

TETRA TECHNOLOGIES INC  
Form DEF 14A  
April 11, 2003

**SCHEDULE 14A**

**(Rule 14a-101)**

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

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

Filed by the registrant  [ X ]

Filed by a party other than the registrant  [ \_ ]

Check the appropriate box:

[ \_ ] Preliminary proxy statement.

[ \_ ] Confidential, for use of the Commission only (as permitted by Rule 14-a6(e)(2)).

[ X ] Definitive proxy statement.

[ \_ ] Definitive additional materials.

[ \_ ] Soliciting material under Rule 14a-12.

**TETRA Technologies, Inc.**

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (check the appropriate box):

[ X ] No fee required.

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

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

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

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement number:

(3) Filing Party:

(4) Date Filed:

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**TETRA Technologies, Inc.**

**25025 Interstate 45 North, 6th Floor**

**The Woodlands, Texas 77380**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held May 23, 2003**

To our stockholders:

**Where and When.** We will hold our 2003 Annual Meeting of Stockholders at the Marriott Woodlands Waterway Hotel, 1601 Lake Robbins Drive, The Woodlands, Texas on Friday, May 23, 2003, at 11:00 a.m. local time.

**Record Date.** Only stockholders of record at the close of business on March 25, 2003 will be entitled to notice of and to vote at the Annual Meeting.

**Purpose of the Meeting.** We have called the Annual Meeting for the following purposes:

1. To elect three Class I directors to serve three year terms;
2. To ratify and approve the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2003; and
3. To transact such business as may properly come before the Annual Meeting or any adjournments.

You will find more information on our nominees for directors and the other purposes listed above in the attached proxy statement. You will find more instructions on how to vote starting on page 2 of the proxy statement.

**Your vote is important! Please mark, sign, date and return the enclosed proxy card as soon as possible regardless of whether you plan to attend the Annual Meeting. You may revoke your proxy at any time before it is voted.**

I hope you will be able to attend the Annual Meeting.

Bass C. Wallace, Jr.

Corporate Secretary

April 11, 2003

The Woodlands, Texas

TETRA Technologies, Inc.

25025 Interstate 45 North, 6th Floor

The Woodlands, Texas 77380

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## PROXY STATEMENT

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*This proxy statement, and the attached Notice of the 2003 Annual Meeting of Stockholders and proxy card, are first being mailed to our stockholders on or about April 11, 2003.*

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## VOTING INFORMATION

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### GENERAL INSTRUCTIONS ON HOW TO VOTE YOUR PROXY

Below are instructions on how to vote, as well as information on your rights as a stockholder as they relate to voting. Some of the instructions will differ depending on how your stock is held. It is important to follow the instructions that apply to your situation.

**If your shares are held in "street name,"** you should vote your shares in the method directed by your broker or other nominee.

**If you plan to attend the meeting and vote in person,** your instructions will depend on how your shares are held:

- *shares registered in your name* - check the appropriate box on the enclosed proxy card and bring evidence of your stock ownership with you to the meeting. The proxy card and the evidence of your ownership will serve as your authorization to vote in person.
- *shares registered in the name of your broker or other nominee* - ask your broker to provide you with a broker's proxy card in your name (which will allow you to vote your shares in person at the meeting) and bring evidence of your stock ownership from your broker.

Remember that we will limit attendance at the Annual Meeting to stockholders as of the record date (or their authorized representatives) with evidence of their share ownership and our guests.

**How to Revoke Your Proxy.** If your shares are registered in your name, you may revoke your proxy at any time before it is exercised by:

- filing a written notice revoking it with our Secretary,
- executing and returning another proxy bearing a later date, or
- attending the Annual Meeting and expressing a desire to vote your shares of common stock in person.

If your shares are held in street name, you must contact your broker to revoke your proxy. You must address written notices to Corporate Secretary, TETRA Technologies, Inc., 25025 Interstate 45 North, 6th Floor, The Woodlands, Texas, 77380. No revocation by written notice will be effective unless such notice has been received by our Secretary prior to the day of the Annual Meeting or by our inspector of election at the Annual Meeting.

## VOTING RULES

**Stockholders Entitled to Vote - the Record Date.** We have fixed the close of business on March 25, 2003 as the record date for the determination of stockholders entitled to vote at the Annual Meeting and any adjournment(s) thereof. As of the record date, we had issued and outstanding 14,424,994 shares of common stock and no shares of preferred stock.

**Quorum Required.** A quorum must be present at the Annual Meeting for us to conduct business at the Annual Meeting. To establish a quorum, we need the presence, either in person or by proxy, of holders of a majority of the outstanding shares of our common stock as of the record date. We will count abstentions and broker non-votes to determine whether a quorum is present. Broker non-votes occur when a beneficial owner indicates on the proxy that some of the shares represented are not being voted as to certain proposals, and the broker is not permitted to vote on the proposal.

**Number of Votes.** You are entitled to one vote per share of our common stock that you own as of the record date on each matter that is called to vote at the Annual Meeting.

