SEITEL INC
Form 10-K/A
March 29, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
(Amendment No. 1)
ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________
Commission File Number: 001-10165

SEITEL, INC.
(Exact name of registrant as specified in its charter)

Delaware	76-0025431
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10811 S. Westview Circle Drive, Building C, Suite 100 Houston, Texas	77043
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) (713) 881-8900
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer (as defined in Rule 405 of the Securities Act).
Yes ¨ No ý
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ý No ¨
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ¨ No ý
(Explanatory Note: The registrant is a voluntary filer and is therefore not subject to the filing requirements of the Securities Exchange Act of 1934. However, during the preceding 12 months, the registrant has filed all reports that it would have been required to file by Section 13 or 15(d) of the Securities Exchange Act of 1934 if the registrant was subject to the filing requirements of the Securities Exchange Act of 1934 during such timeframe.)

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ý No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer ý (Do not check if a smaller reporting company)
Smaller reporting company ¨ Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ¨ No ý

The equity interests in the registrant are not held publicly. On March 26, 2018 there were a total of 100 shares of common stock, par value $0.001 per share, outstanding.

EXPLANATORY NOTE

This Amendment No. 1 to the Annual Report on Form 10-K (this “Amendment No. 1”) of Seitel, Inc. (“Seitel” or the “Company”) amends the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission (“SEC”) on February 16, 2018 (the “Original Filing”). The Company is filing this Amendment No. 1 solely to file Part III (Items 10 through 14) information. This Amendment No. 1 speaks as of the filing date of the Original Filing, does not reflect events which may have occurred since the filing date of the Original Filing, and does not amend or modify any disclosure made in the Original Filing except to incorporate Part III, Items 10 through 14. This additional disclosure does not revise or alter the Company’s financial statements and any forward-looking statements contained in the Original Filing. As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), this Amendment No. 1 contains new certifications by our principal executive officer and principal financial officer, which are being filed or furnished as exhibits to this Amendment No. 1.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers

The following table sets forth the name, age as of March 26, 2018, and position of each of our executive officers and directors of our company.

Name	Age	Position
Robert D. Monson	62	President, Chief Executive Officer and Director
Marcia H. Kendrick	57	Chief Financial Officer, Executive Vice President, Secretary and Treasurer
Richard C. Kelvin	52	Chief Technology Officer, Senior Vice President and President of Seitel Canada Ltd.
Randall A. Sides	51	President of Seitel Data, Ltd.
Kevin P. Callaghan	65	Senior Advisor to the Chief Executive Officer and Director
Alexander L. Baum	32	Director
Allison A. Bennington	54	Director
Ryan M. Birtwell	35	Chairman of the Board of Directors
Dalton J. Boutte	63	Director
Kyle N. Cruz	42	Director
Jay H. Golding	72	Director
John E. Jackson	59	Director
Ash Upadhyaya	39	Director

Robert D. Monson has been our President and Chief Executive Officer and one of our directors since December 2004. He previously served as our Chief Financial Officer from May 2004 until December 2004 and served as Secretary from August 2004 until December 2004. Mr. Monson has over 30 years of experience in the oil and gas industry, including over 12 years in the international seismic industry. Prior to joining Seitel, he served in various capacities with Schlumberger Limited (“Schlumberger”), a New York Stock Exchange listed company, since 1985. In his last position with Schlumberger, Mr. Monson served as Business Segment Chief Financial Officer for Schlumberger Well Services and the Worldwide Controller for Oilfield Technology Centers. Prior to this, he served as Worldwide Director of Human Resources for Financial Personnel of Schlumberger Limited. From 1998 to 2000, he served as Chief Financial Officer of Schlumberger Oilfield Services-UK. From 1985 to 1998, he served as either Treasurer or Controller to other Schlumberger entities, including assignments in the New York headquarters and various international locations. He has been a director of Wandoo Energy LLC (“Wandoo”), a privately owned oil and gas prospecting company in which Seitel has a 20% ownership interest, since July 2016. Since May 2011, Mr. Monson has also served on the board of Seitel Holdings, Inc. (“Holdings”), our parent company. Mr. Monson’s qualifications to serve on our board of directors (the “Board”) include his long tenure as one of our directors, as well as his extensive background in the oil and gas industry and his many years of business experience.

Marcia H. Kendrick, CPA, has been our Chief Financial Officer and Executive Vice President since October 2009, our Treasurer since May 2005 and our Secretary since February 2017. She was our Assistant Secretary from February 2012 to

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January 2017 and our Secretary from October 2009 to January 2012. She was our Chief Accounting Officer and Assistant Secretary from August 1993 to October 2009 and Senior Vice President from September 2001 to October 2009. Ms. Kendrick also served as our interim Chief Financial Officer from December 2004 to July 2005 and from June 2002 to May 2004. Prior to joining Seitel in 1993, she was employed by Arthur Andersen LLP, where her last position was Director of Finance and Administration.

Richard C. Kelvin has been President of Seitel Canada Ltd. since August 2016, our Senior Vice President since May 2016 and our Chief Technology Officer since August 2014. He has also been Senior Vice President of Seitel Data Processing, Inc., a wholly-owned subsidiary of Seitel, since August 2014 and Vice President of Seitel Solutions, Ltd., a wholly-owned subsidiary of Seitel, since October 2004. Mr. Kelvin served as President of Seitel Data Processing, Inc. from October 2011 to August 2014. After joining Seitel in 2002 to lead the offshore seismic processing group, Mr. Kelvin became responsible for seismic data management and data processing for the Company. Prior to joining Seitel, Mr. Kelvin most recently served as Seismic Data Processing Manager for Ensign Geophysics from 1997 to 2002.

Randall A. Sides has been President of Seitel Data, Ltd. since July 2009. He joined us in July 1996 as Manager of Onshore Operations for Seitel Data, Ltd. In November 2002, he was promoted to Vice President-Onshore Operations for Seitel Data, Ltd. and in January 2005 he was promoted to Senior Vice President-Operations for Seitel Data, Ltd. He was appointed President of Seitel Canada Ltd. in May 2007, where he served until becoming president of Seitel Data, Ltd. Prior to joining Seitel, he was a geophysical analyst with Western Geophysical, Inc. from 1991 to 1996.

Kevin P. Callaghan has been Senior Advisor to our Chief Executive Officer since July 2016 and one of our directors since January 2010. He served as Chief Operating Officer and Executive Vice President from June 2002 until June 2016. Since joining Seitel in 1995, Mr. Callaghan held various positions with Seitel Data, Ltd. and Seitel Canada Ltd., both wholly-owned subsidiaries of Seitel. He was Executive Vice President of Seitel Data, Ltd. from May 2003 until June 2016 and was Executive Vice President of Seitel Canada Ltd. from December 2004 until June 2016. Before joining us, he spent 24 years in the seismic industry in various operational and managerial positions in several companies, including his last position as Vice President of North and South American Operations for Digicon Geophysical Corporation. He was a director of Wandoo from November 2005 until June 2016. Since May 2011, Mr. Callaghan has also served on the board of Holdings. Mr. Callaghan’s extensive seismic industry experience and his various operational and management positions bring valuable managerial and corporate governance skills to the full Board.

Alexander L. Baum has been one of our directors and one of Holdings’ directors since October 2017. He is a Vice President at ValueAct Capital Management, L.P. (“ValueAct Capital Management”), the investment manager of ValueAct Capital Master Fund, L.P. (“ValueAct Capital”) and focuses on investments in the technology sector. Prior to joining ValueAct Capital Management in 2012, Mr. Baum helped to lead a physics research collaboration between Pomona College, University of Oklahoma, and Gottfried-Wilhelm-Leibniz-Universität. Mr. Baum’s qualifications to serve on our Board include his background in advising portfolio companies of ValueAct Capital.

Allison A. Bennington has been one of our directors since January 2010 and one of Holdings’ directors since May 2011. She is the General Counsel and a Partner of ValueAct Capital Management. Prior to joining ValueAct Capital Management in May 2004, Ms. Bennington was the General Counsel of Atriax, Ltd. (“Atriax”), a joint venture of Deutsche Bank, J.P. Morgan Chase, Citibank and Reuters. Prior to joining Atriax, Ms. Bennington was a Managing Director of Robertson Stephens, a full-service investment bank, where she ran the Legal Department. She was previously a Partner in the London office of Brobeck Hale and Dorr International. Ms. Bennington is a Member of the SEC’s Investor Advisory Committee. She is also on the Steering Committee of the Investor Stewardship Group and on the Advisory Board of the Institute for Corporate Governance and Finance at NYU Law. She is a former member of the Advisory Board of the Program for Corporate Governance at Harvard Law School. Ms. Bennington also serves on the Advisory Board of the Berkeley Center for Law and Business at UC Berkeley School of Law. Ms. Bennington's qualifications to serve on our Board include her extensive background in legal, compliance, corporate governance and government relations matters.

Ryan M. Birtwell, CFA, has been one of our directors since January 2010 and Chairman of the Board since January 2017. Mr. Birtwell has also served on the board of Holdings since May 2011. He has been Senior Vice President of Lucas Systems, Inc. since October 2017 and was previously a Partner at ValueAct Capital Management, where he worked from June 2004 to September 2017. Mr. Birtwell is a former director of KAR Auction Services, Inc. Mr. Birtwell's qualifications to serve on our Board include his extensive experience in the financial services industry, together with his background in advising portfolio companies of ValueAct Capital.

Dalton J. Boutte has been one of our directors and one of Holdings' directors since July 2011. Mr. Boutte retired from Schlumberger in February 2013 after 32 years of service. Most recently, he was Executive Vice President from 2004 to 2010, and President of WesternGeco, Schlumberger's seismic data services subsidiary, from 2003 to 2009. Prior to this, he was worldwide Vice President of Operations for Schlumberger's Oilfield Services from 2001 to 2003 and President of Europe/Africa/CIS from 2000 to 2001. He currently serves on the board of Quintana Energy Services and previously served on the board of Qinterra AS. Mr. Boutte's qualifications to serve on our Board include his extensive and varied experience in the seismic industry.

