

MARINER ENERGY INC

Form DEF 14A

April 01, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Mariner Energy, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o 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 No.:

(3) Filing Party:

(4) Date Filed:

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**MARINER ENERGY, INC.
One Briar Lake Plaza
2000 West Sam Houston Parkway South, Suite 2000
Houston, Texas 77042
(713) 954-5500**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held April 30, 2008**

To the Stockholders of Mariner Energy, Inc.

The annual meeting of holders of common stock of Mariner Energy, Inc. will be held on Wednesday, April 30, 2008 at 10:30 a.m., Central Time, at One BriarLake Plaza, 2000 West Sam Houston Parkway South, Suite 2000, Houston, Texas 77042, for the following purposes:

to elect two directors to serve until the annual meeting of stockholders in 2011,

to ratify the selection of Deloitte & Touche LLP as independent auditors for the fiscal year ending December 31, 2008, and

to transact any other business that may properly come before the annual meeting.

The board of directors of Mariner has determined that owners of record of Mariner's common stock at the close of business on March 10, 2008 are entitled to notice of, and have the right to vote at, the annual meeting and any reconvened meeting following any adjournment or postponement of the meeting.

By Order of the Board of Directors
of Mariner Energy, Inc.
Teresa G. Bushman,
Senior Vice President, General Counsel,
and Secretary

Houston, Texas
April 1, 2008

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on April 30, 2008. The proxy statement and annual report to stockholders are available at <http://www.cstproxy.com/mariner-energy/2008/>

YOUR VOTE IS IMPORTANT

Whether or not you expect to attend the meeting in person, please promptly vote by proxy. You can so vote via the Internet or telephone by following the instructions on your enclosed proxy card. You also can sign, date and return the proxy in the enclosed envelope. If you do attend the meeting, you may withdraw your proxy and vote in person.

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**MARINER ENERGY, INC.
One Briar Lake Plaza
2000 West Sam Houston Parkway South, Suite 2000
Houston, Texas 77042
(713) 954-5500**

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

APRIL 30, 2008

This proxy statement is furnished to stockholders of Mariner Energy, Inc. Our board of directors is soliciting proxies for use at our annual meeting of stockholders to be held Wednesday, April 30, 2008, at 10:30 a.m. Central Time, and any reconvened meeting following any adjournment or postponement of the meeting. The annual meeting will be held at Mariner's headquarters at the address above.

We are first sending to stockholders this proxy statement, and accompanying proxy card and Notice of Annual Meeting of Stockholders on or about April 1, 2008.

ACTION TO BE TAKEN AT ANNUAL MEETING

When you have appropriately specified how your proxy should be voted, the proxy will be voted accordingly. Unless you otherwise specify in your proxy, your proxy will be voted:

- (1) FOR the election as directors the nominees listed under Election of Directors,
- (2) FOR the ratification of the selection of Deloitte & Touche LLP as Mariner's independent auditors for the fiscal year ending December 31, 2008, and
- (3) at the discretion of the proxy holders, either FOR or AGAINST any other matter or business that may properly come before the annual meeting. Our board of directors is not currently aware of any such other matter or business. If other matters are properly brought before the meeting or any adjourned meeting, your proxies will have discretion to act on those matters or to adjourn the meeting, according to their judgment.

QUORUM AND VOTING

Quorum

A quorum of stockholders is necessary to have a valid meeting of stockholders. The presence in person or by proxy of the holders of a majority of the outstanding shares of our common stock is necessary to constitute a quorum at the annual meeting. Shares that are not voted will not count for purposes of calculating a quorum. Abstentions and broker non-votes count as present for establishing a quorum. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given. We expect that, in the event that a quorum is not present at the meeting, the meeting will be adjourned or postponed to solicit additional proxies.

Required Vote

You are a stockholder of record if your shares of our common stock are held in your name on the records of our stock transfer agent and registrar, The Continental Stock Transfer & Trust Company. Only stockholders of record of our common stock at the close of business on March 10, 2008, the record date for this annual meeting, are entitled to receive notice of, and have the right to vote at, the annual meeting and any reconvened meeting following any adjournment or postponement of the meeting. On the record date, 87,261,050 shares of our common stock were issued and outstanding and entitled to vote at the meeting.