**Voting to Elect Directors.** When voting to elect directors, you have three options:

- Vote for all of the three nominees;
- Vote for one or more of the nominees, but not all; or
- Withhold authority to vote for all of the nominees.

If a quorum is present at the Annual Meeting, the three persons receiving the greatest number of votes will be elected to serve as directors. Therefore, any shares that are not voted or whose votes are withheld will not influence the outcome of the election of directors. You may not cumulate your votes for any one of the nominees.

**Voting on Other Matters.** When voting on all other matters, you have three options as follows:

- Vote FOR a given proposal;
- Vote AGAINST a given proposal; or
- ABSTAIN from voting on a given proposal.

Each matter other than the election of directors requires the affirmative vote of a majority of the shares present or represented at the Annual Meeting and entitled to vote on the proposal. An abstention will have the same effect as voting against a proposal. Non-voted shares will not affect the results on a proposal, because shares held by brokers who withhold authority to vote will be considered absent in the voting tallies on these proposals.

The proxy confers discretionary authority to the persons named in the proxy authorizing those persons to vote, in their discretion, on any other matters properly presented at the Annual Meeting. The Board of Directors is not currently aware of any such other matters.

**Voting of Proxies with Unmarked Votes.** All proxies that are properly completed, signed and returned prior to the Annual Meeting will be voted. If you return your proxy with no votes marked, your shares will be voted as follows:

- FOR the election of each of the nominees for director.
- FOR the appointment of Ernst & Young LLP as out independent auditors.

It is possible for a proxy to indicate that some of the shares represented are not being voted as to certain proposals. This occurs, for example, when a broker is not permitted to vote on a proposal without instructions from the beneficial owner of the stock. In these cases, non-voted shares are considered absent for those proposals.

**Who Counts the Votes.** Votes will be counted by ADP Investor Communication Services.

**Information About the Solicitation of Proxies.** Our Board of Directors is soliciting the proxy accompanying this statement in connection with the Annual Meeting. In addition to the solicitation of proxies by use of this proxy statement, our directors, officers and employees may solicit the return of proxies by mail, personal interview, telephone or telegraph. Our officers and employees will not receive additional compensation for their solicitation efforts, but they will be reimbursed for any out-of-pocket expenses incurred. Brokerage houses and other custodians, nominees and fiduciaries will be requested, in connection with the stock registered in their names, to forward solicitation materials to the beneficial owners of such stock.

We will pay all costs of preparing, printing, assembling and mailing the Notice of the Annual Meeting, this proxy statement, the enclosed form of proxy card and any additional materials, as well as the cost of forwarding solicitation materials to the beneficial owners of stock and all other costs of solicitation.

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## PROPOSALS

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### PROPOSAL NO. 1: ELECTION OF DIRECTORS

The Board of Directors has nominated and urges you to vote "FOR" the election of the three directors who have been nominated to serve three-year terms as Class I directors. Each proxy solicited hereby will be so voted unless you specify otherwise in the proxy. A plurality vote is required for the election of directors in Proposal 1. Accordingly, if a quorum is present at the Annual Meeting, the three persons nominated for election as directors receiving the greatest numbers of votes will be elected to serve as directors.

Our bylaws divide the Board of Directors into three classes, designated as Class I, Class II and Class III, with respect to terms of office. Each class is elected to serve a three-year term and consists of, as nearly as possible, one-third of the members of the entire Board. Currently there are nine members of the Board of Directors. The proxies solicited hereby cannot be voted for more than three nominees.

The terms of office of each of the current Class I Directors, Paul D. Coombs, Allen T. McInnes and J. Taft Symonds, expire at the time of the Annual Meeting, or as soon thereafter as their successors are elected or qualified. Messrs. Coombs, McInnes and Symonds have been nominated by the Board to serve additional three-year terms as Class I Directors. Each of the nominees has consented to be named in this Proxy Statement and to serve as a director, if elected.

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

#### Nominees for Director

The three nominees for election as Class I directors, whose terms of office as directors will expire in 2006 if such persons are elected, are as follows:

<b>Name</b>	<b>Age</b>	<b>Position with us</b>	<b>Year first became a director</b>
Paul D. Coombs	47	Executive Vice President, Chief Operating Officer and Director (Class I)	1994
Allen T. McInnes	65	Director (Class I)	1993
J. Taft Symonds	63	Chairman of the Board and Director (Class I)	1981

Biographical summaries of the Class I Directors are set forth below. See "Beneficial Stock Ownership of Certain Stockholders and Management" below for information regarding the number of shares of the Company's common stock owned by each of them.



**Paul D. Coombs** has served as Executive Vice President and Chief Operating Officer since May 2001. He served as an Executive Vice President from January 1994 to May 2001 and as a member of our Board of Directors since June 1994. Mr. Coombs served as our Senior Vice President – Oil & Gas from 1987 to 1994. From 1985 to 1987, he served as our General Manager – Oil & Gas. Mr. Coombs has served in numerous other positions for us since 1982.