Kyle N. Cruz has been one of our directors and one of Holdings' directors since May 2011. Mr. Cruz joined Centerbridge Partners, L.P. ("Centerbridge Partners") in 2007. He is Senior Managing Director and focuses on investments in the industrials and energy sectors. Prior to joining Centerbridge Partners, he was a Vice President at Diamond Castle Holdings, a private equity firm founded by former senior professionals of DLJ Merchant Banking ("DLJMB"). Previously, he worked as an Associate at DLJMB and J.W. Childs Associates, a Boston-based private equity firm. Mr. Cruz began his career as an Analyst in the Mergers & Acquisitions department of Goldman Sachs. He serves as Chairman of the Board of Directors of Wastequip LLC (and affiliated entities) and also serves on the Boards of Directors of Boart Longyear, Industrial Container Services, Penhall Holding Company (and affiliated entities) and Stallion Oilfield Services Holdings, Inc. Mr. Cruz's qualifications to serve on our Board include his experience as a director of other companies, his advisory experience with Centerbridge Partners' investments as well as his extensive financial services industry experience generally.

Jay H. Golding has been one of our directors since April 2007 and one of Holdings' directors since May 2011. He was also previously one of our directors from December 2004 until February 2007. Mr. Golding currently serves as President of Port Chester Industries, a privately held merchant banking entity. From 1981 to 1989, he served as either president or chairman and chief executive officer of Hi-Port Industries. Mr. Golding serves on the boards of multiple privately held companies and is a former director of publicly traded companies Sterling Electronics, Data Transmission Network Corp. and Falcon Oil & Gas. Mr. Golding serves on the boards of several non-profit organizations and previously served on the board of the Congregation Beth Israel. Mr. Golding's qualifications to serve on our Board include his varied experience as a director on the boards of several private companies, his financial literacy and his extensive business experience in the financial industry.

John E. Jackson has been one of our directors since August 2007. Mr. Jackson has also served on the board of Holdings since May 2011. Mr. Jackson is currently President and Chief Executive Officer of Spartan Energy Partners, LP, a privately owned gas gathering, treating and processing company. Mr. Jackson was Chairman, Chief Executive Officer and President of Price Gregory Services, Inc., a pipeline-related infrastructure service provider in North America, from February 2008 until its sale in October of 2009. He served as a director of Hanover Compressor Company ("Hanover"), now known as Exterran Holdings, Inc., from July 2004 until May 2010. Mr. Jackson served as Hanover's President and Chief Executive Officer from October 2004 to August 2007 and as Chief Financial Officer from January 2002 to October 2004. Mr. Jackson is a director of CONE Midstream Partners, LP, Main Street Capital and Basic Energy Services, Inc. He also serves on the board of several non-profit organizations. Mr. Jackson is a former director of Select Energy Services and RSH Energy. Mr. Jackson's qualifications to serve on our Board include his many years as an executive and director with companies in the oil and gas industry, his financial literacy and his in-depth knowledge of our business.

Ash Upadhyaya has been one of our directors and one of Holdings' directors since June 2017. He joined Centerbridge Partners in May 2017 as a Managing Director with a focus on investments in the energy sector. Prior to joining Centerbridge Partners, Mr. Upadhyaya was a Director of Energy and Infrastructure at KKR & Co. L.P. ("KKR"), a global investment firm, serving in that role since January 2013, and prior to that as a Principal since joining KKR in 2011. He previously served on the Board of Directors of Joulon Holdings, Mandala Energy and Samson Resources Corporation. Mr. Upadhyaya's qualifications to serve on our Board include his experience as a director of other companies, his extensive experience in the financial services industry and his advisory experience with Centerbridge Partners' investments.

Board Composition

Our Board is composed of ten directors. Each director serves for annual terms until his or her successor is elected and qualified. We do not have a standing nominating committee, as decisions related to the composition of the Board are made pursuant to the terms of the Securities Holders Agreement described under "Item 13. Certain Relationships and Related Party Transactions, and Director Independence." Due to this, and due to the fact that we are a wholly-owned subsidiary of Holdings, there is no need for policies or procedures regarding the recommendations of security holders for nominees to the Board.

Committees of the Board of Directors

Although we are a privately owned company that is not required to have a formal compensation committee in place, our compensation decisions have been made by a committee consisting of two members of the Board, currently Messrs. Birtwell and Cruz. This committee is empowered to review and approve the annual compensation and compensation structure of our executive officers and management compensation generally.

We continue to have a standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, of which Mr. Jackson is the chairman and Mr. Golding is a member. The audit committee reviews and monitors our financial reporting, external audits, internal control functions and compliance with laws and regulations that could have a significant effect on our financial condition or results of operations. In addition, the audit committee has the responsibility to consider and appoint, and to review fee arrangements with, our independent registered public accounting firm. Messrs. Jackson and Golding each qualify as an audit committee financial expert, within the meaning of Item 407(d)(5) of Regulation S-K promulgated by the SEC. Messrs. Jackson and Golding are each "independent" (as that term is defined in Section 303A of the New York Stock Exchange's Listed Company Manual), and are each able to read and understand fundamental financial statements.

Section 16(a) Beneficial Ownership Reporting Compliance

Our officers, directors and 10% beneficial owners are not subject to Section 16(a) of the Exchange Act as we did not have a class of equity securities registered pursuant to Section 12 of the Exchange Act during the year ended December 31, 2017.

Code of Ethics

We have adopted a Code of Ethics that applies to our principal executive officer and principal financial officer or any person performing similar functions (the "Code of Ethics"). The Code of Ethics is available under "Corporate Governance" on our "Investor Relations" section of our website at www.seitel.com. If we ever were to amend or waive any provision of the Code of Ethics, we intend to satisfy our disclosure obligations with respect to any such waiver or amendment by posting such information on our website set forth above rather than by filing a Form 8-K.

Item 11. Executive Compensation

Compensation Discussion and Analysis

Overview

The compensation committee of the Board (the "Committee") is empowered to review and approve the annual compensation and compensation structure of our executive officers and management compensation generally. The Committee approves and recommends to the Board the compensation for all executive officers and does not delegate any of its functions to others. The Chief Executive Officer, however, makes recommendations to both the Committee and the Board with respect to the compensation of the Company's senior management (other than with respect to the Chief Executive Officer).

The principal objectives of our compensation program are to provide an overall compensation package that will attract and retain the most highly qualified executives and provide incentives to create value for our stockholders. In 2017, the total compensation program for our executive officers consisted of three primary components: base salary, annual cash incentive bonuses and personal benefits. We also implemented a retention bonus program in 2017 which will have a considerable impact on compensation packages in the year of payment should applicable executives remain employed throughout the retention period. While accounting treatment is considered when structuring the components of our compensation program, these considerations are secondary to the overall objectives of the compensation program described above.

The Committee does not engage in benchmarking or conduct peer group comparisons or studies in approving the compensation of our executive officers. In addition, the Committee did not engage a compensation consultant during 2017 to assist in determining appropriate levels of compensation. Instead, the type and amount of compensation paid to our executive officers is determined based on the extensive industry experience of the members of the Committee, with the goal of setting compensation at levels that are sufficient to attract and retain the most highly qualified executives who will help create shareholder value. In determining appropriate levels of compensation, the Committee may consider overall past compensation and incentives. Furthermore, the Committee does not target a specified percentage of compensation as short-term or long-term compensation, or cash or equity-based compensation.

The disclosure that follows relates to the compensation for those executives that are "named executive officers" as defined by the SEC, including our Chief Executive Officer, our Chief Financial Officer and our three highest compensated individuals serving as executive officers at the end of 2017 other than our Chief Executive Officer and Chief Financial Officer. For 2017, we only had two individuals serving as executive officers in addition to our Chief Executive Officer and Chief Financial Officer.

Our named executive officers for the 2017 year are as follows:
- Robert D. Monson, President and Chief Executive Officer
- Marcia H. Kendrick, Chief Financial Officer, Executive Vice President, Secretary and Treasurer
- Richard C. Kelvin, Chief Technology Officer, Senior Vice President and President Seitel Canada Ltd.
- Randall A. Sides, President Seitel Data, Ltd.

This disclosure contains statements regarding certain performance targets and goals we have used or may use to determine appropriate compensation. These targets and goals are disclosed in the limited context of our compensation program and should not be understood to be statements of management's expectations or estimates of financial results or other guidance. We specifically caution investors not to apply these statements to other contexts.

Risk Assessment

The Company has reviewed its compensation policies and practices for all employees and has concluded that any risks arising from such policies and practices are not reasonably likely to have a material adverse effect on the Company. We believe that our compensation policies and practices (i) provide an appropriate mix of short-term and long-term compensation and (ii) promote a focus on strategic goals and long-term success, and therefore limit the incentive of our employees to take excessive risks.

Compensation Elements

As described above, during 2017, the compensation of our named executive officers consisted of three primary elements: base salary, annual cash incentive bonuses and personal benefits. Each of these elements of compensation is described in detail below. Unless otherwise noted, the 2017 base salaries and bonus opportunities for the named executive officers were determined pursuant to the terms of their employment agreements with the Company.

Base Salaries

We believe that base salaries for named executive officers should adequately compensate them for their day-to-day work for us and should be set at levels that allow us to compete for, and retain, top executive talent. During 2017, the base salaries for the named executive officers were determined in accordance with the terms of their employment agreements, which allows for increases by the Board or the Committee when appropriate. The Committee continues to evaluate our named executive officers' base salaries to ensure that they are competitive and that we are able to attract and retain talented executives. The base salaries of the named executive officers have been maintained at the levels in effect at December 31, 2016 due to the reduced level of activity in the energy industry. In addition, the Committee did not increase the base salaries of any of our named executive officers with respect to the 2018 year.

Annual Bonuses

We pay cash bonuses to our named executive officers pursuant to the terms and conditions of an annual incentive plan approved by the Committee. Under this plan, company-wide financial performance goals are pre-established and a named executive officer's bonus is based on our performance in relation to these pre-established goals. Bonuses are based on a percentage of the executive's base salary. If the target financial performance goal is achieved, the executive is entitled to a "target bonus." If the maximum financial performance goal is achieved or exceeded, the executive is eligible to earn the "maximum bonus." If we exceed our threshold financial performance goal but do not achieve the target level, the named executive officer is eligible to earn a bonus anywhere from $1.00 up to the target bonus amount based on interpolation as described below. The percentages of base salary payable to each named executive officer with respect to 2017 performance under the "threshold bonus," the "target bonus" and the "maximum bonus" are set forth in the table below.

Name	Threshold Bonus %	Target Bonus %	Maximum Bonus %
Robert D. Monson	0%	100%	158%
Marcia H. Kendrick	0%	70%	110%
Richard C. Kelvin	0%	70%	110%
Randall A. Sides	0%	70%	110%

For 2017, the Committee determined that the annual bonus for each of the named executive officers would be based on Cash EBITDA as defined and calculated under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Measures, Cash EBITDA” in our Annual Report on Form 10-K for the year ended December 31, 2017 before consideration of any 2017 bonus expense (“Cash EBITDA before bonus”); additional information regarding the calculation of Cash EBITDA before bonus may also be found within this document under the heading of “Reconciliation of Non-GAAP to GAAP Financial Measures” below. The Committee determined that Cash EBITDA before bonus was an appropriate performance goal because it reflects the level of cash generated by the Company available for debt service and growing the business.