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Stockholders of record of our common stock on the record date are each entitled to one vote per share on the proposals. With respect to proposals to be voted upon at the annual meeting:

Director nominees receiving a plurality of all votes cast will be elected to our board of directors. Abstentions and broker non-votes have no effect on the election of directors. Non-voted shares have the effect of reducing the number of shares required to elect directors.

Ratification of the selection of our independent auditors, and except as otherwise provided by law, our Second Amended and Restated Certificate of Incorporation, as amended, or our Fourth Amended and Restated Bylaws, all matters other than the election of directors is decided by the vote of a majority of the votes cast by the stockholders present in person or by proxy and entitled to vote, a quorum being present. Abstentions and broker non-votes have the same effect as a negative vote on matters other than the election of directors, including ratification of the selection of our independent auditors.

Voting

Stockholders of record may effect voting of their stock by any of the following methods:

submit a proxy via the Internet or telephone by following the instructions provided on your enclosed proxy card, *which simplifies the voting process and reduces Mariner's costs*;

complete the enclosed proxy card, and sign, date and either mail it in the enclosed postage pre-paid envelope or send both sides by facsimile to:

The Continental Stock Transfer & Trust Company
17 Battery Place, 8th Floor
New York, New York 10004
Facsimile (212) 509-5152; or

attend the meeting and vote in person.

If your shares are held of record in the name of a broker, bank or other fiduciary, only the broker, bank or other fiduciary may vote your shares by proxy or in person at the meeting. Brokers currently have discretion to vote in the election of directors and ratification of the selection of our independent auditors. A broker therefore can vote those of your shares held in its name in their discretion unless you instruct the broker how to vote your shares or obtain a proxy from the broker to vote at the meeting. A bank or other non-broker fiduciary may not have discretion to vote those of your shares that may be held of record in its name, in which case your shares will not be voted unless you instruct such fiduciary how to vote your shares or obtain a proxy from the fiduciary to vote at the meeting.

You may revoke your proxy at any time before your proxy is voted. To revoke your proxy, you can deliver a later dated proxy using any of the methods listed above, or you can deliver written notice of revocation to The Continental Stock Transfer & Trust Company at the above address. You also can attend the meeting, withdraw your proxy and vote your shares personally. Your attendance at the meeting will not constitute automatic revocation of your proxy. If your shares are held in the name of a broker, bank or other fiduciary and you have directed the record holder to vote your shares, you should instruct the record holder to change your vote or obtain a proxy from the broker, bank or other fiduciary to do so yourself.

Internet and telephone voting will close at 7:00 p.m. Eastern time on the day before the meeting. Thereafter, voting (including revocations of proxies) can be made by mail or facsimile received before the meeting, or in person at the

meeting.

Proxies received at or before the meeting will be counted in the vote on the approval of the proposals.

Proxy Solicitation

We will bear the entire cost of soliciting proxies from stockholders. In addition to solicitation by mail, our directors, officers and employees may also solicit proxies from stockholders by telephone, facsimile or in person. We also will make arrangements with brokerage houses and other custodians, nominees and fiduciaries

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to send the proxy materials to beneficial owners. Upon request, we will reimburse those brokerage houses and custodians for their reasonable expenses in so doing.

We have retained Morrow & Co., LLC to provide advice and to aid in the solicitation of proxies from our stockholders. We will pay Morrow a fee of \$5,500, plus \$5.00 per stockholder contact, as compensation for its services, and reimburse Morrow for its related out-of-pocket expenses.

ELECTION OF DIRECTORS

The board of directors of Mariner currently is composed of six directors. The following table sets forth the names and ages (as of March 20, 2008) of the individuals who are the directors of Mariner whose term of office is expected to continue after this annual meeting, including directors standing for reelection. All directors are elected for terms in accordance with their class, as described below. There are no family relationships among any of our directors or executive officers.

