

Exterran Corp
Form DEF 14A
March 02, 2018

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

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

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

EXTERRAN CORPORATION

(Name of Registrant as Specified In Its Charter)

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

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No fee required.

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(3) Filing Party:

(4) Date Filed:

OUR CORE VALUES

Our core values guide our actions as individuals and as a Company. The foundation of our values is our commitment to people and safety. Together they shape our culture, results and reputation.

Dear Fellow Stockholders:

I am pleased to open this letter to you, our stockholders, by highlighting that we increased our stock price 31.5% in 2017, following our 48.9% increase in 2016. We are one of the top performers in our peer group and in the broader energy and equipment and services industry. In addition, Exterran executed on several key internal initiatives in 2017, established the foundation for implementing value-creating, long-term strategic goals and delivered solid financial performance.

I want to share with you here some of the things we are doing to continue-as we did in 2017-to increase our services and products offerings, increase profitability and generate strong cash flow. I also want to share some of the things we are doing to operate sustainably as a good corporate citizen.

In 2018 and beyond, we intend to execute on a global strategy that will help Exterran evolve into a systems and process company serving customers in the areas of oil, natural gas, power generation and water. At the same time, our Board and management will continue to focus on building and maintaining a strong foundation for the Company, highlighted by ensuring a culture of accountability and core values are in place, supported by internal processes, systems and controls.

We are also continuing to update and strengthen our governance foundation. We have annual director elections, one-share-one vote, an experienced and diverse board, a mandatory board retirement age, pay-for-performance compensation, superb internal and external pay parity and best-in-class stockholding requirements. We received 98% support for our 2017 pay referendum, “say on pay.” In 2017, we also removed our super-majority vote provision to amend our Bylaws and provided for majority voting to elect our directors.

We also work hard at being a good steward of our environment, a good member of our community, and a good employer to our over 4,400 employees. We make no political contributions and channel our community and charitable activities through our Exterran Cares™ program. We place heavy emphasis on creating opportunities for our people through our recruiting, training and benefits programs. And we prioritize global safety standards through our Goal Zero™ initiative. The nature of our business also enables us to assist our customers in becoming more energy efficient. And our Board, via its committees, oversees our environmental and social risks and opportunities.

We reached out to many of you during the year and continue to expand our engagement efforts. We believe we can learn a lot from people who have placed their faith in us through their investments. You will find in this proxy information on how to contact us throughout the year as well as information about what is up for a vote, how to vote and how to join us at our annual meeting.

On behalf of the entire Board of Directors and our employees, thank you for your continued support and investment in Exterran Corporation.

Sincerely,

Mark R. Sotir
Executive Chairman of the Board
March 16, 2018

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Place:

Thursday, April 26, 2018, jointly at 8:30 a.m. Central Daylight time at King & Spalding LLP, 1111 Louisiana Street, Suite 4000, Houston, Texas, USA and at 5:30 p.m. Gulf Standard Time at King & Spalding LLP, Al Fattan Currency House, Tower 2, Level 24, Dubai International Financial Centre, Dubai, UAE. We are holding a live annual meeting simultaneously in two locations by tele-video conferencing in order to allow our international stockholders to attend in person. The meeting is being held for the following purposes:

Items of Business:

- to elect seven directors to serve for a term expiring at the next annual meeting of stockholders;
- to conduct an advisory vote to approve the compensation of Exterran Corporation's named executive officers;
- to ratify the appointment of Deloitte & Touche LLP as Exterran Corporation's independent registered public accounting firm for fiscal year 2018;
- to approve an amendment to Exterran Corporation's Amended and Restated Certificate of Incorporation to eliminate the super-majority vote required for stockholders to amend the Company's Amended and Restated Bylaws; and
- to transact such other business as may properly come before the meeting or any adjournment thereof.

Record Date:

The record date for the determination of stockholders entitled to vote at our 2018 Annual Meeting of Stockholders or any adjournments or postponements thereof is the close of business on February 28, 2018.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Annual Meeting of Stockholders, we urge you to submit your vote by the Internet, telephone or mail.