In determining the financial performance levels under the annual incentive plan, the Committee established a threshold, target and maximum level of performance for the performance goal. Where the level achieved under the performance goal falls between the threshold level and target or target and maximum level, the bonus is determined by interpolation (specifically, if performance exceeds target but is less than maximum, the bonus equals the target bonus, plus the product of (i) the difference between the maximum bonus and the target bonus and (ii) a fraction, the numerator of which equals the excess of actual performance over target performance and the denominator of which equals the excess of the maximum performance goal over the target performance goal). No bonuses are payable with respect to the performance goal if the level of performance attained is below the threshold level. The chart below contains the threshold, target and maximum performance goals established by the Committee for 2017 under our annual incentive plan for the performance measure (in thousands):

Performance Measure	Threshold	Target	Maximum
Cash EBITDA before bonus	$ 31,000	$53,500	$ 75,300

During 2017, the Company achieved Cash EBITDA before bonus of $44.0 million. Accordingly, each of the named executive officers received 2017 bonuses as set forth in the “Summary Compensation Table” in the column entitled “Non-Equity Incentive Plan Compensation”. The bonuses for fiscal year 2017 were paid in February 2018.

Equity-Based Compensation

Holdings, our parent company, maintains the Seitel Holdings, Inc. Amended and Restated 2008 Restricted Stock and Restricted Stock Units Plan (the “Holdings Restricted Stock Plan”) and the Seitel Holdings, Inc. 2012 Non-Qualified Stock Option Plan (the “Holdings 2012 Stock Option Plan”). Pursuant to the terms of these plans, our key employees and non-employee directors are eligible to receive awards of stock options, restricted stock and restricted stock units. No equity-based awards were granted to the named executive officers during 2017.

Other Benefits

For 2017, we provided named executive officers with personal benefits that we and the Committee believe to be reasonable and consistent with the goal of enabling us to attract and retain highly qualified employees for key positions. The Committee periodically reviews the levels of personal benefits provided to named executive officers.

All employees, including named executive officers, are eligible to participate in our health and welfare benefit programs and to participate in and receive employer matching contributions under our 401(k) plan in the U.S. or the

Registered Retirement Savings Plan ("RRSP") in Canada. Named executive officers were provided with company-paid life and supplemental disability insurance during the 2017 year. Mr. Kelvin also received "gross-ups" for the payment of Canadian taxes in order to equalize the impact of taxes associated with the portion of his compensation earned in Canada in 2017 serving as President of Seitel Canada Ltd.

Attributed costs of the personal benefits described above for the named executive officers for the fiscal year ended December 31, 2017, are included in the "Summary Compensation Table below".

Employment and Severance Arrangements

The Company entered into employment agreements with each of the named executive officers that provide certain severance benefits in the event of a termination of the named executive officer's employment in limited circumstances. These employment agreements, including the severance provisions, are described below in "Potential Payments Upon Termination of Employment or Change in Control".

In addition, if applicable, each of our named executive officers is entitled to receive payment of his or her vested restricted stock units in the event of disability or any termination of employment, and is entitled to receive accelerated vesting of his or her unvested stock options other than those granted under the Holdings 2012 Stock Option Plan (those stock options not granted under the Holdings 2012 Stock Option Plan, the "Non-2012 Stock Option Plan Options") in the event of certain terminations of employment. For more on these arrangements, see "Potential Payments upon Termination of Employment or Change in Control" below.

Retention Bonuses

On January 13, 2017, the Committee approved the adoption of the Seitel, Inc. Executive Retention Bonus Program for Key Employees (the "Retention Bonus Plan"), effective beginning January 1, 2017. The Retention Bonus Plan is intended to ensure that the Company will continue to receive the full, undistracted attention and dedication of Messrs. Monson, Sides and Kelvin and Ms. Kendrick (each, a "Key Employee"), who are participants in the Retention Bonus Plan, and is in addition to the benefits provided in any Key Employee's employment agreement with the Company.

The Retention Bonus Plan provides that:

- Each Key Employee who continues as our employee until December 31, 2018 will receive a lump sum cash bonus (the "Retention Bonus") payable within 30 days of such date; and
- If a Key Employee is terminated without Cause or a Key Employee terminates employment with the Company for Good Reason (as such capitalized terms are defined in the respective employment agreement of each Key Employee), the Key Employee shall receive a pro-rata share of the Retention Bonus.

The respective amounts of the Retention Bonus for the Key Employees are as follows:

- Mr. Monson - $1,087,040
- Ms. Kendrick - $361,900
- Mr. Kelvin - $352,000
- Mr. Sides - $361,900

If a Key Employee is terminated for Cause or terminates employment with the Company without Good Reason before December 31, 2018, the Key Employee is not entitled to any payment under the Retention Bonus Plan.

IRS Limits on Deductibility

Our equity securities are not publicly held. Accordingly, Section 162(m) of the Internal Revenue Code, which limits the deductibility by publicly held corporations of certain compensation in excess of $1,000,000 paid to certain employees, has not applied to us and as a result, our compensation program has not been structured to comply with it. However, beginning with the 2018 calendar year, Section 162(m) of the Internal Revenue Code was modified. Such modifications include an expansion of the scope of entities that are considered "publicly held corporations" to encompass companies like us that are required to file reports with the SEC solely due to public debt. We are currently considering the impact of Section 162(m) of the Internal Revenue Code upon our compensation program, but as of the date of this filing, no material changes for 2018 have been implemented.

Compensation Committee Interlocks and Insider Participation

Ryan M. Birtwell and Kyle N. Cruz currently serve as members of the Committee. None of the current members of the Board serving on the Committee are or have been at any time one of the Company's officers or employees. None of the Company's executive officers currently serves, or have served during the last completed fiscal year, as a member of the compensation committee of an entity that has one or more executive officers serving as a member of the Board. Two of the Company's employees, Mr. Monson and Mr. Callaghan, serve on the board of directors of Holdings, and Mr. Birtwell is the President and a director of Holdings.

Compensation Committee Report

The members of the Board currently serving on the Committee have reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, have recommended to the Board that the Compensation Discussion and Analysis be included in this annual report. The Board members serving as the Committee:

Ryan M. Birtwell
Kyle N. Cruz

Summary Compensation Table

The following table reflects amounts earned by our named executive officers for the 2017, 2016 and 2015 fiscal years, as applicable to each executive's service with the Company.

Name and Principal Position	Year	Salary ($)	Non-Equity Incentive Plan Compen-sation ($) (1)	All Other Compen-sation ($) (2)	Total ($)
Robert D. Monson, President and Chief Executive Officer	2017	$688,000	$ 397,511	$ 26,710	$1,112,221
	2016	688,000	1,008,788	20,710	1,717,498
	2015	688,000	—	20,710	708,710
Marcia H. Kendrick, Chief Financial Officer and Executive Vice President	2017	329,000	133,062	24,689	486,751
	2016	329,000	336,093	18,689	683,782
	2015	329,000	—	17,609	346,609
Richard C. Kelvin, Chief Technology Officer, Senior Vice President and President Seitel Canada Ltd. (3)	2017	320,000	129,422	180,462	629,884
	2016	305,417	312,002	16,453	633,872
Randall A. Sides, President Seitel Data, Ltd.	2017	329,000	133,062	23,553	485,615
	2016	329,000	336,093	17,553	682,646
	2015	329,000	—	14,121	343,121

(1) Represents the performance-based cash bonus earned pursuant to the annual incentive plan. Bonuses for performance in 2017 were paid in February 2018.

(2) See the table below, titled "Details of All Other Compensation" for details regarding the amounts reported in this column and see the discussion of personal benefits in the Compensation Discussion and Analysis section above for an explanation of these benefits.

(3) 2016 was the first year that Mr. Kelvin was a named executive officer of the Company and information for 2015 is not required to be presented pursuant to the SEC's disclosure rules.

Details of All Other Compensation

Amounts included in "All Other Compensation" in the table above include:

Name	Life Insurance Premiums (1)	Supplemental Disability Premiums (2)	401(k) Matching Contributions	Gross-up for Payment of Taxes (3)
Robert D. Monson	$ 3,564	$ 5,146	$ 18,000	$ —
Marcia H. Kendrick	2,322	4,367	18,000	—
Richard C. Kelvin	1,242	3,989	18,000	157,231
Randall A. Sides	1,242	4,311	18,000	—

(1) The named executive officers were entitled to life insurance coverage which, when combined with the $50,000 of minimum coverage the Company provided to all U.S. employees, totaled $500,000. Accordingly, they had $450,000 in supplemental life insurance protection.

(2) U.S. employees with an annual income in excess of $270,000 were eligible for supplemental individual disability insurance. Amounts in this column represent premiums associated with this benefit paid by the Company for each named executive officer.

(3) Mr. Kelvin received "gross-ups" for the payment of Canadian taxes in order to equalize the impact of taxes associated with the portion of his compensation earned in Canada in 2017 serving as President of Seitel Canada Ltd.

Grants of Plan-Based Awards Table

The following table represents the threshold, target and maximum bonus award that each named executive officer was eligible to earn in 2017 under the annual incentive plan. No equity awards were granted to the named executive officers during the 2017 year.

	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)		
Name	Threshold ($) (2)	Target ($) (2)	Maximum ($) (2)
Robert D. Monson	$0	$688,000	$1,087,040
Marcia H. Kendrick	0	230,300	361,900
Richard C. Kelvin	0	224,000	352,000
Randall A. Sides	0	230,300	361,900

(1) The threshold, target and maximum amounts in these columns have been provided in accordance with Item 402(d) of Regulation S-K of the Exchange Act and show the range of potential payouts. The actual bonus amounts earned for 2017 are reflected in the Summary Compensation Table in the column entitled "Non-Equity Incentive Plan Compensation".

(2) Represents the range of payouts under the annual incentive plan as discussed in further detail in the "Compensation Discussion and Analysis". The named executive officers' target and maximum bonuses are a percentage of base salary as set forth in their respective employment agreements.

