management and the Company's independent registered public accounting firm the Company's audited consolidated financial statements and such matters. In addition, the Audit Committee has received from the Company's independent registered public accounting firm the written disclosures required by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board (PCAOB), and the letter from the independent auditors required by the PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, regarding the independent auditors' communications with the Committee concerning independence. The Committee has also discussed with the independent auditors the auditors' independence from the Company and its management. In determining that the auditors are independent, the Committee also considered whether the provision of any of the non-audit services described below under Fees of the Independent Auditors is compatible with maintaining their independence.

In reliance on the reviews and discussions above, the Audit Committee recommended to the Board, and the Board approved, the inclusion of the Company's audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC.

**Respectfully submitted by the members of the Audit Committee**

Gene G. Stoever, *Chairman*

Richard L. Daerr, Jr.

Thomas N. Amonett

## Audit Fees

The following table sets forth the aggregate fees Grant Thornton LLP billed to the Company for the years ended December 31, 2015 and 2014.

	2015	Percent Approved by Audit Committee	2014	Percent Approved by Audit Committee
Audit fees <sup>(1)</sup>	\$ 1,009,768	100 %	\$ -0-	100 %
Audit-related fees <sup>(2)</sup>	-0-	100 %	-0-	100 %
Tax fees <sup>(3)</sup>	-0-	100 %	-0-	100 %
All other fees				
Total fees	\$ 1,009,768	100 %	\$ -0-	100 %

Includes professional services for the audit of the Company's annual financial statements, reviews of the Company's quarterly financial statements, services normally provided by the Company's independent registered public (1) accounting firm in connection with statutory and regulatory filings or engagements that only the independent registered public accounting firm can reasonably provide, such as comfort letters, statutory audits, attest services, consents and assistance and review of documents filed with the SEC.

(2) Includes fees associated with assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements, including, if applicable, fees related to assistance in financial due diligence related to mergers and acquisitions and consultation regarding generally accepted accounting principles.

(3) The Company retains another accounting firm to provide tax return preparation services, except as noted.

### Audit and Non-Audit Service Approval Policy

In accordance with the requirements of the Sarbanes-Oxley Act of 2002 and the related rules and regulations, the Audit Committee has adopted procedures for the pre-approval of audit and permissible non-audit services provided by the independent registered public accounting firm.

*Audit Services.* The Audit Committee annually approves specified audit services engagement terms and fees and other specified audit fees. All other audit services must be specifically pre-approved by the Audit Committee. The Audit Committee monitors the audit services engagement and may approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope or other items.

*Audit-Related Services.* Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements, which historically have been provided by our independent registered public accounting firm, and are consistent with the SEC's rules on auditor independence.

The Audit Committee annually approves specified audit-related services within established fee levels. All other audit-related services must be pre-approved by the Audit Committee.

*Tax Fees.* The Company retains an independent registered public accounting firm other than Grant Thornton LLP to provide tax services, except as noted.

*All Other Services.* Other services, if any, are services provided by our independent registered public accounting firm that do not fall within the established audit, audit-related and tax services categories. The Audit Committee may

pre-approve specified other services that do not fall within any of the specified prohibited categories of services.

## **Procedures for Approval of Services**

All requests for services that are to be provided by our independent registered public accounting firm, which must include a detailed description of the services to be rendered and the amount of corresponding fees, are submitted to both the President and the Chairman of the Audit Committee. The Chief Financial Officer authorizes services that have been approved by the Audit Committee within the pre-set limits. If there is any question as to whether a proposed service fits within an approved service, the Chairman of the Audit Committee is consulted for a determination. The Chief Financial Officer submits to the Audit Committee any requests for services that have not already been approved by the Audit Committee. The request must include



an affirmation by the Chief Financial Officer and the independent registered public accounting firm that the request is consistent with the SEC and PCAOB rules on auditor independence.

## **OTHER BUSINESS**

Management does not intend to bring any business before the meeting other than the matters referred to in the accompanying notice. If, however, any other matters properly come before the meeting, it is intended that the persons named in the accompanying proxy will vote pursuant to discretionary authority granted in the proxy in accordance with their best judgment on such matters. The discretionary authority includes matters that the Board does not know are to be presented at the meeting by others.

### **Annual Report**

The Annual Report to Stockholders, which includes our consolidated financial statements for the year ended December 31, 2015, has been made available to all stockholders. The Annual Report is not a part of the proxy solicitation material.

## **SUBMISSION OF STOCKHOLDER PROPOSALS FOR 2016 ANNUAL MEETING**

Any proposal that a stockholder intends to present at the 2017 Annual Meeting of Stockholders must be submitted to the Corporate Secretary of the Company no later than December 8, 2016 in order to be considered timely received, although this date may change if our 2017 Annual Meeting is more than 30 days earlier or later than May 19, 2017.

Under our By-laws, stockholder recommendations of nominees are required to be accompanied by, among other things, specific information as to the nominees and as to the stockholder making the nomination or proposal. We may require any proposed nominee to furnish such information as may reasonably be required to determine his or her eligibility to serve as a director of our company. Failure to comply with our By-law procedures and deadlines may preclude presentation of the matter at the meeting. Please see [Corporate Governance Website Availability of Governance Documents](#) for information on how to access a copy of our By-laws.

*By Order of the Board of Directors*  
Peter R. Buchler, *Secretary*