By Order of the Board of Directors,

Valerie L. Banner
Vice President, General Counsel and Corporate Secretary
Exterran Corporation
Houston, Texas
March 16, 2018

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on April 26, 2018

We are making our Proxy Statement and Annual Report available to our stockholders electronically via the Internet. We will mail most of our stockholders a Notice on or about March 16, 2018, containing instructions on how to access this Proxy Statement and our Annual Report over the Internet and Vote by Internet or telephone. All stockholders who do not receive a Notice should receive a paper copy of the proxy materials by mail. Stockholders may access the proxy materials at www.exterran.com or www.proxyvote.com or request a printed set of the proxy materials be sent to them by following the instructions in the Notice.

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PROXY SUMMARY

The following is a summary of certain key information in our Proxy Statement. For complete information, please review this Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2017. In this Proxy Statement, we refer to Exterran Corporation as “Exterran,” the “Company,” “we” or “us.”

2018 Annual Meeting Information

Date: Thursday, April 26, 2018
 Time: Jointly by tele-video conferencing at 8:30 a.m. Central Daylight Time and 5:30 p.m. Gulf Standard Time, respectively
 Place: King & Spalding LLP, 1111 Louisiana Street, Suite 4000, Houston, Texas, USA and Al Fattan Currency House, Tower 2, Level 24, Dubai International Financial Centre, Dubai, UAE
 Record Date: February 28, 2018

For additional information about the 2018 Annual Meeting of Stockholders see Frequently Asked Questions About the Meeting and Voting beginning on page 58.

Voting Matters and Board Recommendations

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|--|---------------------------|------|
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You may vote in the following ways:

| | | | |
|--|---|---|------------------------------|
| Using the Internet at http://www.proxyvote.com | Calling 1-800-690-6903 if in the United States and Canada | Mailing your signed and dated proxy card or voting instruction form | Attending the Annual Meeting |
|--|---|---|------------------------------|

For telephone and Internet voting, you will need the 16-digit control number included on your Notice, proxy card or voting instruction form that accompanied your proxy materials. Internet and telephone voting is available through 11:59 p.m. Eastern Daylight Time on April 25, 2018 for all shares.

1 EXTERRAN CORPORATION

Our Business

Exterran is a global systems and process company offering natural gas processing and treating, compression and production products and services, and produced water treatment solutions in the oil, gas, water and power markets. Formed in late 2015 through a spin-off from Archrock, Inc., the creation of stockholder value is the foundation of our strategy. We strive to achieve this by delivering strong financial results through commercial and operational excellence, in part by leveraging our global resources and technical capabilities across our three global methods of going to market: Contract Operations, Product Sales and Aftermarket Services.

Our Board of Directors

The Exterran Board of Directors (the “Board”) includes a diverse group of leaders in their respective fields. We believe their varied backgrounds, skills and experiences contribute to a balanced and diversified Board that is able to provide effective oversight of our Company and our senior executive team. Our Board members’ skills and expertise include:

- executive leadership experience
- financial expertise
- governance and board service
- industry experience
- strategic planning
- risk management
- international business experience
- community involvement

The following chart sets forth information with respect to our seven nominees standing for election. Mr. Stewart is not standing for reelection at the Annual Meeting. The size of our Board will be reduced to seven members immediately following the Annual Meeting.

| Name | Age | Independent | Director Since | Primary Occupation | Committee Memberships |
|--|-----|-------------|----------------|---|---|
| William M. Goodyear (Lead Independent Director) | 69 | Yes | 2015 | Retired Executive Chairman and Chief Executive Officer of Navigant Consulting, Inc. | Audit (Chair) Compensation |
| James C. Gouin | 58 | Yes | 2015 | President and Chief Executive Officer of Tower International, Inc. | Audit Compensation Audit Compensation |
| John P. Ryan | 66 | Yes | 2015 | Retired President and Chief Executive Officer of Dresser, Inc. | (Chair) Nominating and Corporate Governance Audit Compensation |
| Christopher T. Seaver | 69 | Yes | 2015 | Retired President and Chief Executive Officer of Hydril Company | Nominating and Corporate Governance (Chair) |