**Allen T. McInnes** has served as a member of our Board of Directors since 1993. He served as our President and Chief Executive Officer from April 1996 to January 2000. Mr. McInnes has served as Dean of the Business School of Texas Tech University since September 2001. He has served as Chairman of the Board of TGC Industries, which is involved in the geophysical business, since July 1993. Mr. McInnes has been a director of Chase Packaging Corporation since 1993. He has been a director of Alamosa Holdings Inc., which provides wireless communications services, since February 2003. Mr. McInnes is a former Executive Vice President and director of Tenneco, Inc., where at various times he had overall corporate-level responsibility for chemicals, minerals, packaging, international development and real estate operations. Mr. McInnes received his B.B.A., M.B.A. and Ph.D. degrees from the University of Texas and he completed the Advanced Management Program at Harvard Business School in 1973.

**J. Taft Symonds** has served as a member of our Board of Directors since 1981 and as our Chairman of the Board since October 1993. He has served as Chairman and a director of Maurice Pincoffs Company, Inc., a private international marketing company, and as President and a director of Symonds Trust Co., Ltd., a private investment firm, since 1978. Mr. Symonds also serves as a director and a member of the audit committee and chairman of the compensation committee of the board of directors of Plains Resources, Inc., an energy company, and as a director and member of the audit committee of Plains All American Pipeline, L.P., which is engaged in crude oil transportation, terminaling and storage. Mr. Symonds received his B.A. degree from Stanford University and his M.B.A. from Harvard Business School.

**The Board of Directors recommends that you vote “FOR” the election of each of the above named nominees.**

#### **PROPOSAL NO. 2: APPOINTMENT OF INDEPENDENT AUDITORS**

Proposal 2 requests stockholder approval of the Board of Directors' appointment of the firm of Ernst & Young LLP as our independent auditors for the year ending December 31, 2003. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement if they desire and to respond to appropriate questions from those attending that meeting. Ernst & Young LLP have served as our independent auditors since 1981.

**The Board of Directors recommends that you vote “FOR” ratification and approval of the appointment of Ernst & Young LLP as our independent auditors for the 2003 fiscal year, and proxies returned will be so voted unless contrary instructions are indicated thereon.**

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**INFORMATION ABOUT US**


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**INFORMATION ABOUT CONTINUING DIRECTORS**

The six continuing directors and certain additional information with respect to each of them are as follows:

<b>Name</b>	<b>Age</b>	<b>Position with us</b>	<b>Year first became a director</b>
Hoyt Ammidon, Jr.	65	Director (Class III)	1998
Ralph S. Cunningham	62	Director (Class II)	1999
Tom H. Delimitros	62	Director (Class II)	1994
Geoffrey M. Hertel	58	President, Chief Executive Officer and Director (Class II)	1984
Kenneth P. Mitchell	63	Director (Class III)	1997
Kenneth E. White, Jr.	56	Director (Class III)	2002

**Hoyt Ammidon, Jr.** has served as a member of our Board of Directors since 1998. He has served as a managing director of Berkshire Capital Corporation, a private company that provides merger and acquisition related services to the investment management and securities industries, since November 1994. Prior thereto, he held various executive positions at Cazenove Incorporated, a brokerage firm, The Chase Manhattan Investment Bank and E.F. Hutton & Co., Inc. He also serves as a director and chairman of the audit committee of the board of directors of Balchem Corporation, which manufactures microencapsulated products and is a specialty repackager of industrial gases. Mr. Ammidon received his B.A. degree in History from Yale University.

**Ralph S. Cunningham, Ph.D.**, has served as a member of our Board of Directors since 1999. He retired in 1997 from CITGO Petroleum Corporation, where he had served as President and Chief Executive Officer since 1995. Dr. Cunningham served as Vice Chairman of Huntsman Corporation from April 1994 to April 1995; and from August 1990 to April 1994, he served as President of Texaco Chemical Company. Prior to joining Texaco Chemical Company, Dr. Cunningham held various executive positions with Clark Oil & Refining and Tenneco, Inc. He began his career in Exxon's refinery operations. Dr. Cunningham is presently a director of Agrium, Incorporated, a Canadian company involved in the agricultural chemicals business, and is a director and chairman of the audit committee of the board of directors of Enterprise Products Partners L.P., a natural gas liquids and transportation company headquartered in Houston, Texas. Dr. Cunningham received his Ph.D. and M.S. degrees in Chemical Engineering from Ohio State University and his B.S. degree in Chemical Engineering from Auburn University.

**Tom H. Delimitros** has served as a member of our Board of Directors since 1994. He is President of the corporate general partner of AMT Capital Ltd., a private limited partnership formed in 1991 that provides equity and debt capital to emerging growth companies involved in advanced material technologies and the energy sector. Mr. Delimitros is also a director and is chairman of the audit committee of the board of directors of Plains Exploration & Production Company, an energy company. Mr. Delimitros received his B.S. and M.S. degrees from the University of Washington in Seattle and his M.B.A. degree from Harvard Business School.