Outstanding Equity Awards at Fiscal Year End

The following table summarizes certain information regarding option awards outstanding as of December 31, 2017 for each of the named executive officers.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		Equity Incentive Plan Awards: Number of Securities Underlying Unearned Unexercised Options (#)		Option Exercise Price ($)	Option Expiration Date
Robert D. Monson	3,000	—		6,000	(1)	258.37	05/01/2022
Marcia H. Kendrick	5,250	—				193.13	05/03/2020
	1,500	—		3,000	(1)	258.37	05/01/2022
Richard C. Kelvin	733	—		1,467	(1)	258.37	05/01/2022
	750	250	(2)			229.84	08/01/2024
Randall A. Sides	1,500	—		3,000	(1)	258.37	05/01/2022

(1) One-half of these options vest based on achieving the first level of shareholder return on investment (the "First Level Portion") and one-half of these options vest based on achieving the second level of shareholder return on investment (the "Second Level Portion"). The First Level Portion will become vested based on ValueAct Capital and certain of its affiliates and Centerbridge Capital Partners II, L.P. and Centerbridge Capital Partners SBS II, L.P. (together with Centerbridge Capital Partners II, L.P. "Centerbridge") realizing both (x) a 2x cash on cash (or equivalent) return on their investment in securities in Holdings (based on the value of such investment as of, and future investments made after, May 23, 2011) and (y) an internal rate of return with respect to their securities in Holdings since May 23, 2011 of at least 15%. If only one of ValueAct Capital and its affiliates or Centerbridge and its affiliates achieves their cash on cash and internal rate of return goals, then the First Level Portion will vest in a percentage equal to the ownership interest of the applicable investor as of May 23, 2011. The Second Level Portion vests in the same manner as the First Level Portion, except that the cash on cash and internal rate of return goals are 2.5x and 20%, respectively.

As a condition to vesting with respect to the First Level Portion and the Second Level Portion, continued employment is required on the date on which the vesting determination is made (which is generally any date on which there is an inflow or outflow of cash in respect of securities held by ValueAct Capital and certain of its affiliates or Centerbridge and certain of its affiliates). However, if the optionholder's employment is terminated without cause, then a specified percentage of both the First Level Portion and the Second Level Portion will remain outstanding for six months following such termination and will be eligible to vest as if no termination of employment had occurred.

(2) The unexercisable options are scheduled to vest and become exercisable on August 1, 2018.

Non-Qualified Deferred Compensation

We do not maintain a non-qualified deferred compensation plan. The amounts below relate to awards of restricted stock units that were designed with certain deferral features upon their grant in 2008.

	Aggregate Earnings in Last	Aggregate Balance at Last

Name	Fiscal Year [1]	Fiscal Year End [1], [2]
Robert D. Monson	$(13,157)	$ 70,903
Marcia H. Kendrick	(3,294)	17,754
Richard C. Kelvin	(1,915)	10,319
Randall A. Sides	(3,953)	21,304

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(1) Aggregate earnings represents the change in fair value of the restricted stock units in fiscal year 2017. The amounts are not based upon a traded share price because the Company does not have publicly held equity. The amounts are based upon a share price calculated using an internal valuation model.

(2) The following portion of the amounts described in the “Aggregate Balance at Last Fiscal Year End” column were reported in our Summary Compensation Table (2008) for the following named executive officers: Mr. Monson - $164,862, Ms. Kendrick - $41,280 and Mr. Sides - $49,536. The value of the restricted stock units granted to Mr. Kelvin in 2008 were $23,994 (first disclosed in 2016). These amounts reflect the grant date fair value of the awards as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718.

Holdings maintains the Holdings Restricted Stock Plan, pursuant to which it is authorized to grant restricted stock units to certain eligible individuals. In 2008, each of the named executive officers was granted a certain number of restricted stock units under the Holdings Restricted Stock Plan. The value of those restricted stock units as of December 31, 2017 is set forth in the table above.

A restricted stock unit is not an actual share of Holdings’ common stock, and thus does not confer any shareholder rights on its holder. Rather, a restricted stock unit represents the right to receive one share of Holdings’ common stock on the settlement date, which is generally the earlier of a termination of employment for any reason, including due to death or disability, or a change in control. Following a grantee’s termination of employment, all shares of Holdings’ common stock received in settlement of restricted stock units are subject to Holdings’ repurchase right. Until restricted stock units are settled, they are credited to a book-keeping account and track the value of Holdings’ common stock. In addition, each time a dividend is declared on Holdings’ common stock, the Committee may credit each outstanding restricted stock unit with dividend equivalents that are deemed to be reinvested in restricted stock units. As of December 31, 2017, Messrs. Monson, Kelvin and Sides and Ms. Kendrick were credited with 639, 93, 192 and 160 restricted stock units, respectively.

For purposes of the restricted stock units, a “change in control” generally means (i) the acquisition by any person or group of more than 50% of the voting power of Holdings, (ii) a sale of more than 40% of Holdings’ assets during any period of 12 consecutive months or (iii) a change in the composition of a majority of the Board during any period of 12 consecutive months. “Disability” generally means a grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering the Company’s employees.

Potential Payments upon Termination of Employment or Change in Control

The Company has entered into employment agreements with each of its named executive officers. These employment agreements provide for certain payments upon termination of employment as described below. Also, the Retention Bonus Plan provides for the lump sum cash payment of a pro-rata share of the retention bonus each named executive officer is eligible to receive under certain circumstances in connection with a termination of employment prior to December 31, 2018. In addition, if applicable, each of our named executive officers is entitled to receive payment of his or her restricted stock units upon a termination of employment, including due to death or disability, or a change in control, and is entitled to receive accelerated vesting of his or her Non-2012 Stock Option Plan Options upon certain terminations of employment and upon a change in control. The amount that each named executive officer would have received with respect to his or her restricted stock units in the event of a termination of employment, including due to death or disability, or following a change in control, in any case, on December 31, 2017, is set forth in the “Aggregate Balance at Last Fiscal Year End” column in the Non-Qualified Deferred Compensation Table above.

Robert D. Monson

On January 30, 2007, the Company entered into an employment agreement with Mr. Monson that was effective February 14, 2007. The agreement provides for Mr. Monson to continue as our President and Chief Executive Officer for an initial term of two years with a mechanism which provides automatic one-year extensions unless an election is made to not extend the term. The agreement provides an initial annual base salary of $600,000, subject to increase by the Board or the Committee, and an annual cash bonus of up to 158% of his base salary under the Company's annual incentive plan. Under the agreement, Mr. Monson received options to purchase 3% of the then outstanding Holdings common stock. The options vested 25% annually and expired unexercised in 2017.

Upon a termination without cause or a resignation by Mr. Monson with or without good reason following a change in control, Mr. Monson would be entitled to receive three times his base salary and target bonus payable in a lump sum and he and his eligible dependents would continue to participate in group medical and dental plans for twelve months. In addition, if termination was without cause or resignation was for good reason, Mr. Monson would also receive a pro-rata share of his retention bonus. Upon a termination without cause, or resignation by Mr. Monson for good reason prior to a change in control, he would receive two times his base salary plus target bonus payable in a lump sum plus a pro-rata share of his retention bonus and he and his eligible dependents would continue to participate in group medical and dental plans for twelve months. Upon a termination of Mr. Monson's employment for disability, he would be entitled to receive his base salary and annual bonus through the earlier of the end of the term of his employment agreement or one year, reduced by disability insurance payments, if any, received by him. Receipt of severance benefits is contingent upon the execution of a release of claims. Mr. Monson is also subject to non-competition and non-solicitation covenants for one year after termination.

In the event that payments and benefits payable upon a change in control subject Mr. Monson to a 20% excise tax under section 4999 and 280G of the Internal Revenue Code, Mr. Monson would receive a "gross-up" payment so that he receives the same amount after-taxes that he would have received had the excise tax not applied. We have calculated the gross-up payment shown in the tables below by assuming an income tax rate of 39.6%, a 2.35% Medicare tax, a 1.188% tax to address the phase-out of itemized deductions and the 20% excise tax imposed upon the payments that Mr. Monson could have received if a change in control had occurred on December 31, 2017.

"Cause" is generally defined in Mr. Monson's employment agreement as Mr. Monson's (i) willful misconduct or gross negligence, (ii) breach of the employment agreement, (iii) failure to perform his duties, (iv) material violation of the Company's Code of Business Conduct or other policies or procedures, (v) conviction of (or plea of nolo contendere to) a felony or (vi) fraud or willful misconduct that injures the Company.

A "change in control" is generally defined in Mr. Monson's employment agreement as (i) the acquisition by any person or entity of more than 50% of the voting stock of the Company, (ii) a change in the composition of a majority of the Board during any period of two consecutive years, (iii) a sale of all or substantially all of the Company's assets, (iv) a merger or consolidation of the Company or (v) the Company or its stockholders approve a plan of liquidation or dissolution.

"Disability" is generally defined in Mr. Monson's employment agreement as Mr. Monson's inability to substantially perform his duties for a period of 90 days during any 12 month period.

"Good reason" is generally defined in Mr. Monson's employment agreement as any of the following actions without Mr. Monson's consent: (i) a material diminution in his title or duties, (ii) a reduction in his base salary, (iii) a change in his reporting structure, (iv) the relocation of his principal place of employment to a location that is more than 50 miles from his principal place of employment as of the date of the employment agreement or (v) the failure of the Company to extend his employment agreement.

Marcia H. Kendrick

On February 15, 2012, the Company entered into an employment agreement with Ms. Kendrick that was immediately effective. The agreement provides for Ms. Kendrick to continue as our Chief Financial Officer for an initial term of two years with a mechanism which provides automatic one-year extensions unless an election is made to not extend the term. The agreement provides an initial annual base salary of $309,000, subject to increase by the Board or the Committee, and an annual cash bonus of up to 110% of her base salary under the Company's annual incentive plan.

Upon a termination without cause prior to or following a change in control or a resignation by Ms. Kendrick with good reason following a change in control, Ms. Kendrick would be entitled to receive one times her base salary payable in a lump sum plus a pro-rata share of her retention bonus. Upon a resignation by Ms. Kendrick for good reason prior to a change in control, she would receive one times her base salary payable in a lump sum plus a pro-rata share of her retention bonus. Upon a termination of Ms. Kendrick's employment for disability, she would be entitled to receive her base salary through the earlier of the end of the term of her employment agreement or one year, reduced by disability insurance payments, if any, received by her. In addition, Ms. Kendrick is entitled to a pro-rata annual bonus for the year of termination in the event of any termination of employment described in this paragraph or as a result of death; provided that in the case of termination due to disability, such bonus will not be prorated but will be reduced by disability insurance payments, if any, received by her. Receipt of severance benefits is contingent upon the execution of a release of claims. Ms. Kendrick is also subject to non-competition and non-solicitation covenants for one year after termination.