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|--|----|-----|------|---|---|
| Mark R. Sotir Executive Chairman | 54 | No | 2015 | Executive Chairman and Director | |
| Andrew J. Way | 46 | No | 2015 | President, Chief Executive Officer and Director | |
| Ieda Gomes Yell | 61 | Yes | 2015 | Retired Managing Director, Energix Strategy Ltd. | Nominating and Corporate Governance |

2018 PROXY STATEMENT 2

Corporate Governance Highlights

The Board is committed to sound and effective corporate governance practices and continually reviews best practices and views of our stockholders on various issues. Following is a summary of our key governance policies and practices:

| | |
|--|---|
| Changes Since 2017 Annual Meeting | <p>Following our Board’s amendment of our Amended and Restated Bylaws (“Bylaws”) to eliminate the super-majority vote required for stockholders to amend our Bylaws, we have included Proposal 4 in this proxy to make the same change in our Amended and Restated Certificate of Incorporation (“Certificate of Incorporation”)</p> <p>After review of best practices and discussions with stockholders, we amended our Bylaws to provide for majority voting in uncontested elections of directors</p> <p>We implemented a prohibition on pledging Company stock</p> <p>We increased the stockholder ownership guidelines for our Chief Executive Officer (“CEO”)</p> <p>We expanded our stockholder engagement process</p> |
| Corporate Governance Best Practices | <p>We provide for:</p> <ul style="list-style-type: none"> Annual election of directors Majority voting for directors Resignation policy for directors who do not receive majority vote Regular executive sessions of independent directors Lead Independent Director Mandatory director retirement policy Robust director and executive stock ownership guidelines Robust Code of Conduct No poison pill No political contributions |
| Lead Independent Director Responsibilities | <ul style="list-style-type: none"> Presides at executive sessions of the independent directors Calls meetings of the independent directors Serves as liaison between the Chairman and the independent directors Meets regularly with the Company’s finance, compliance and internal audit management and independent advisers Briefs CEO on issues arising from executive sessions of independent directors |

Sustainability and Corporate Social Responsibility

On an ongoing basis, we analyze material economic, environmental and social issues that impact our ability to create value for all of our stakeholders, including our stockholders, customers, employees and communities. We believe that Exterran can only be as successful as the communities we serve, and are committed to operating our business in a socially and environmentally responsible way. In 2017, we formed Exterran Cares™ to manage our contributions and volunteer programs. Through Exterran Cares™, in 2017 our Company and our employees™ contributed to numerous charitable and community initiatives, and our employees volunteered in numerous community service projects and activities, including providing volunteer and financial support to our employees and neighbors affected by Hurricane Harvey and the Mexico City earthquake. Our Company is committed to providing continued support to our global employees and communities.

We are also committed to the health and safety of our employees, contractors, visitors and community residents. We continuously assess the risks our employees face in their jobs, and we work to mitigate those risks through training,

work procedures and other preventative safety and health programs. In 2017, we enhanced our process safety programs, such as near-miss reporting, risk assessment and others. Through our Goal Zero™ initiative, we implemented one global set of safety standards and operationalized our core values. We are committed to pursuing a zero-incident safety culture by continuously working toward mitigating risk and eliminating incidents that may bring harm to our employees, contractors, the public and the environment.

3 EXTERRAN CORPORATION

Stockholder Engagement and Investor Outreach

Throughout the year, we meet with analysts and institutional investors to inform and share our perspective and to solicit their feedback on our performance. This includes participation in investor conferences and other formal events and group and one-on-one meetings throughout the year. We extended this process in 2017, and engaged with governance representatives of certain of our stockholders regarding corporate governance topics of mutual interest. We plan to further expand our engagement with our stockholders in 2018. We believe that perspectives provided by our stockholders provides valuable information to be considered in our decision making process.