**Geoffrey M. Hertel** has served as our President since May 2000, as our Chief Executive Officer since May 2001, and as a member of our Board of Directors since 1984. From January 2000 to May 2001 he also served as Chief Operating Officer of the Company. From January 1994 to 2000, Mr. Hertel served as our Executive Vice President – Finance and Administration. He joined us in March 1993 as Senior Vice President – Finance and Administration. From 1981 to 1984 Mr. Hertel was associated with us as a non-voting director and special consultant to the Board. He has served as President and a director of Fairway Petroleum, Inc., a private oil and gas company, and LAGGS, Inc., a private natural gas pipeline company, since 1980. From 1972 to 1984, Mr. Hertel held various positions with Rotan Mosle, Inc., an investment banking firm, including Senior Vice President – Corporate Finance. Mr. Hertel received his B.A. and M.B.A. degrees from Michigan State University.

**Kenneth P. Mitchell** has served as a member of our Board of Directors since 1997. He is presently a director and chairman of the compensation committee of Balchem Corporation, which manufactures microencapsulated products and is a specialty repackager of industrial gases. Mr. Mitchell served as President and Chief Executive Officer of Oakite Products, Inc., a specialty chemicals company, from 1986 to 1993. From 1964 to 1986, he held a number of executive positions with Diamond Shamrock Corporation, all of which were related to various commodity and specialty chemical businesses. Mr. Mitchell received his B.S. degree in Marketing and Finance from Ohio State University in 1964 and in 1979 he completed the Senior Executive Program at M.I.T.

**Kenneth E. White, Jr.** has served as a member of our Board of Directors since 2002. Mr. White served as President and Chief Operating Officer and a director of Torch Energy Advisors until his retirement in January 2001. Prior to his initial employment by Torch in 1989, he served as Executive Vice President and General Manager of Gruy Engineering, which was subsequently acquired by Torch. From 1982 to 1989, Mr. White served in several positions with Tenneco Oil related to Gulf Coast reservoir management and engineering. He received his B.S. degree in Mechanical Engineering from Louisiana State University.

## **DIRECTOR COMPENSATION**

Directors who are not our employees or employees of any of our subsidiaries or affiliates (the “Outside Directors”) receive compensation of \$2,000 per month plus \$1,000 for each Board meeting attended, and they are reimbursed for out-of-pocket expenses incurred in attending meetings of the Board. Outside Directors who are members of the Audit Committee or the Management and Compensation Committee are also paid \$1,000 for each meeting of those committees attended. In addition to the \$1,000 for each meeting attended, the chairman of the Management and Compensation Committee is paid \$500 per calendar quarter and the chairman of the Audit Committee is paid \$1,500 per calendar quarter. Mr. Symonds received total annual cash compensation of \$65,000 in 2002 for serving as our Chairman of the Board of Directors.

Under our Director Stock Option Plan, as amended, each of the Outside Directors generally receives an automatic grant of an option to purchase 8,000 shares of our common stock on January 1 of each year while he is a director. The options have an exercise price equal to the closing price as of the last trading day of the previous year. As a result, on January 1, 2003, each of the Outside Directors other than Mr. White received an option to purchase 8,000 shares at an exercise price of \$21.37 per share. Mr. White received a prorated grant of 4,888 shares at an exercise price of \$21.37 per share. On June 4, 2002, Mr. Symonds received an option to purchase 6,000 shares of our common stock at an exercise price of \$24.00 per share under our 1990 Stock Option Plan.

## **BOARD MEETINGS AND COMMITTEES**

*Meetings and Attendance.* During 2002, the Board of Directors had seven meetings, the Audit Committee had five meetings, the Management and Compensation Committee had three meetings and the Nominating and Corporate Governance Committee had two meetings. During 2002, each member of the Board of Directors attended 75% or more of the meetings of the Board of Directors held while he was a member of the Board and 75% or more of the meetings of all committees of the Board of Directors of which he was a member that were held during the time he was a member.

**Audit Committee.** The Board of Directors has an Audit Committee, which is currently comprised of Mr. Ammidon, as Chairman, and Messrs. Cunningham, Mitchell and White. The Audit Committee's functions include making recommendations concerning the engagement of independent auditors, reviewing with the independent auditors the plan and results of the auditing engagement, reviewing professional services provided by the independent auditors, reviewing the independence of the independent auditors, considering the range of audit and non-audit fees, and reviewing the adequacy of our internal accounting controls. To promote the independence of its audit, the Audit Committee consults separately and jointly with the independent auditors, the internal auditors and management. As required by New York Stock Exchange and Securities and Exchange Commission (the "Commission") rules regarding audit committees, the Board of Directors has reviewed the qualifications of its Audit Committee and has determined that none of the current members of the Audit Committee have a relationship with us that might interfere with the exercise of their independence from us or our management.