“Cause” is generally defined in Ms. Kendrick’s employment agreement as Ms. Kendrick’s (i) conviction of (or pleading nolo contendere to) a felony, crime of moral turpitude, or any crime involving the Company or its subsidiaries, (ii) willful or intentional misconduct or willful or gross neglect in connection with the performance of her duties to the Company or its subsidiaries, (iii) fraud, misappropriation or embezzlement, (iv) failure or refusal to substantially perform her duties properly assigned to her (other than any such failure resulting from her disability) after a demand for substantial performance is delivered by the Board specifically identifying the manner in which the Board believes she has not substantially performed such duties, and (v) breach in any material respect of the material terms and provisions of her employment agreement or any other agreement between her and the Company or any of its subsidiaries.

The term “change in control” generally has the same meaning in Ms. Kendrick’s employment agreement as it does in Mr. Monson’s employment agreement, as described above, except that Centerbridge’s initial investment in the Company in May 2011 will not be considered for purposes of determining whether a change in control has occurred in Ms. Kendrick’s employment agreement.

“Disability” is generally defined in Ms. Kendrick’s employment agreement as Ms. Kendrick’s inability to perform her duties for a continuous period of 180 days, or periods amounting to 240 days during any 365-day period.

“Good reason” is generally defined in Ms. Kendrick’s employment agreement as any of the following actions without Ms. Kendrick’s consent: (i) assignment of duties materially inconsistent with a senior executive-level employee, (ii) a material reduction in her base salary other than a reduction that applies to similarly-situated senior executive-level employees, or (iii) the relocation of her principal place of employment to a location more than 100 miles from her then principal place of employment with the Company.

Richard C. Kelvin

On August 1, 2014, the Company entered into an employment agreement with Mr. Kelvin that was immediately effective. The agreement provides for Mr. Kelvin to serve as Chief Technology Officer for an initial term of two years with a mechanism which provides automatic one-year extensions unless an election is made to not extend the term. The agreement provides an initial annual base salary of $295,000, subject to increase by the Board or the Committee, and an annual cash bonus of up to 90% of his base salary under the Company’s annual incentive plan. Effective August 18, 2016, in connection with Mr. Kelvin’s increased responsibilities associated with taking on the role as President of Seitel Canada Ltd., the Company amended Mr. Kelvin’s employment agreement in order to increase his annual cash bonus (effective January 1, 2016) up to 110% of his base salary.

Upon a termination without cause prior to or following a change in control or a resignation by Mr. Kelvin with good reason following a change in control, Mr. Kelvin would be entitled to receive one times his base salary payable in a lump sum plus a pro-rata portion of his retention bonus and all of his Non-2012 Stock Options would immediately vest. Upon a resignation by Mr. Kelvin for good reason prior to a change in control, he would receive one times his base salary payable in a lump sum plus a pro-rata portion of his retention bonus. Upon a termination of Mr. Kelvin’s employment due to death, all of his Non-2012 Stock Options would immediately vest. Upon a termination of Mr. Kelvin’s employment for disability, he would be entitled to receive his base salary through the earlier of the end of the term of his employment agreement or one year, reduced by disability insurance payments, if any, received by him, and all of his Non-2012 Stock Options would immediately vest. In addition, Mr. Kelvin is entitled to a pro-rata annual bonus for the year of termination in the event of any termination of employment described in this paragraph; provided that in the case of termination due to disability, such bonus will not be prorated but will be reduced by disability insurance payments, if any, received by him. Receipt of severance benefits is contingent upon the execution of a release of claims. Mr. Kelvin is also subject to non-competition and non-solicitation covenants for one year after termination.

The terms “cause,” “change in control,” “disability” and “good reason” generally have the same meaning in Mr. Kelvin’s employment agreement as they do in Ms. Kendrick’s employment agreement, as described above.

Randall A. Sides

On February 15, 2012, the Company entered into an employment agreement with Mr. Sides that was immediately effective. The agreement provides for Mr. Sides to continue as President of Seitel Data, Ltd. for an initial term of two years with a mechanism which provides automatic one-year extensions unless an election is made to not extend the term. The agreement provides an initial annual base salary of $309,000, subject to increase by the Board or the Committee, and an annual cash bonus of up to 110% of his base salary under the Company’s annual incentive plan.

Upon a termination without cause prior to or following a change in control or a resignation by Mr. Sides with good reason following a change in control, Mr. Sides would be entitled to receive one times his base salary payable in a lump sum plus a pro-rata portion of his retention bonus. Upon a resignation by Mr. Sides for good reason prior to a change in control, he would receive one times his base salary payable in a lump sum plus a pro-rata portion of his retention bonus. Upon a termination of Mr. Sides' employment for disability, he would be entitled to receive his base salary through the earlier of the end of the term of his employment agreement or one year, reduced by disability insurance payments, if any, received by him. In addition, Mr. Sides is entitled to a pro-rata annual bonus for the year of termination in the event of any termination of employment described in this paragraph or as a result of death; provided that in the case of termination due to disability, such bonus will not be prorated but will be reduced by disability insurance payments, if any, received by him. Receipt of severance benefits is contingent upon the execution of a release of claims. Mr. Sides is also subject to non-competition and non-solicitation covenants for one year after termination.

The terms "cause," "change in control," "disability" and "good reason" generally have the same meaning in Mr. Sides' employment agreement as they do in Ms. Kendrick's employment agreement, as described above.

The following tables set forth the estimated cash and in-kind payments and benefits to which the named executive officers would be entitled under their employment agreements and the Retention Bonus Plan if their employment was terminated for the reasons set forth in the tables below as of December 31, 2017. Actual payments and benefits that each named executive officer could receive in any given situation cannot be known with any certainty until the termination event or change in control event were to occur.

Mr. Monson	Pro-Rata Retention Bonus	Severance	Medical and Dental Benefits (1)	Supplemental Life Insurance Benefits (2)	280G Gross-Up	Total
Termination without Cause or for Good Reason, in either case, prior to a Change in Control	$543,520	$2,752,000	$8,641	$ —	$ —	$3,304,161
Termination without Cause or for Good Reason, in either case, following a Change in Control	543,520	4,128,000	8,641	—	1,889,53[illegible]	[illegible],569,696
Termination without Good Reason following a Change in Control	—	4,128,000	8,641	—	1,594,64[illegible]	[illegible],731,281
Death	—	—	—	450,000	—	450,000
Disability	—	135,689 (3)	—	—	—	135,689
Change in Control	—	—	—	—	—	—

Ms. Kendrick	Pro-Rata Retention Bonus	Severance (5)	Supplemental Life Insurance Benefits (2)	Total
Termination without Cause, prior to or following a Change in Control or for Good Reason, following a Change in Control	$180,950	$ 462,062	$ —	$643,012
Termination with Good Reason, prior to a Change in Control	180,950	462,062	—	643,012
Death	—	133,062	450,000	583,062
Disability	—	174,187 (4)	—	174,187
Change in Control	—	—	—	—

Mr. Kelvin	Pro-Rata Retention Bonus	Severance (5)	Value of Accelerated Options (6)	Supplemental Life Insurance Benefits (2)	Total
Termination without Cause, prior to or following a Change in Control or for Good Reason, following a Change in Control	$176,000	$ 449,422	$ —	$ —	$625,422
Termination with Good Reason, prior to a Change in Control	176,000	449,422	—	—	625,422
Death	—	129,422	—	450,000	579,422
Disability	—	316,089 (4)	—	—	316,089
Change in Control	—	—	—	—	—

Mr. Sides	Pro-Rata Retention Bonus	Severance (5)	Supplemental Life Insurance Benefits (2)	Total
Termination without Cause, prior to or following a Change in Control or for Good Reason, following a Change in Control	$180,950	$ 462,062	$ —	$643,012
Termination with Good Reason, prior to a Change in Control	180,950	462,062	—	643,012
Death	—	133,062	450,000	583,062
Disability	—	174,187 (4)	—	174,187
Change in Control	—	—	—	—

(1) For purposes of calculating the value of medical and dental benefits that may be received upon termination of employment, we have provided the Company’s cost of the coverage elected by Mr. Monson as of December 31, 2017, less his required contribution for such coverage.

(2) Represents supplemental life insurance benefits not made available to all U.S. employees.

(3) Represents continued base salary and annual bonus (based on 2017 actual cash bonus) through the end of the term of the employment agreement for Mr. Monson (February 14, 2018). The actual amount to be paid would be reduced by disability insurance payments, if any.

(4) Represents continued base salary through the end of the term of the employment agreements for Ms. Kendrick and Mr. Sides (February 15, 2018) and for Mr. Kelvin (August 1, 2018) plus annual bonus (based on 2017 actual cash bonus). The actual amount to be paid would be reduced by disability insurance payments, if any.

(5) Amounts in this column include each named executive officer’s 2017 performance-based cash bonus earned under our annual incentive plan.

(6) Represents the estimated spread on Mr. Kelvin’s Non-2012 Stock Option Plan Options as of December 31, 2017. The Company used an internal valuation model to calculate the market price of its stock as of December 31, 2017. These amounts were zero due to the fact that the strike price of his unvested Non-2012 Stock Option Plan Options exceeded the estimated market price.

Director Compensation

The Company may use a combination of cash and stock-based compensation to attract and retain qualified candidates to serve on the Board. The Company sets director compensation at a level that reflects the amount of time and skill required of directors in performing their duties to the Company and to its stockholders. Directors typically are granted stock options when they join the Board and may receive additional grants if their role on the Board is expanded or increased. Directors who are employees and ValueAct Capital and Centerbridge Partners representatives receive no additional compensation for serving on the Board.

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Non-employee members of the Board receive an annual cash retainer of $75,000 per year. The annual cash retainer is paid quarterly in arrears. No additional compensation is paid for serving as a chair or on any additional committees, or for attending Board or committee meetings.

Director Compensation Table

In 2017, we provided the following compensation to directors who were not employees:

Name	Fees Earned or Paid in Cash	Total
Alexander L. Baum [(1)]	$ —	$ —
Allison A. Bennington [(1)]	—	—
Ryan M. Birtwell [(2)]	—	—
Dalton J. Boutte	75,000	75,000
Kyle N. Cruz [(3)]	—	—
Jay H. Golding	75,000	75,000
John E. Jackson	75,000	75,000
Ash Upadhyaya [(3)]	—	—

(1) These directors are employees of ValueAct Capital Management, thus receive no compensation for serving on our Board.

(2) Mr. Birtwell was an employee of ValueAct Capital Management through September 2017; however, he continues to be their representative as our Chairman of the Board and receives no compensation from us.