Director Nominees	Age	Class	Term Expires	Director Since
Jonathan Ginns	43	III	2008	March 2004
Scott D. Josey	50	III	2008	August 2001
<u>Directors</u>				
Bernard Aronson	61	I	2009	March 2004
H. Clayton Peterson	62	I	2009	March 2006
Alan R. Crain, Jr.	56	II	2010	April 2006
John F. Greene	67	II	2010	August 2005

Our certificate of incorporation and bylaws provide for a classified board of directors consisting of three classes of directors, each serving staggered three-year terms. As a result, stockholders elect a portion of our board of directors each year. Class I directors' term expire at the annual meeting of stockholders to be held in 2009, Class II directors' terms expire at the annual stockholders meeting to be held in 2010, and Class III directors' terms expire at this annual stockholders meeting. At each annual meeting of stockholders, the successors to the class of directors whose terms then expire will be elected to serve from the time of election until the third annual meeting following election.

Effective immediately after the May 9, 2007 annual meeting, our board of directors fixed the size of the board at six. Our bylaws provide that the authorized number of directors to constitute the whole board of directors may be changed by resolution duly adopted by the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors. Vacancies and newly created directorships may be filled by the affirmative vote of a majority of our directors then in office, even if less than a quorum.

Nominees for Election as Director

Information concerning the persons nominated for election as directors follows. **Our board of directors recommends a vote FOR the election of these nominees.**

Nominees for Election as a Class III Director to Serve until the Annual Meeting in 2011:

Jonathan Ginns Mr. Ginns has been a director since March 2004. He is a founding partner of ACON Investments, a Washington, D.C. based private equity investment firm formed in 1996. Mr. Ginns serves on the board of directors of the The Optimal Group, which is publicly traded, and Signal International and Milagro Exploration, LLC.

Scott D. Josey Mr. Josey has served as Chairman of the Board since August 2001. Mr. Josey was appointed Chief Executive Officer of Mariner in October 2002 and President in February 2005. From 2000 to 2002, Mr. Josey served as Vice President of Enron North America Corp. and co-managed its Energy Capital

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Resources group. From 1995 to 2000, Mr. Josey provided investment banking services to the oil and gas industry and portfolio management services. From 1993 to 1995, Mr. Josey was a Director with Enron Capital & Trade Resources Corp. in its energy investment group. From 1982 to 1993, Mr. Josey worked in all phases of drilling, production, pipeline, corporate planning and commercial activities at Texas Oil and Gas Corp. Mr. Josey is a member of the Society of Petroleum Engineers and the Independent Producers Association of America.

Directors Remaining in Office

Information regarding the members of our board of directors who do not stand for reelection this year and whose term continues after this annual meeting follows:

Class I Directors who Serve until the Annual Meeting in 2009:

Bernard Aronson Mr. Aronson has been a director since March 2004. He is a founding partner of ACON Investments, a private equity fund. Prior to founding ACON Investments in 1996, Mr. Aronson was International Advisor to Goldman Sachs & Co. for Latin America from 1994 to 1996. From 1989 through 1993, Mr. Aronson served as Assistant Secretary of State for Inter-American Affairs. He is a member of the Council on Foreign Relations. Mr. Aronson serves on the boards of directors of Liz Claiborne, Inc. and Royal Caribbean International Inc., each of which is publicly traded, and Global Hyatt Corporation.

H. Clayton Peterson Mr. Peterson has been a director since March 2006. During his 33-year career with Arthur Andersen, he specialized in audits of oil and gas companies. Most recently, from January 2000 to September 2002, Mr. Peterson was Managing Partner of the Denver office of Arthur Andersen and Regional Managing Partner of the audit practices of Arthur Andersen in Tulsa, Oklahoma City and Dallas. Since September 2002, Mr. Peterson has been a business consultant, including to the Estate of Kim Magness from August 2003 to present. He has been a member of the board of directors of RE/MAX International, Inc. since May 2005 and is co-chair of its audit committee.

Class II Directors who Serve until the Annual Meeting in 2010:

Alan R. Crain, Jr. Mr. Crain has been a director since April 2006. He is Senior Vice President and General Counsel of Baker Hughes Incorporated and has served in that capacity since October 2000. He was Executive Vice President, General Counsel and Secretary of Crown, Cork & Seal Company, Inc. from 1999 to 2000. He was Vice President and General Counsel from 1996 to 1999, and Assistant General Counsel from 1988 to 1996, of Union Texas Petroleum Holdings, Inc.