**Management and Compensation Committee.** The Board of Directors has a Management and Compensation Committee, which is currently comprised of Mr. Delimitros, as Chairman, and Messrs. Ammidon and Mitchell. The functions performed by the Management and Compensation Committee include reviewing and establishing overall management compensation, administering our employee stock option plans, and approving salary and bonus awards to our executive officers.

**Nominating and Corporate Governance Committee.** The Board of Directors has a Nominating and Corporate Governance Committee, which is currently comprised of Mr. Cunningham, as Chairman, and Messrs. Ammidon, Delimitros, McInnes, Mitchell, Symonds and White. The Nominating and Corporate Governance Committee investigates and makes recommendations to the Board with respect to qualified candidates to be nominated for election to the Board and reviews and makes recommendations to the Board of Directors with regard to candidates for directors nominated by stockholders in accordance with our bylaws. The Nominating and Corporate Governance Committee will consider candidates for director who are properly nominated by stockholders. Any stockholder wishing to propose a nominee should submit a recommendation in writing to our Corporate Secretary, indicating the nominee's qualifications and other relevant biographical information, confirmation of the nominee's consent to serve as a director, and all other information required by our bylaws for the nomination of director candidates. This committee also investigates and makes recommendations to the Board with regard to all matters of corporate governance, including the structure, operation and evaluation of the Board and its committees.

**AUDIT COMMITTEE REPORT**

The Audit Committee includes four directors who are independent, as defined by the standards of the New York Stock Exchange. The Audit Committee assists the Board in overseeing matters relating to our accounting and financial reporting practices, the adequacy of our internal controls and the quality and integrity of our financial statements. The Board previously adopted a charter for the Audit Committee, which was attached to our proxy statement for our 2001 annual meeting of stockholders.

The Audit Committee met five times during the year ended December 31, 2002. The Audit Committee reviewed with management and the independent auditors the interim financial information included in our quarterly reports on Form 10-Q for the fiscal quarters ended March 31, 2002, June 30, 2002, and September 30, 2002 prior to their being filed with the Commission.

The independent auditors provided the Audit Committee with a written statement describing all the relationships between us and our auditors that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees." The Audit Committee also discussed with the auditors any relationships that may impact their objectivity and independence and satisfied itself as to the auditors' independence.

The Audit Committee discussed and reviewed with the independent auditors all communications required by generally accepted auditing standards, including those described in Statement of Auditing Standards No. 61, as amended, "Communication with Audit Committees."

With and without management present, the Audit Committee discussed and reviewed the results of the independent auditors' examination of our December 31, 2002 financial statements. The discussion included matters related to the conduct of the audit, including the following: the selection of and changes in significant accounting policies; the methods used to account for significant or unusual transactions; the effect of significant accounting policies in controversial or emerging areas; the process used by management in formulating particularly sensitive accounting estimates; and, the basis for the auditors' conclusions regarding the reasonableness of those estimates, significant adjustments arising from the audit and disagreements, if any, with management over the application of accounting principles, the basis for management's accounting estimates and the disclosures in the financial statements.

The Audit Committee reviewed our audited financial statements as of and for the year ended December 31, 2002, and discussed them with management and the independent auditors. Based on such review and discussions, the Audit Committee recommended to the Board that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 for filing with the Commission.

Submitted by the Audit Committee of the Board of Directors,

Hoyt Ammidon, Jr., Chairman

Ralph S. Cunningham

Kenneth P. Mitchell

Kenneth E. White, Jr.

This report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.

**FEES PAID TO PRINCIPAL ACCOUNTING FIRM**

The following table sets forth the aggregate fees billed to us by our principal accounting firm, Ernst & Young LLP, for the fiscal year ended December 31, 2002:

<i>Audit Fees</i>	\$361,000
<i>Audit Related Fees</i>	26,000
<i>Tax Fees</i>	14,000
<i>All Other Fees</i>	0
<i>Total Fees</i>	\$401,000

The Audit Committee considered whether the provision of services by Ernst & Young LLP that are not related to the audit of our financial statements was compatible with maintaining the independence of Ernst & Young LLP and they concluded that it was.

**MANAGEMENT AND COMPENSATION COMMITTEE REPORT**

The Management and Compensation Committee (referred to in this Report as the "Committee"), which is comprised solely of Outside Directors, establishes our overall management compensation and is responsible for investigating, determining and awarding compensation to be paid to our executive officers, including grants under our stock option plans. In order to make such determinations, each year the Committee evaluates (i) our performance relative to our annual objectives, (ii) our performance relative to changes in the industry (i.e., performance relative to the opportunities available), and (iii) each executive officer's contribution to our achievements during the year.

The basic objectives of the executive compensation program are to:

- Enable us to attract, retain, motivate and reward high-caliber executive officers to manage our diverse, interconnected businesses;
- Inspire the executive officers to work as a team to innovatively and aggressively pursue our goals, including our multifaceted growth plan;
- Encourage the executive officers to analyze and make improvements to our business systems in order to carry operations to higher levels of achievement and efficiency;
- Emphasize "pay for performance" by having a significant portion of the executive officers' total compensation "at risk" in the form of incentive compensation; and
- Align the long-term interests of the executive officers with those of our stockholders through the use of stock options as a portion of compensation and thereby encourage the achievement of performance objectives that enhance stockholder value on a continuing basis.