(3) These directors are employees of Centerbridge Partners, thus receive no compensation for serving on our Board.

The table below sets forth the grant date, expiration date, number of shares and exercise price for outstanding options held by directors as of December 31, 2017.

Director Compensation - Outstanding Options

Name	Date of Grant	Number of Options Outstanding	Exercise Price	Expiration Date
Dalton J. Boutte	7/1/2011	1,000	$ 258.37	7/1/2021
Jay H. Golding	6/30/2008	3,970	193.13	6/30/2018

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Reconciliation of Non-GAAP to GAAP Financial Measures

The following is a quantitative reconciliation of Cash EBITDA before bonus (non-GAAP financial measure) to cash flows from operating activities, the most directly comparable GAAP financial measure, on a consolidated basis for the year ended December 31, 2017 (in thousands):

Cash EBITDA before bonus	$44,000
Add (subtract) items not included in cash EBITDA before bonus:	
Cash acquisition underwriting revenue	22,487
Revenue recognition adjustments from contracts payable in cash	4,396
Severance and other non-routine costs	(171)
Annual bonus expense	(2,459)
Interest expense, net	(24,652)
Amortization of deferred financing costs	1,285
Other cash operating income	1
Current income tax expense	(2,943)
Changes in operating working capital	(1,590)
Net cash provided by operating activities	$40,354

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plans

The table below provides information relating to Holdings' equity compensation plans as of December 31, 2017.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column) (1)
Equity compensation plans approved by security holders	45,640	$243.26	38,964
Equity compensation plans not approved by security holders	—	—	—
Total	45,640	$243.26	38,964

(1) Of these securities, 16,305 could be issued as stock options under the Holdings 2012 Stock Option Plan and 22,659 could be issued as restricted stock or restricted stock units under the Holdings Restricted Stock Plan.

Equity compensation plans approved by Holdings' stockholders include the Holdings 2007 Stock Option Plan, the Holdings 2012 Stock Option Plan and the Holdings Restricted Stock Plan. The term of the Holdings 2007 Stock Option Plan was 10 years; therefore, as of December 31, 2017, no additional options can be granted as the term has expired.

The securities issued in the transactions described above were deemed exempt from registration under the Securities Act in reliance upon Section 4(2) or Rule 701 of the Securities Act as transactions by an issuer not involving a public offering, or transactions pursuant to compensatory benefit plans and contracts relating to compensation. The employees received the securities described above in exchange for the performance of services by them for us.

Security Ownership of Certain Beneficial Owners and Management

We are a wholly-owned subsidiary of Holdings and all of the capital stock of Holdings is owned by an investor group that includes ValueAct Capital, Centerbridge, our management investors, our outside directors and certain former management investors and directors.

Greater than 5% Stockholders

The table below shows information for stockholders known to us to beneficially own more than 5% of our ordinary shares as of March 26, 2018:

Name and Address	Shares Beneficially Owned Number	Percentage[(1)]	
ValueAct Capital Master Fund, L.P. [(2)] One Letterman Drive Building D., 4th Floor San Francisco, CA 94129	995,430	67.1	%
Centerbridge Capital Partners, L.P. [(3)] 375 Park Avenue, 12th Floor New York, NY 10152-0002	483,803	32.6	%

(1) All percentages are based on 1,484,154 outstanding shares of Holdings as of March 26, 2018.

(2) A total of 995,430 shares are owned directly by ValueAct Capital Master Fund, L.P. and may be deemed to be beneficially owned by (i) VA Partners I, LLC as General Partner of ValueAct Capital Master Fund L.P.; (ii) ValueAct Capital Management, L.P. as the manager of ValueAct Capital Master Fund, L.P.; (iii) ValueAct Capital Management, LLC as General Partner of ValueAct Capital Management, L.P.; (iv) ValueAct Holdings, L.P. as the sole owner of the limited partnership interests of ValueAct Capital Management, L.P. and the membership interests of ValueAct Capital Management, LLC and as the majority owner of the membership interests of VA Partners I, LLC; and (v) ValueAct Holdings GP, LLC as General Partner of ValueAct Holdings, L.P. Jeffrey W. Ubben, Bradley E. Singer and G. Mason Morfit are members of the Management Board of ValueAct Holdings GP, LLC and disclaim beneficial ownership of these shares except to the extent of their pecuniary interest therein.

(3) A total of 483,803 shares are deemed beneficially owned by Centerbridge Capital Partners, L.P., including (i) 481,906 shares owned by Centerbridge Capital Partners II, L.P. and (ii) 1,897 shares owned by Centerbridge Capital Partners SBS II, L.P.

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Share Ownership of our Board and Management

The following table sets forth information relating to the beneficial ownership of our shares by each (i) member of the Board, (ii) named executive officer and (iii) all members of the Board and all of our executive officers as a group. To our knowledge, each of such stockholders has sole voting and investment power as to the stock shown unless otherwise noted. Beneficial ownership of the securities listed in the table has been determined in accordance with the applicable rules and regulations promulgated under the Exchange Act.

Name	Shares Beneficially Owned Number	Percentage	
Marcia H. Kendrick [(1)]	6,934	*	
Jay H. Golding [(1), (2)]	4,611	*	
Robert D. Monson [(1)]	4,115	*	
Kevin P. Callaghan [(1)]	2,938	*	
Randall A. Sides [(1)]	1,676	*	
Richard C. Kelvin [(1)]	1,623	*	
Dalton J. Boutte [(1)]	1,193	*	
John E. Jackson	513	*	
Alexander L. Baum	—	-	
Allison A. Bennington	—	-	
Ryan M. Birtwell	—	-	
Kyle N. Cruz	—	-	
Ash Upadhyaya	—	-	
All executive officers and directors as a group (13 persons)	23,603	1.57	%

* Indicates less than 1%.

(1) Includes beneficial ownership of shares that may be acquired upon exercise of options within 60 days of March 26, 2018. The numbers presented include the following stock options: 6,750 for Ms. Kendrick; 3,970 for Mr. Golding; 3,000 for Mr. Monson; 2,266 for Mr. Callaghan; 1,500 for Mr. Sides; 1,483 for Mr. Kelvin and 1,000 for Mr. Boutte. The numbers for all directors and executive officers as a group include 19,969 stock options.

(2) Includes 641 shares held by Golding Brothers 1996 Partners, Ltd. Mr. Golding owns a 100% interest in the general partner of Golding Brothers 1996 Partners, Ltd. The limited partnership interests are 99% owned in trust for the benefit of lineal descendants of Mr. Golding with the remaining 1% owned by the general partner.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Related Party Transactions

The Company has several written policies applicable to the review and approval of related party transactions. Pursuant to the Company's Audit Committee Charter, the Audit Committee reviews reports and disclosures of insider and affiliated party transactions. The Company's Code of Ethics and Business Conduct provides that no officer, director or employee of the Company or a family member of such officer, director or employee shall personally benefit, directly or indirectly, or derive any other personal gain from any business transaction or activity of the Company, except when the transaction or activity has been fully disclosed to and approved in writing by the Audit Committee. Below is a description of related party transactions in existence since the beginning of last year.

Securities Holders Agreement

In May 2011, Centerbridge purchased a minority interest in Holdings (the “Minority Interest Purchase”). In connection with the Minority Interest Purchase, Holdings, ValueAct Capital, Centerbridge and each of the named management investors entered into the Amended and Restated Securities Holders Agreement (the “Securities Holders Agreement”), which contains certain agreements described below with respect to the capital stock and corporate governance of Holdings.

Governance Provisions. The Securities Holders Agreement provides that each stockholder shall take all action necessary to ensure that the board of directors of Holdings (the "Holdings Board") is composed of ten directors.

The Securities Holders Agreement designates the initial members of the Holdings Board and provides that (A) while ValueAct Capital's ownership percentage in Holdings is greater than or equal to (i) 50%, ValueAct Capital is entitled to designate five members of the Holdings Board (one of whom shall be the chairman of the Holdings Board and two of whom shall be individuals not employed by or affiliated with ValueAct Capital or its affiliates or Holdings); (ii) 40% but less than 50%, ValueAct Capital is entitled to designate four members of the Holdings Board (two of whom shall be individuals not employed by or affiliated with ValueAct Capital or its affiliates or Holdings); (iii) 25% but less than 40%, ValueAct Capital is entitled to designate three members of the Holdings Board (one of whom shall be an individual not employed by or affiliated with ValueAct Capital or its affiliates or Holdings); (iv) 10% but less than 25%, ValueAct Capital shall be entitled to designate two members of the Holdings Board; and (v) 5% but less than 10%, ValueAct Capital shall be entitled to designate one member of the Holdings Board; (B) while Centerbridge's ownership percentage in Holdings is greater than or equal to (i) 25%, Centerbridge is entitled to designate three members of the Holdings Board (one of whom shall be an individual not employed by or affiliated with Centerbridge or its affiliates or Holdings), provided that for so long as Centerbridge has not transferred any shares, Centerbridge shall be entitled to elect three members of the Holdings Board and clauses (ii) and (iii) of this clause (B) shall not apply; (ii) 10% but less than 25%, Centerbridge is entitled to designate two members of the Holdings Board; (iii) 5% but less than 10%, Centerbridge is entitled to designate one member of Holdings Board; and (C) the management investors as a group are entitled to designate two members of the Holdings Board, one of whom shall be the Chief Executive Officer of Holdings. The Securities Holders Agreement provides that each stockholder agrees that it will not vote any of its stock in favor of the removal of any member of the Holdings Board as designated above unless the stockholder entitled to designate such member of Holdings Board shall have consented to such removal in writing. The Securities Holders Agreement also provides that the Company's Board shall consist of directors designated by the stockholders in proportion to their right to designate members of Holdings Board. No stockholder shall consent in writing or vote or cause to be voted any shares of Holdings common stock currently or in the future owned or controlled by it in favor of any amendment, repeal, modification, alteration or rescission of, or the adoption of any provision in the certificate of incorporation or bylaws of Holdings inconsistent with certain provisions of the Securities Holders Agreement unless the Holdings Board (including at least one member of the Holdings Board designated by Centerbridge) consents in writing thereto.

Pursuant to the Amended and Restated Certificate of Incorporation of Holdings filed on May 23, 2011, so long as ValueAct Capital's ownership percentage in Holdings is greater than or equal to 50%: (i) the chairman of the Holdings Board is entitled to cast three votes on every matter presented to the Holdings Board for consideration; (ii) each of the directors who are employed by or affiliated with ValueAct Capital, its affiliates or Holdings, is entitled to cast two votes on every matter presented to the Holdings Board for consideration; and (iii) all other directors are entitled to cast one vote each on every matter presented to the Holdings Board for consideration.