John F. Greene Mr. Greene has been a director since August 2005. He served as Executive Vice President of Worldwide Exploration, Production and Natural Gas Marketing and as a corporate director at Louisiana Land & Exploration Company before his retirement in 1995. Prior to joining Louisiana Land & Exploration Company, Mr. Greene was the President and Chief Operating Officer of Milestone Petroleum, Inc. (later known as Burlington Resources, Inc.) from 1981 to 1985. Mr. Greene served as a director and member of the compensation committee of Basin Exploration, Inc. from 1996 through 2001. Mr. Greene began his industry career with Conoco in 1970 after serving in the United States Navy from 1963 until 1968. He is a partner and director of the Shoreline Companies and Leaf River Resource Corporation.

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AND RELATED STOCKHOLDER MATTERS**

The following table sets forth information as of March 20, 2008 (except as otherwise indicated) with respect to the beneficial ownership of Mariner's common stock by (i) 5% stockholders, (ii) directors, (iii) each of our executive officers named under the caption "Executive Compensation" below, and (iv) current executive officers and directors as a group. As used in the footnotes to the table, "Ownership Date" means March 20, 2008.

Unless otherwise indicated in the footnotes to this table, each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned.

Name of Beneficial Owner	Amount(1)	Percent of Class
5% Stockholders:		
FMR LLC(2) 82 Devonshire Street, Boston, MA 02109	12,315,307	14.1%
Artisan Partners Limited Partnership(2) 875 East Wisconsin Ave., Suite 800, Milwaukee, WI 53202	5,174,032	5.9%
First Manhattan Co.(2) 437 Madison Ave., New York, NY 10022	5,124,257	5.9%
T. Rowe Price Associates, Inc.(2) 100 E. Pratt Street, Baltimore, MD 21202	4,470,798	5.1%
Officers and Directors:		
c/o Mariner Energy, Inc., One Briar Lake Plaza, Suite 2000, 2000 West Sam Houston Parkway South, Houston, Texas 77042		
Scott D. Josey	702,954	*
John H. Karnes	35,758	*
Dalton F. Polasek	297,614	*
Mike C. van den Bold	182,446	*
Judd A. Hansen	160,570	*
Bernard Aronson(3)	197,939	*
Alan R. Crain, Jr.	12,822	*
Jonathan Ginns(3)	197,939	*
John F. Greene	22,132	*
H. Clayton Peterson	14,008	*
Current executive officers and directors as a group (14 persons)	2,053,742	2.3%

* Less than 1%.

- (1) Includes unvested restricted stock granted to directors and certain executive officers under our Stock Incentive Plan. These shares may be voted, but not disposed of, before vesting. Also includes shares issuable upon exercise of options granted to certain officers under our Stock Incentive Plan that are exercisable within 60 days after the Ownership Date. If a person has the right to acquire beneficial ownership of shares by exercise of outstanding options within 60 days after the Ownership Date, those shares are deemed beneficially owned by that person as of that date and are deemed to be outstanding solely for the purpose of determining the percentage

of common stock that he or she owns. Those shares

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are not included in the computations for any other person. Information regarding options held by named executive officers and all current executive officers as a group is:

	Options Exercisable	Options Unexercisable
Scott D. Josey	200,000	0
John H. Karnes	0	0
Dalton F. Polasek	102,000	0
Mike C. van den Bold	74,000	0
Judd A. Hansen	32,000	0
Current executive officers as a group (9 persons)	536,000	0

(2) Based on the most recent Schedule 13G/A filed with the Securities and Exchange Commission by such holder.

(3) Each of Messrs. Aronson and Ginns may be deemed to be a beneficial owner of 184,044 shares beneficially owned by ACON E&P, LLC and held of record by ACON MEI Holdings, L.P. Each of Messrs. Aronson and Ginns is a managing member of ACON E&P, LLC. Each of Messrs. Aronson and Ginns disclaims beneficial ownership of shares held by ACON E&P, LLC except to the extent of his pecuniary interest therein.