2017 Business Highlights

The Company performed extremely well in 2017, both in terms of the financial results and in building the type of company we aspire to be to benefit all of our stakeholders. While the significant measure of our success is the financial results, we equally strive for commercial and operational excellence, knowing that those foundational elements will insure strong financial results in the future. In addition to our strong financial results, we took significant steps to ensure financial strength and a sound capital structure to prepare Exterran for global growth in new and existing markets, and continued to build commercial momentum as the industry recovery began and our commercial strategy took hold. See “CD&A Highlights - Our 2017 Business Results” on page 23 for additional information.

Executive Compensation Highlights

Exterran’s executive compensation programs are based on a philosophy of “pay for performance.” Our annual cash-based incentive plan incentivizes and rewards the achievement of financial and operational metrics that are deemed by the Compensation Committee to be consistent with the overall goals and strategic direction that the Board has approved for the Company. Our long-term equity-based incentive plan further aligns the interests of our executives and our stockholders by tying the value of equity awards granted to our stock price performance and the achievement of objectives that result in enhanced Company performance over time. By incentivizing our executives to achieve important financial and operational objectives and create long-term stockholder value, these programs play a key role in creating value for the benefit of our stakeholders, including our stockholders, customers, employees and the communities where we operate. Our executive compensation philosophy is guided by the following principles:

- Goal-oriented pay for performance. Individual annual cash and equity-based awards should be closely tied to the performance of the Company as a whole and reflect the individual performance of our executive officers.
- Align compensation with stockholder interests. By providing a portion of each executive officer’s direct compensation in the form of equity-based incentives and requiring direct ownership by executives of Company stock, the interests of our executives and the Company’s stockholders are aligned.
- Competitive compensation. Executive pay programs play a significant role in attracting, motivating and retaining our executives and future leaders, and should be in line with compensation of similar executive positions at peer companies.

For additional information on our executive compensation programs and policies and 2017 executive compensation, see “Compensation Discussion and Analysis” beginning on page 21.

2018 PROXY STATEMENT 4

BOARD OF DIRECTORS

PROPOSAL 1 - Election of Directors

Our Board of Directors has nominated for election as Directors at the Annual Meeting the seven nominees named below. Each nominee currently serves as a director of the Company and was elected by our stockholders at our 2017 annual meeting. Each nominee elected will serve until the 2019 Annual Meeting of Stockholders or until his or her successor has been elected and qualified or until his or her death, resignation or removal.

Each director nominee has consented to being named in this Proxy Statement and to serve as a director if elected. If for any reason one or more of these nominees is unavailable as a candidate or unable to serve when election occurs, the persons designated as proxies on the enclosed proxy card, in the absence of contrary instructions by stockholders, will in their discretion vote the proxies for the election of any of the other nominees or for a substitute nominee or nominees, if any, selected by the Board of Directors.

Your Board unanimously recommends that stockholders vote “FOR” the election of each of the nominees to the Board as set forth in this proposal.

A majority of the votes cast at the Annual Meeting is required to elect each director nominee. Our Bylaws and Corporate Governance Principles require that any nominee who receives a greater number of “against” votes than “for” votes must submit his or her resignation for consideration by our Board. Abstentions and broker non-votes are not considered to be cast, so they will not have any effect on the election of directors.

5 EXTERRAN CORPORATION

Director Nominee Qualifications

Each nominee brings a strong and unique background and set of skills to our Board of Directors, giving the Board of Directors as a whole diverse group of leaders with competence and experience in a wide variety of areas, including executive leadership, financial expertise, governance and board service, risk management, strategic planning, industry and international experience, and community involvement.