Centerbridge has veto rights over certain material activities and transactions for so long as it maintains a 15% ownership percentage.

Approved Sale. So long as ValueAct Capital's ownership percentage in Holdings is greater than or equal to 50%, ValueAct Capital shall have the right, by delivery of a written notice to Holdings and Centerbridge, to elect to require that Holdings be sold to a person or group that is not an affiliate of ValueAct Capital, whether by merger, consolidation, sale of outstanding capital stock, sale of all or substantially all of its assets or otherwise, or if certain financial conditions have been satisfied, to consummate an initial public offering, and each stockholder will be obligated to consent to, vote for and raise no objections against, and will waive dissenters and appraisal rights (if any) with respect to, such approved sale, and, as applicable, will sell, exchange, redeem, agree to cancel or otherwise dispose of its securities, options, warrants or other rights relating to Holdings on the terms and conditions approved by

ValueAct Capital.

Requested Sale. Following the fifth anniversary of the Minority Interest Purchase, so long as Centerbridge and its affiliates own at least 50% of the common stock purchased in the Minority Interest Purchase, Centerbridge shall have the right, by delivery of a written notice to Holdings and ValueAct Capital, to elect to require that Holdings be sold to a person or group that is not an affiliate of Centerbridge, whether by merger, consolidation, sale of outstanding capital stock, sale of all or substantially all of its assets or otherwise, or consummate an initial public offering, and each stockholder will be obligated to consent to, vote for and raise no objections against, and will waive dissenters and appraisal rights (if any) with respect to, such approved sale, and, as applicable, will sell, exchange, redeem, agree to cancel or otherwise dispose of its securities, options, warrants or other rights relating to Holdings on the terms and conditions approved by Centerbridge.

Right of First Offer. In the event that ValueAct Capital or Centerbridge desires (i) to sell any common stock of Holdings to a third party or (ii) to cause Holdings to effect an Approved Sale or a Requested Sale (other than a public offering), as applicable, both of which are defined in the Securities Holders Agreement and described above, ValueAct Capital or Centerbridge, as applicable, must provide the other party with the first opportunity to purchase such shares or acquire Holdings on the same terms and conditions applicable to the third party.

Call and Put Options. If a management investor of Holdings is no longer an employee or director, as applicable, of Holdings or any of its subsidiaries for any reason, all of the securities held by that management investor (whether held directly by the management investor or by one or more of his or her affiliates or permitted transferees, other than Holdings, ValueAct Capital or a ValueAct Capital Affiliate, Centerbridge or a Centerbridge affiliate), will be subject to repurchase by ValueAct Capital and Centerbridge, in the first instance, and Holdings, in the second instance, at their option, pursuant to certain terms and conditions set forth in the Securities Holders Agreement. If the repurchase option is not exercised with regard to all applicable securities consisting of common stock or other shares of capital stock of Holdings following a termination, then all, but not less than all, of such remaining securities consisting of common stock or other shares of capital stock of Holdings held by such management investor will be required to be repurchased by ValueAct Capital and Centerbridge, on a pro-rata basis (based upon their respective ownership percentages in Holdings at the time of repurchase), if so elected by such holder (which option may only be exercised with respect to all such securities held by the holder), pursuant to certain terms and conditions set forth in the Securities Holders Agreement.

Tag-along rights. After the first anniversary of the Minority Interest Purchase, neither ValueAct Capital nor Centerbridge nor their respective permitted transferees or assignees, shall sell or otherwise effect the transfer of any common stock or other securities of Holdings, in either one or a series of transactions, to a third-party other than a permitted transferee unless the other stockholders of Holdings at such time are offered an opportunity to participate ratably in such transaction on the same terms as are to be received by the selling stockholder.

Corporate Opportunity. To the fullest extent permitted by any applicable law, the doctrine of corporate opportunity, or any other analogous doctrine, does not apply with respect to ValueAct Capital or Centerbridge or their respective affiliates or representatives, including any directors of Holdings designated by such persons with respect to their relationship with Holdings and its subsidiaries. ValueAct Capital, Centerbridge and any of their respective representatives shall have the right to engage in business activities, whether or not in competition with Holdings, any of its subsidiaries or their respective business activities, without consulting any other stockholder, and ValueAct Capital and Centerbridge do not have any obligation to any other stockholder with respect to any opportunity to acquire property or make investments at any time.

Transfer Restrictions. Generally, no stockholder or permitted transferee other than ValueAct Capital and Centerbridge may transfer common stock or securities of Holdings, other than in connection with a redemption of shares of common stock or securities of Holdings, unless such transfer is to a person approved in advance in writing by the Holdings Board, and such transfer complies with the notice and other covenants and representations requirements contained in the Securities Holders Agreement.

Each of Centerbridge and ValueAct Capital may in certain circumstances without prior approval of the other, assign their rights under the Securities Holders Agreement in connection with certain material transfers of shares of common stock of Holdings.

Registration Rights Agreement

In connection with the Minority Interest Purchase, Holdings, ValueAct Capital, Centerbridge and each of the management investors named therein entered into an Amended and Restated Registration Rights Agreement (the

“Registration Rights Agreement”), which became effective upon consummation of the Minority Interest Purchase. Pursuant to the Registration Rights Agreement, if at any time after an initial public offering of Holdings' common stock, Holdings proposes or is required to register any offer or sale of the common stock of Holdings under the Securities Act of 1933, as amended (“Securities Act”) (subject to certain exceptions), Holdings shall give at least 30 days' prior written notice to all holders of registrable securities. Upon written request by holders within 20 days of such notice, Holdings shall use its best efforts to effect the registration under the Securities Act of the offer and sale of all registrable securities which Holdings has been so requested to register by such security holders, to the extent required to permit the public distribution of such registrable securities subject to such requests and subject to customary cutback provisions; provided, however, that (i) if, any time after giving written notice of its intention to register the offer and sale of shares of common stock and prior to the effective date of the registration statement filed in connection with such registration, Holdings shall determine for any reason not to register the common stock of Holdings, Holdings shall give written notice of such determination to each holder of registrable securities and, thereupon, shall be relieved of its obligation to register any offer and sale of registrable securities in connection with such registration; (ii) if a registration undertaken shall involve an underwritten offering, any holder of registrable securities requesting to be included in such registration may elect, in writing at least 20 days prior to the effective date of the registration statement filed in connection with such registration, not to register the offer and sale of such holder's registrable securities in connection with such registration; and (iii) if, at any time after a period of 180 days or a shorter period as specified in the Registration Rights Agreement, the sale of the securities has not been completed, Holdings may withdraw from the registration on a pro rata basis (based on the number of registrable securities requested by each holder of registrable securities to be subject to such registration) of the offer and sale of the registrable securities of which Holdings has been requested to register and which have not been sold.

Pursuant to the Registration Rights Agreement, after an initial public offering of Holdings common stock, each of ValueAct Capital and Centerbridge, so long as it, together with its affiliates, holds at least 15% of the outstanding common stock of Holdings, is entitled to make a written request to Holdings for registration with the SEC under and in accordance with the provisions of the Securities Act of the offer and sale of all or a part of the registrable securities owned by it, subject to customary cutback provisions. Each of ValueAct Capital and Centerbridge is entitled to three effective demand registrations, provided that Holdings shall not be required to effect a demand registration within 180 days of the effective date of any demand registration. Additionally, after completion of Holdings' initial public offering, subject to the availability of a registration by Holdings on Form S-3 (or any successor form), each of ValueAct Capital and Centerbridge, so long as it together with its affiliates holds at least 15% of the outstanding common stock of Holdings, has the right at any time, and from time to time, to request, in connection with the delivery of a demand registration request, that Holdings prepare and file with the SEC a "shelf" registration statement on the appropriate form for an offering to be made, covering the registrable securities requested to be included therein, on a continuous or delayed basis pursuant to Rule 415 under the Securities Act (or any successor rule or similar provision then in effect) in the manner or manners designed by ValueAct Capital or Centerbridge, as applicable.

Advisory Agreement

In connection with the Minority Interest Purchase, ValueAct Capital Management, Centerbridge Advisors, II, L.L.C. ("Centerbridge Advisors"), the Company and Holdings entered into an Amended and Restated Advisory Agreement (the "Advisory Agreement"), dated May 23, 2011, pursuant to which ValueAct Capital Management and Centerbridge Advisors may provide financial, advisory and consulting services to the Company. There are no minimum levels of service required to be provided pursuant to the Advisory Agreement. The services that may be provided include executive and management services, support and analysis of financing alternatives and assistance with various finance functions. In exchange for these services, Holdings, ValueAct Capital Management and Centerbridge Advisors will be reimbursed for all of their reasonable out-of-pocket expenses. None of Holdings, ValueAct Capital Management or Centerbridge Advisors are liable for any losses, liabilities or damages under the Advisory Agreement unless resulting from their gross negligence, willful misconduct or bad faith. The Advisory Agreement has an initial term of ten years and automatically renews for successive one-year terms, subject to termination by ValueAct Capital Management or Centerbridge Advisors upon written notice 90 days prior to the expiration of the initial term or any extension thereof, in which case the Advisory Agreement shall terminate with respect to such requesting party only. The Advisory Agreement shall automatically terminate in its entirety upon the consummation of an initial public offering of Holdings and as to either ValueAct Capital Management or Centerbridge Advisors if such party's ownership percentage in Holdings is less than 5%. The Advisory Agreement includes customary indemnification provisions in favor of ValueAct Capital Management and Centerbridge Advisors.

Other Related Party Transactions

Holdings does not maintain a cash account. Consequently, we make payments, as needed, on Holdings' behalf for corporate expenditures such as taxes and share repurchases for employees that have left our employment and who held equity instruments in Holdings. We receive payments on the outstanding balance only when Holdings receives cash from stock issuances. We made payments on behalf of Holdings of approximately $14,000, $21,000 and $13,000 during the years ended December 31, 2017, 2016 and 2015, respectively. The balance due from Holdings as of December 31, 2017 and 2016 was $1.2 million. We received no cash dividends from Wandoo during the years ended December 31, 2017 and 2015 and received $10,000 in 2016.

Director Independence

Applying the New York Stock Exchange's independence standards in Section 303A of the Listed Company Manual, Messrs. Boutte, Golding and Jackson each meet the applicable independence standards. When making an independence determination, the Board endeavors to consider all relevant facts and circumstances.