Equity Compensation Plan Information

The following table summarizes information about our equity compensation plans as of December 31, 2007.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders(1)	720,488(2)	\$ 13.82	4,072,801(3)
Equity compensation plans not approved by security holders			
Total	720,488(2)	\$ 13.82	4,072,801(3)

- (1) These plans consist of our Stock Incentive Plan, as amended or restated from time to time (Stock Incentive Plan) and options issued to certain former employees of Forest Oil Corporation or its subsidiary in connection with the March 2, 2006 merger of our subsidiary and Forest s subsidiary (Rollover Options).
- (2) Includes 669,805 shares of our common stock issuable upon exercise of options granted under our Stock Incentive Plan and 50,683 shares of our common stock issuable upon exercise of Rollover Options. Excludes 1,484,552 shares of our common stock issued and outstanding as restricted stock under the Stock Incentive Plan.
- (3) Shares of our common stock remaining available for issuance as restricted stock or options under our Stock Incentive Plan. An aggregate 6,500,000 shares of our common stock was authorized and reserved for issuance under the Stock Incentive Plan. The Stock Incentive Plan provides that shares of our common stock subject to forfeited or cancelled options, forfeited restricted stock and stock withheld for withholding taxes again become available for issuance as restricted stock or options under the Stock Incentive Plan.

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Stock Incentive Plan

Our Stock Incentive Plan has been approved by our stockholders. Its objectives are to encourage our directors, officers and other employees to acquire or increase an equity interest in Mariner and to provide a means whereby they may develop a sense of proprietorship and personal involvement in our development and financial success. The Stock Incentive Plan also is designed to enhance our ability to attract and retain the services of individuals who are essential for our growth and profitability. Awards to participants under the Stock Incentive Plan may be made in the form of incentive stock options, non-qualified stock options or restricted stock. The compensation committee of our board of directors determines participants to whom awards are granted, the type or types of awards granted to a participant, the number of shares covered by each award, the purchase price, conditions and other terms of each award. Our chief executive officer may make recommendations to the committee regarding awards to other executives and employees.

A total of 6.5 million shares of our common stock are subject to the Stock Incentive Plan. No more than 2.85 million shares issuable upon exercise of options or as restricted stock can be issued to any individual. As of December 31, 2007, 4,072,801 shares remained available under the Stock Incentive Plan for future issuance to participants. As of December 31, 2007, all non-employee directors and all executive officers had been granted awards under the Stock Incentive Plan.

The compensation committee recommends that in any given year, the aggregate awards made to employees and directors under the Stock Incentive Plan not result in dilution to existing stockholders in excess of two percent, and that in any given rolling seven-year period, the cumulative equity awards, less forfeitures, not result in dilution in excess of 10%. Aggregate grants during each of 2007 and 2006 under the Stock Incentive Plan constituted approximately one percent of shares of our common stock outstanding as of December 31, 2007 and 2006, respectively.

CORPORATE GOVERNANCE

Availability of Corporate Governance Materials

Our board of directors and committees of the board have adopted a number of committee charters and other materials relating to our corporate governance, many of which are discussed in this proxy statement. The following governance materials adopted by our board of directors or board committees are available free of charge on our website at www.mariner-energy.com:

Corporate Governance Guidelines

Code of Business Conduct and Ethics

Policy for Reporting Complaints and Concerns about Accounting, Internal Accounting Controls or Auditing Matters

Related Party Transaction Approval Policy

Audit Committee Charter

Nominating and Corporate Governance Committee Charter

Compensation Committee Charter

Executive Committee Charter

These materials as well as our certificate of incorporation and bylaws, as each may be amended or restated from time to time, are available in print, free of charge, by contacting the corporate secretary at our principal executive offices at the address on the first page of this proxy statement.

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Corporate Governance Guidelines

Our common stock is listed on the New York Stock Exchange (NYSE). Our board of directors has adopted Corporate Governance Guidelines that give effect to the NYSE's requirements related to corporate governance and various other corporate governance matters. These guidelines provide a framework for our corporate governance initiatives and cover topics such as director qualifications and selection, board composition, director responsibilities, director compensation, board and committee self-evaluations, and management succession planning.