The Committee monitors general industry conditions, changes in regulations and tax laws, and other developments that may require modifications of the executive compensation program in order to ensure the program is properly structured to achieve its objectives. Our executive compensation program currently is comprised of three major components: (i) base salary, (ii) annual incentive bonuses, and (iii) longer-term incentive stock options.

*Base Salaries.* The Committee determines base salaries for each of our executive officers on an individual basis, taking into consideration the performance of the individual and his contributions to our performance, compensation by industry competitors for comparable positions, internal equities among positions, and general economic conditions. Although no specific weight is assigned to these factors, the Committee generally targets the mid-point range of salary levels paid within the industry as a primary consideration in setting base salaries. In order to determine salary levels paid within the industry, the Committee reviews various industry surveys and proxy information of its competitors and, from time to time, consults with independent compensation consulting firms. The Committee gives serious consideration to the recommendations of the Chief Executive Officer with regard to the salaries to be paid to the executive officers. The Committee believes that maintaining a competitive base salary structure is vital to attracting and retaining talented executives and that optimal performance is encouraged through the use of incentive programs, such as annual incentive compensation and stock option plans, which further the goal of having "at risk" compensation as an important component of the executive compensation program.

*Annual Incentive Compensation.* In addition to their base salaries, each of our executive officers (in addition to other key employees) is eligible to earn a cash bonus under our Incentive Compensation Program each year, depending on the extent to which (i) we (and the executive officer's applicable Division, if any) achieve our earnings per share goal for the applicable year and (ii) such individual achieves his or her individual goals, which typically include various operating, financial and strategic goals (such as achievement of divisional earnings or other financial targets and successful completion of major projects) that are considered to be important to our long- or short-term success. Individual goals are not specifically weighted in the determination of whether to award bonuses to the executive officers. The Incentive Compensation Program has six levels of participation, each of which represents a maximum bonus that may be awarded (expressed as a percentage of base pay), based on the extent to which we achieve our earnings goal. Senior executive officers participate in the top two levels. After a year-end review of corporate and divisional achievements and the personal achievement of the applicable individual goals, the Chief Executive Officer determines the amount of the bonus, if any, that he recommends be awarded to each executive officer. Such review includes the Chief Executive Officer's subjective evaluation of factors that include the extent to which the goals were achieved by the executive officers. The Committee reviews, makes changes if desired, and approves such bonuses to the executive officers.

*Stock Options.* We have used stock options for many years as our long-term incentive program for executive officers and other key employees. Stock options align the benefits received by our executive officers and key employees with the appreciation realized by the stockholders over comparable periods. The Committee administers our stock option plans, taking into consideration the recommendations of the Chief Executive Officer with regard to specific option grants. Stock options are usually granted at exercise prices not less than the market value of the stock on the date of the grant. In general, 20% of options vest one year after the date of grant and the remainder of the options vests ratably over the next four years (assuming continued employment). As a result, no options have any realizable value unless the optionee remains employed by us and our stock appreciates in value over the exercise price. Termination of employment triggers a requirement that vested options be exercised or forfeited. Stock options provide the executive officers and other key employees the opportunity to acquire and build a meaningful ownership interest in us and, therefore, closely align their interests with those of our stockholders. In 2002, the Committee approved grants of options to purchase an aggregate of 246,000 shares of our common stock, including options to executive officers to purchase an aggregate of 230,000 shares.

*Performance Based Stock Options.* Our 1990 Stock Option Plan also permits the issuance of options (the "Performance Options") that are subject to early vesting only if the price of our common stock increases significantly. The Committee believes that such options will be powerful incentives to our executive officers to bring their full talents and energies to bear to accomplish the significant increases in stockholder value that vesting requires, within the option period. In 2002, the Committee approved grants of Performance Options to Messrs. Coombs, Hanna, Hertel, and Symens. (See below under "Summary Compensation Table" and "Stock Options" for details of these option grants.)

*Compensation of Chief Executive Officer.* Mr. Hertel received \$275,000 in salary as our President and Chief Executive Officer in 2002. He did not receive any cash bonus based on our performance in 2002. In addition, Mr. Hertel received a 2002 grant of 100,000 Performance Options. Mr. Hertel's current salary is \$275,000. In determining the terms of Mr. Hertel's compensation and benefits, the Committee considered Mr. Hertel's substantial experience and qualifications, which included his nineteen years with us as a director and nine years with us as an executive officer. The Committee reviewed the levels of base pay and incentive and other compensation, including stock options, that would be necessary in order to induce him to serve as President and Chief Executive Officer, considering the compensation provided to the presidents and chief executive officers of other publicly traded companies of similar size and business type. No specific survey of such compensation was commissioned by the Committee, and no specific weight was given to any single qualification or other factor. (See below under "Stock Options" for details of Mr. Hertel's option grants.)