Item 14. Principal Accountant Fees and Services

BKD, LLP ("BKD") has been our independent auditor since October 2004. The Audit Committee has adopted a policy regarding the pre-approval of audit and permitted non-audit services to be performed by our independent registered public accounting firm. The Audit Committee will, on an annual basis, consider and approve the provision of audit and non-audit services by BKD. Thereafter, the Audit Committee will, as necessary, consider and, if appropriate, approve the provision of additional audit and non-audit services which are not encompassed by the Audit Committee's annual pre-approval and are not prohibited by law. The Audit Committee may delegate the authority to pre-approve, on a case-by-case basis, non-audit services to be performed by BKD which are not encompassed by the Audit Committee's pre-approval and not prohibited by law. A member with delegated authority must report back to the Audit Committee at the first Audit Committee meeting following any such pre-approvals.

The following table presents fees and expenses billed by BKD for the fiscal years ended December 31, 2017 and 2016, all of which were pre-approved by the Audit Committee in compliance with its policy.

	2017	2016
Audit Fees (1)	$397,439	$380,513
Audit-Related Fees (2)	24,538	—
Tax Fees	—	—
All Other Fees	—	—
Total	$421,977	$380,513

(1) Includes fees billed for professional services rendered for (i) the audit of our consolidated financial statements included in our annual report on Form 10-K, (ii) reviews of the financial statements included in our quarterly reports on Form 10-Q and (iii) consultation on accounting or disclosure treatment of various transactions in accordance with regulatory interpretations.

(2) Includes fees billed for professional services rendered in connection with strategic corporate transactions.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this Report.

(1) Exhibits:

2.1 Agreement and Plan of Merger by and among Seitel Holdings, LLC (now known as Seitel Holdings, Inc.), Seitel Acquisition Corp. and Seitel, Inc., dated October 31, 2006 (incorporated by reference from Exhibit 2.1 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on November 2, 2006) (Seitel, Inc. agrees to furnish supplementally a copy of any omitted schedule to the SEC upon request).

3.1 Certificate of Incorporation of Seitel, Inc. (incorporated by reference from Exhibit 3.1 to the Registration Statement on Form S-4, No. 333-144844, as filed with the SEC on July 25, 2007).

3.2 Bylaws of Seitel, Inc. (incorporated by reference from Exhibit 3.2 to the Registration Statement on Form S-4, No. 333-144844, as filed with the SEC on July 25, 2007).

4.1 Indenture dated as of March 20, 2013, by and among Seitel, Inc., the Guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference from Exhibit 4.1 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on March 21, 2013).

4.2	Form of 9½% Senior Note due 2019 (incorporated by reference from Exhibit 4.2 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on March 21, 2013).

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4.3		Registration Rights Agreement, dated as of March 20, 2013, by and among Seitel, Inc., the Guarantors party thereto, and Deutsche Bank Securities Inc. and J.P. Morgan Securities LLC, as Initial Purchasers (incorporated by reference from Exhibit 4.3 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on March 21, 2013).
10.1		Amended and Restated Advisory Agreement, dated May 23, 2011, by and among Seitel, Inc., Seitel Holdings, Inc., ValueAct Capital Management L.P., and Centerbridge Advisors II, L.L.C. (incorporated by reference from Exhibit 10.1 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on May 25, 2011).
10.2		Amended and Restated Securities Holders Agreement, dated May 23, 2011, by and among Seitel Holdings, Inc., ValueAct Capital Master Fund, L.P., Centerbridge Capital Partners II, L.P., Centerbridge Capital Partners SBS II, L.P. and each of the Management Investors named therein (incorporated by reference from Exhibit 10.2 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on May 25, 2011).
10.3		Amended and Restated Registration Rights Agreement, dated May 23, 2011 by and among Seitel Holdings, Inc., ValueAct Capital Master Fund, L.P., Centerbridge Capital Partners II, L.P., Centerbridge Capital Partners SBS II, L.P. and each of the Management Investors named therein (incorporated by reference from Exhibit 10.3 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on May 25, 2011).
10.4	†	Seitel Holdings, Inc. 2007 Non-Qualified Stock Option Plan, effective February 14, 2007, as amended as of June 30, 2008 (incorporated by reference from Exhibit 10.3 to the quarterly report on Form 10-Q for the quarter ended June 30, 2008, as filed with the SEC on August 13, 2008).
10.5	†	Amendment to the 2007 Non-Qualified Stock Option Plan of Seitel Holdings, Inc., dated May 23, 2011 (incorporated by reference from Exhibit 10.7 to the quarterly report on Form 10-Q for the quarter ended June 30, 2011, as filed with the SEC on August 12, 2011).
10.6	†	Form of Stock Option Agreement (incorporated by reference from Exhibit 10.12 to the Registration Statement on Form S-4, No. 333-144844, as filed with the SEC on July 25, 2007).
10.7	†	Form of Stock Option Agreement (incorporated by reference from Exhibit 10.1 to the quarterly report on Form 10-Q for the quarter ended June 30, 2010, as filed with the SEC on August 9, 2010).
10.8	†	Seitel Holdings, Inc. Amended and Restated 2008 Restricted Stock and Restricted Stock Unit Plan, dated July 24, 2012 (incorporated by reference from Exhibit 10.1 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on July 25, 2012).
10.9	†	Form of Seitel Holdings, Inc. Restricted Stock Unit Award Agreement (incorporated by reference from Exhibit 10.2 to the quarterly report on Form 10-Q for the quarter ended June 30, 2008, as filed with the SEC on August 13, 2008).
10.10	†	Seitel Holdings, Inc. 2012 Non-Qualified Stock Option Plan, dated May 1, 2012 (incorporated by reference from Exhibit 10.1 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on May 7, 2012).
10.11	†	Amendment to the 2012 Non-Qualified Stock Option Plan of Seitel Holdings, Inc., dated May 30, 2012 (incorporated by reference from Exhibit 10.2 to the quarterly report on Form 10-Q for the quarter ended June 30, 2012, as filed with the SEC on August 13, 2012).
10.12	†	Form of Seitel Holdings, Inc. Stock Option Agreement for the 2012 Plan for Management Employees (incorporated by reference from Exhibit 10.2 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on May 7, 2012).
10.13	†	Form of Seitel Holdings, Inc. Stock Option Agreement for the 2012 Plan for Employees (incorporated by reference from Exhibit 10.3 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on May 7, 2012).
10.14	†	Employment Agreement by and between Seitel, Inc. and Robert D. Monson, dated January 30, 2007 (incorporated by reference from Exhibit 10.13 to the Registration Statement on Form S-4, No. 333-144844, as filed with the SEC on July 25, 2007).
10.15	†	First Amendment to Employment Agreement by and between Seitel, Inc. and Robert D. Monson, dated June 2, 2009 (incorporated by reference from Exhibit 10.22 to the annual report on Form 10-K for the year ended December 31, 2013, as filed with the SEC on February 21, 2014).
10.16	†	

		Second Amendment to Employment Agreement by and between Seitel, Inc. and Robert D. Monson, dated January 25, 2010 (incorporated by reference from Exhibit 10.23 to the annual report on Form 10-K for the year ended December 31, 2013, as filed with the SEC on February 21, 2014).
10.17	†	Employment Agreement by and between Seitel, Inc. and Kevin P. Callaghan entered into June 9, 2016 and effective July 1, 2016 (incorporated by reference from Exhibit 10.1 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on June 13, 2016).
10.18	†	Employment Agreement by and between Seitel, Inc. and Marcia Kendrick, dated February 15, 2012 (incorporated by reference from Exhibit 10.1 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on February 17, 2012).

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10.19	†	Employment Agreement by and between Seitel, Inc. and Randall Sides, dated February 15, 2012 (incorporated by reference from Exhibit 10.2 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on February 17, 2012).
10.20	†	Employment Agreement between Seitel, Inc. and Richard Kelvin, dated August 1, 2014 (incorporated by reference from Exhibit 10.1 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on August 7, 2014).
10.21	†	First Amendment to Employment Agreement between Richard Kelvin and Seitel, Inc., dated August 18, 2016 (incorporated by reference from Exhibit 10.1 to the Seitel, Inc. current report on Form 8-K, as filed with the SEC on August 18, 2016).
10.22	†	Seitel, Inc. Executive Retention Bonus Program for Key Employees, effective January 1, 2017 (incorporated by reference from Exhibit 10.26 to the annual report on Form 10-K for the year ended December 31, 2016, as filed with the SEC on February 16, 2017).
12.1		Computation of Ratio of Earnings to Fixed Charges (incorporated by reference from Exhibit 12.1 to the annual report on Form 10-K for the year ended December 31, 2017, as filed with the SEC on February 16, 2018).
21.1		Subsidiaries of Seitel, Inc. (incorporated by reference from Exhibit 21.1 to the annual report on Form 10-K for the year ended December 31, 2017, as filed with the SEC on February 16, 2018).
31.1	*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 302 Of The Sarbanes-Oxley Act of 2002.
31.2	*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 302 Of The Sarbanes-Oxley Act of 2002.
32.1	**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 Of The Sarbanes-Oxley Act of 2002.
32.2	**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 Of The Sarbanes-Oxley Act of 2002.
101.INS		XBRL Instance Document (incorporated by reference from Exhibit 101.INS to the annual report on Form 10-K for the year ended December 31, 2017, as filed with the SEC on February 16, 2018).
101.SCH		XBRL Taxonomy Extension Schema Document (incorporated by reference from Exhibit 101.SCH to the annual report on Form 10-K for the year ended December 31, 2017, as filed with the SEC on February 16, 2018).
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document (incorporated by reference from Exhibit 101.CAL to the annual report on Form 10-K for the year ended December 31, 2017, as filed with the SEC on February 16, 2018).
101.DEF		XBRL Taxonomy Extension Definition Linkbase Document (incorporated by reference from Exhibit 101.DEF to the annual report on Form 10-K for the year ended December 31, 2017, as filed with the SEC on February 16, 2018).
101.LAB		XBRL Taxonomy Extension Label Linkbase Document (incorporated by reference from Exhibit 101.LAB to the annual report on Form 10-K for the year ended December 31, 2017, as filed with the SEC on February 16, 2018).
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document (incorporated by reference from Exhibit 101.PRE to the annual report on Form 10-K for the year ended December 31, 2017, as filed with the SEC on February 16, 2018).

† Management contract, compensation plan or arrangement.
* Filed herewith.
** Furnished, not filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEITEL, INC.

By: /s/ Robert D. Monson
Robert D. Monson
Chief Executive Officer and President
(Duly Authorized Officer and Principal Executive Officer)

Date: March 29, 2018