Code of Business Conduct and Ethics

Our board of directors has adopted a Code of Business Conduct and Ethics, which is designed to help officers, directors and employees resolve ethical issues in an increasingly complex business environment. The Code of Business Conduct and Ethics is applicable to all of our officers, directors and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions. The Code of Business Conduct and Ethics covers topics such as conflicts of interest, confidentiality of information, fair dealing, protection of corporate opportunities, proper use of our assets, compliance with laws and regulations, and prompt reporting of illegal or unethical behavior.

Waivers from our Code of Business Conduct and Ethics are discouraged, but any waivers from the Code of Business Conduct and Ethics for our principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions, or any other executive officer or director must be approved by the nominating and corporate governance committee of our board of directors, which is composed solely of directors whom the board has determined are independent of management. Any waiver from, or substantive amendment to, our Code of Business Conduct and Ethics that applies to our directors or executive officers (including the principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions) either will be posted on our website at www.mariner-energy.com or filed with the Securities and Exchange Commission (SEC) on a Form 8-K, in each case, within four business days after any such waiver or amendment.

Independent Directors

The NYSE requires that a majority of directors be independent directors, as defined in the NYSE corporate governance standards. Generally, a director does not qualify as an independent director if the director (or in some cases, members of the director's immediate family) has, or in the past three years has had, certain material relationships or affiliations with Mariner, its external or internal auditors, or other companies that do business with us. To assist it in making determinations of independence, our board of directors has adopted categorical standards as permitted by the NYSE corporate governance standards. A relationship a director has with Mariner falls within these categorical standards if it:

is a type of relationship addressed in item 404 of SEC Regulation S-K but under that item does not require disclosure or preclude a determination of independence;

is a type of relationship addressed in section 303A.02(b) of the NYSE Listed Company Manual but under that section does not require disclosure or preclude a determination of independence; or

consists of charitable contributions by us to an organization where a director is an executive officer and does not exceed the greater of \$1 million or 2% of the organization's gross revenue in any of the last three years.

Our board of directors has affirmatively determined that five of our six current directors have no other direct or indirect material relationships with Mariner and therefore are independent directors on the basis of the NYSE corporate governance standards and an analysis of all relevant facts and circumstances specific to each director. The independent directors are Bernard Aronson, Alan R. Crain, Jr., Jonathan Ginns, John F. Greene, and H. Clayton Peterson. Except as disclosed below, none of the directors whom our board has determined are independent has any other relationships with Mariner. Our board of directors has carefully

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reviewed the relationship discussed below and unanimously determined (with the affected director abstaining) that such relationship is not material.

Alan R. Crain, Jr. Mr. Crain is an executive officer of Baker Hughes Incorporated. Mariner purchased products and services in the ordinary course of business from Baker Hughes in each of its last three fiscal years ended December 31, 2007, 2006 and 2005. Our board of directors has determined that this relationship is not material. In making this determination, the board considered that the annual amount paid by Mariner to Baker Hughes in each of those years was substantially less than one percent of the consolidated gross revenues reported by Baker Hughes for each of those years.

Non-Management Director Meetings and Presiding Independent Director

Pursuant to the our Corporate Governance Guidelines, our non-management directors meet separately from the other director in regularly scheduled executive sessions following each regularly scheduled board of directors meeting and at such other times as the non-management directors may choose.

The independent directors serving on our board of directors have appointed Bernard Aronson to serve as the board's presiding independent director. During 2007, the independent directors held five meetings without management. Interested parties who wish to communicate with the presiding independent director or the non-management directors as a group should follow the procedures found under Stockholder Communications.

Director Nominating Process

Stockholders may recommend a director nominee by following the procedures described in our bylaws and Corporate Governance Guidelines, which are summarized below under Stockholder Proposals. Recommendations will be brought to the attention of, and be considered by, the nominating and corporate governance committee. The committee will not alter the manner in which it evaluates candidates, including the minimum criteria described below, based on whether or not the candidate was recommended by a stockholder.

Under our Corporate Governance Guidelines and the Nominating and Corporate Governance Committee Charter, the nominating and corporate governance committee establishes selection criteria for board candidates from time to time. It reviews with our board of directors these criteria and the appropriate skills and characteristics required of board members in the context of the then current composition of the board. At a minimum, the nominating and corporate governance committee must be satisfied that each director (1) has business or professional knowledge and experience that will benefit Mariner, (2) is well regarded in the community, with a long-term reputation for honesty and integrity, (3) has good common sense and judgment, (4) has a positive record of accomplishment in present and prior positions, and (5) has the time, energy, interest and willingness to become involved in Mariner and its future. In addition, the committee considers, among other factors, strategic contacts and involvement in business and civic affairs, and financial and regulatory experience.