Submitted by the Management and Compensation Committee

of the Board of Directors,

Tom H. Delimitros, Chairman

Hoyt Ammidon, Jr.

Kenneth P. Mitchell

This report and the Performance Graph set forth later in this Proxy Statement have been prepared for inclusion in the proxy materials to be provided to our stockholders for the Annual Meeting to be held May 23, 2003 and not for inclusion in any other filing required under the Securities Act or the Exchange Act except to the extent we specifically incorporate such information by reference into a filing under either of such Acts. This Report is not to be considered "soliciting materials" as that term is used in the proxy rules of the Commission.

#### **Insider Stock Sales**

We acknowledge that sales of Common Stock by our executive officers will occur periodically. In particular, we believe that our executive officers who have a significant portion of their net worth in Common Stock may desire to diversify their investment portfolios over time and may be required to sell Common Stock to finance stock option exercises and pay related taxes. We have established a policy for trading in Common Stock. This policy is designed to help ensure compliance with the federal securities laws and allow the anticipated periodic sales to occur in an orderly fashion. The trading policy also generally prohibits our directors, officers and employees from engaging in short sales of our Common Stock and from buying or selling puts, calls or options involving Common Stock (other than employee stock options).



**EXECUTIVE COMPENSATION****Executive Officers**

Our current executive officers and their ages and positions are as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Geoffrey M. Hertel	58	President, Chief Executive Officer and Director
Paul D. Coombs	47	Executive Vice President, Chief Operating Officer and Director
Joseph M. Abell, III	48	Senior Vice President and Chief Financial Officer
Gary C. Hanna	45	Senior Vice President
Dennis R. Mathews	44	Senior Vice President
Raymond D. Symens	52	Senior Vice President
Bass C. Wallace, Jr.	44	General Counsel and Corporate Secretary
Ben C. Chambers	47	Vice President Accounting and Controller
Bruce A. Cobb	53	Vice President Finance and Treasurer
Linden H. Price	56	Vice President Administration

(Information regarding the business experience of Messrs. Hertel and Coombs is set forth above under "Information about Continuing Directors")

**Joseph M. Abell, III** has served as our Senior Vice President and Chief Financial Officer since May 2001. From January 1998 to May 2001 he served as Vice President of Sithe Energies, Inc. and then as Senior Vice President of one of its parent companies, Marubeni Power International, Inc., where he was involved in the acquisition, development and financing of power generation projects in Latin America. From December 1994 through December 1997 Mr. Abell was employed as a Project Director by British Gas International, Inc. and prior to that time he held various acquisition, strategic planning and project development positions in the power generation and gas pipeline businesses with American National Power, Transco Energy Company and Tenneco Inc. Mr. Abell received his B.S. degree in Mechanical Engineering from Cornell University and his M.B.A. degree from the University of Chicago.

**Gary C. Hanna** has served as a Senior Vice President of the Company since November 2001. He served as President of our Maritech Resources, Inc. subsidiary from June 2000 to March 2003. From 1995 to 2000 Mr. Hanna served as a director of Gloria Corporation, a private oil and gas exploration company with operations in the mid-continental U.S. From 1994 to 1998 he served as Executive Vice President and Chief Operating Officer of DLB Oil and Gas, Inc., an oil and gas exploration company with operations in the mid-continental U.S. From 1996 to 1998 Mr. Hanna served as President and a director of Gulfport Energy Corporation, an oil and gas exploration company with operations in the U.S. Gulf Coast. From 1998 to the present he has served as President, Chief Executive Officer and a director of Spectral Logging Technologies, Inc., a private company with downhole logging technology. Mr. Hanna received his B.A. degree in Economics from the University of Oklahoma.

**Dennis R. Mathews** has served as a Senior Vice President of the Company since January 2001. He has served as Vice President of TETRA International since 1994, as General Manager of our INTEQ/TETRA joint venture from 1991 to 1994, and in numerous other positions with the Company since 1982. Mr. Mathews received his B.S. degree in Business Management from Southwestern Oklahoma State University.

**Raymond D. Symens** has served as a Senior Vice President of the Company since 1994. He served as Vice President – Manufacturing from 1988 to 1994. From 1976 to 1988 Mr. Symens held various executive positions with Earth Sciences Incorporated and its wholly owned Canadian subsidiary, ESI Resources, Ltd., ultimately serving as Vice President and General Manager for the company's chemical recovery operations located in Western Canada. Mr. Symens received his B.S. degree in Metallurgical Engineering from the South Dakota School of Mines and Technology.

**Bass C. Wallace, Jr.** has served as our General Counsel since 1994 and as our Corporate Secretary since 1996. Mr. Wallace received his B.A. degree in Economics from the University of Virginia and his J.D. degree from the University of Texas School of Law.