In the case of an incumbent director whose term is expiring, the committee reviews the director's overall service during his term, including the quantity and quality of his performance, as well as whether he satisfies NYSE and SEC independence standards. In the case of new director candidates, the committee also considers whether the candidate meets these independence standards and his experience in finance and accounting. Candidates first are interviewed by the nominating and corporate governance committee. If approved, they are interviewed by other board members. Finally, the full board of directors acts upon all final nominations after considering the committee's recommendations.

Based upon this review process, the nominating and corporate governance committee recommended to the board of directors, and the board approved, the nomination of incumbent directors Jonathan Ginns and Scott D. Josey for

reelection to the board at this annual stockholders meeting.

Stockholder Proposals

Our bylaws provide that stockholders seeking to nominate candidates for election as directors at, or bring other business before, an annual meeting of stockholders must provide timely notice of their proposal in

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writing to the corporate secretary. The stockholder must be a stockholder of record at the time of giving notice and be entitled to vote at the meeting. The notice must satisfy information criteria summarized below.

With respect to the nomination of directors, our bylaws provide that to be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices (i) with respect to an election of directors to be held at the annual meeting of stockholders, not later than 120 days before the anniversary date of the proxy statement for the immediately preceding annual meeting of stockholders, and (ii) with respect to an election of directors to be held at a special meeting of stockholders, not later than the close of business on the 10th day following the day on which notice of the date of the special meeting was first mailed to our stockholders or public disclosure of the date of the special meeting was first made, whichever first occurs. The stockholder's notice must include (i) as to each director nominee, information required pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, (including the written consent of the person to be named in the proxy statement as a nominee and to serve as a director if elected), and (ii) as to the stockholder giving notice, the stockholder's name and address (as they appear on Mariner's books), and the class and number of shares of our capital stock the stockholder beneficially owns. The stockholder also must comply with the Exchange Act and related rules and regulations.

In addition to the requirements of our bylaws concerning nomination of directors, the Nominating and Corporate Governance Committee Charter provides that the stockholder's notice also must include (1) the name and address of the beneficial owner, if any, on whose behalf the nomination is made, (2) the acquisition date, class and number of our shares beneficially owned by the noticing stockholder and any such beneficial owner, (3) any material interest of the stockholder or beneficial owner in the nomination, (4) a representation that the stockholder intends to appear in person or by proxy at the meeting to bring the nomination before the meeting, and (5) whether either the stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of our voting shares to elect such nominee(s).

With respect to other business to be brought before a meeting of stockholders, our bylaws provide that to be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 120 days before the anniversary date of the proxy statement for the preceding annual meeting of stockholders. The stockholder's notice must include (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the stockholder's name and address (as they appear on Mariner's books), (iii) the acquisition date, class and number of shares of our voting stock the stockholder beneficially owns, (iv) any material interest in such business, and (v) a representation that the stockholder intends to appear in person or by proxy at the annual meeting to bring the proposed business before the meeting.

Stockholder Communications

Mariner's stockholders and other interested persons may communicate with our board of directors, any committee of the board, or any individual director by sending communications to the attention of the corporate secretary at our principal executive offices at the address on the first page of this proxy statement. The corporate secretary will forward the communication to the designated or appropriate committee(s) of the board of directors, the designated director(s), or the Chairman of the Board, as may be applicable.

Board Attendance

Our Corporate Governance Guidelines provide that all directors are expected to attend all meetings of the board of directors and committees on which they serve. During 2007, the board of directors held 13 meetings. Each director attended at least 75% of the aggregate number of meetings of the board of directors and meetings of committees of the board on which he served. Three directors attended our 2007 annual meeting of stockholders. All directors are requested and encouraged to attend the annual meeting of stockholders.

Board Committees

Our board of directors has established four standing committees, the audit committee, the compensation committee, the nominating