**Ben C. Chambers** has served as our Vice President – Accounting and Controller since May 2001. He served as Chief Accounting Officer from May 2000 to May 2001. He was first employed by us in 1993, and served as Controller of our Oil & Gas Services Division from January 1995 to May 2000. From 1979 to 1992 Mr. Chambers held various management positions with Baker Hughes, Inc., most recently as Controller for its Tubular Services Division. Mr. Chambers received his B.S. degree in Accounting from the University of Oklahoma, and he is a certified public accountant.

**Bruce A. Cobb** has served as our Vice President – Finance and Treasurer since May 2001. He served as our Controller and Treasurer from May 2000 to May 2001 and as our Chief Accounting Officer from June 1999 to May 2000. Mr. Cobb served as our Controller from 1991 to May 1999. From 1987 to 1991 he was the Chief Financial Officer of Speeflo Manufacturing Company. From 1979 to 1987 Mr. Cobb served as Division Controller for Hughes Production Tools, a division of Hughes Tool Company. From 1973 to 1979 he practiced accounting with Ernst & Young. Mr. Cobb received his B.B.A. degree in Accounting from the University of Texas, and he is a certified public accountant.

**Linden H. Price** has served as our Vice President – Administration since May 2001. He has served as Director of the Company's Human Resources department since September 1993. From 1989 to 1993 Mr. Price was Director of Human Resources for TRW Environmental Services, a business unit of TRW Inc. From 1982 to 1989 he was Director of Human Resources and Administration for Grant-Norpac, a geophysical services company. Mr. Price received his B.A. degree in Social Sciences from the College of Santa Fe and his masters degree in Human Development from the University of Maryland.

**Compensation of Executive Officers**

The following information is given for the years 2000 through 2002 with respect to (i) our Chief Executive Officer and (ii) each of our four most highly compensated executive officers (each a "Named Executive Officer"):

**Summary Compensation Table**

Name and Principal Position	Fiscal Year	Annual Compensation (1)		Long-term Compensation Securities	
		Salary	Bonus	Underlying Options (#)	All Other Compensation (2)
Geoffrey M. Hertel	2002	\$275,000	\$0	100,000	\$5,500
President and Chief Executive Officer	2001	264,417	325,000	95,000	5,077
	2000	230,702	124,000	35,000	4,970
Paul D. Coombs	2002	\$260,000	\$0	100,000	\$5,500
Executive Vice President and Chief Operating Officer	2001	250,766	310,000	70,000	4,823
	2000	235,737	90,000	35,000	4,928
Joseph M. Abell, III	2002	\$200,000	\$0	0	\$2,769
Senior Vice President and Chief Financial Officer	2001	127,376	75,000	60,000	0
	2000				
Gary C. Hanna	2002	\$190,000	\$58,896	20,000	\$3,308
Senior Vice President	2001	115,769	93,340	10,000	0
	2000	98,077	0	0	0
Raymond D. Symens	2002	\$204,613	\$35,000	10,000	\$5,500
Senior Vice President	2001	199,996	104,000	20,000	5,077
	2000	192,272	60,000	25,000	5,018

(1) During the years ended December 31, 2000, 2001 and 2002, none of the Named Executive Officers received prerequisites or other personal benefits that exceeded the lesser of \$50,000 or 10% of the total annual salary and bonus for such individual.

(2) Represents employer matching contributions under our 401(k) Retirement Plan.

*Employment Agreement.* We do not have an employment agreement with Mr. Hertel or any other of the Named Executive Officers other than Mr. Hanna. Although he is an employee-at-will similar to all our other executive officers, Mr. Hanna is party to a letter agreement, dated March 20, 2002, with us under which he is entitled to a quarterly cash bonus based on the net oil and gas production revenues of our Maritech Resources, Inc. subsidiary. In addition, this agreement contains certain continuation of salary and bonus provisions that are applicable in the event we sell a controlling interest in Maritech. Mr. Hanna would not be entitled to any payments under this agreement in event of a change of control of TETRA Technologies, Inc., or in certain other circumstances.

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*401(k) Plan.* Under our 401(k) Retirement Plan (the "401(k) Plan"), eligible employees may contribute on a pre-tax basis up to 70% of their compensation, subject to an annual maximum established under the Internal Revenue Code. We make a matching contribution under the 401(k) Plan equal to 50% of the first 6% of a participant's annual compensation that is contributed to the 401(k) Plan. As of December 31, 2002, approximately 88% of all eligible employees were participating in the 401(k) Plan.

**Stock Options**

The following information concerns individual grants of stock options made during the last fiscal year to the Named Executive Officers:

**Option Grants in Last Fiscal Year**

<b>Name</b>	<b>Number of Securities Underlying Options Granted</b>	<b>Percent of Total Options Granted to Employees in Fiscal Year</b>	<b>Exercise or Base Price (\$/Share)</b>	<b>Expiration Date</b>	<b>Grant Date Theoretical Value (1)</b>
Geoffrey M. Hertel	100,000(2)	40.65%	\$20.05	01/20/10(3)	\$884,000
Paul D. Coombs	100,000(2)	40.65%	\$20.05	01/20/10(3)	\$884,000
Joseph M. Abell, III	0				