| Key Skills and Qualifications | Importance |
|-------------------------------|--|
| Executive Leadership | Directors who hold or have held significant leadership positions provide the Company with unique insights. These people generally possess extraordinary leadership qualities as well as the ability to identify and develop those qualities in others. Their experiences developing talent and solving problems in large, complex organizations prepare them well for the responsibilities of Board service. |
| Financial Expertise | Accurate financial reporting and robust auditing are critical to our success. Four of our directors qualify as audit committee financial experts, and all of our directors are literate in finance and financial reporting processes. |
| Governance & Board Service | As a publicly traded energy Company, we are regulated by the Securities and Exchange Commission (“SEC”), the New York Stock Exchange (“NYSE”) and other governmental entities. As such, we seek directors with experience with publicly traded companies to provide insight and understanding of requirements and strategies in these areas. |
| Risk Management | Managing risk in a rapidly changing environment is critical to our success. Directors should have a sound understanding of the most significant risks facing the Company and the experience and leadership to provide effective oversight of risk management processes. |
| Strategic Planning | Experience in driving the strategic direction and growth provides the Company with needed oversight and guidance in the design and implementation of our strategic growth plan. |
| Industry Experience | Due to the complexity and volatility of our business, we believe it is important to have directors with experience in the energy industry or energy operations to enable the Board to provide effective oversight of our business and operations. |
| International Experience | With our global growth, directors having a global business awareness provide needed cultural and diverse experiences and competencies. |
| Community Involvement | Directors who are involved in community or charitable organizations understand the interests and needs of our customers and communities, and provide effective oversight of our social responsibilities to all our stakeholders. |

Our Board is comprised of directors who have these skills and competencies as noted in the chart below:

Our 2018 Director Nominees

The following pages contain information regarding each of the nominees for director including business experience and qualifications. Mr. Stewart is not standing for reelection at the Annual Meeting and our Board has reduced the size of the full board from eight to seven directors effective immediately following the Annual Meeting.

WILLIAM M. GOODYEAR Exterran Board Committees

-
- Age 69 Audit (Chair)
-
- Director Since October 2015 Compensation

Lead Independent Director Other Public Boards

-
- Enova International, Inc.

| | |
|--|---|
| <p>Professional Experience</p> <p>Mr. Goodyear served as Executive Chairman of the board of directors of Navigant Consulting, Inc., a specialized global consulting firm, from May 2000 to June 2014 and as its Chief Executive Officer from May 2000 to February 2012. Prior to December 1999, Mr. Goodyear served as Chairman and Chief Executive Officer of Bank of America Illinois and President of Bank of America's Global Private Bank. Between 1972 and 1999, Mr. Goodyear held a variety of positions with Continental Bank (subsequently Bank of America), specializing in corporate finance, corporate lending, trading and distribution. During his tenure with Continental Bank, Mr. Goodyear managed the bank's European and Asian Operations and served as Vice Chairman of Continental Bank's board of directors prior to its 1994 merger with Bank of America. Mr. Goodyear is a member of the board of trustees of the University of Notre Dame and the Museum of Science and</p> | <p>Skills and Qualifications</p> <ul style="list-style-type: none"> • Executive Leadership • Financial Expertise • Governance & Board Service • Risk Management • Strategic Planning • International Experience • Community Involvement |
|--|---|

Industry-Chicago, and serves as Chairman of the Rush University Medical Center. Mr. Goodyear received a B.B.A. from the University of Notre Dame and a M.B.A. from the Amos Tuck School of Business at Dartmouth College.

JAMES C. GOUIN

Age 58

Director Since November 2015

Independent

Exterran Board Committees

-
- Audit
-
- Compensation

Other Public Boards

-
- Tower International, Inc.

Professional Experience

Mr. Gouin was appointed President of Tower International, Inc. (“Tower”), a global manufacturer of engineered automotive products, in September 2016 and became Chief Executive Officer and a member of Tower’s board of directors in January 2017. Mr. Gouin joined Tower in November 2007 as Executive Vice President and Chief Financial Officer. Prior to joining Tower, Mr. Gouin served in 2007 as a senior managing director of the corporate financial practice of FTI Consulting, Inc., a business advisory firm. Prior to joining FTI, Mr. Gouin spent 28 years at Ford Motor Company in a variety of senior positions, including as Vice President, Finance and Global Corporate Controller from 2003 to 2006 and as Vice President of Finance, Strategy and Business Development of Ford Motor Company’s International Operations from 2006 to 2007. Mr. Gouin also served on the board of directors of Azure

Skills and Qualifications

-
- Executive Leadership
-
- Financial Expertise
-
- Governance & Board Service
-
- Risk Management
-
- Strategic Planning
-
- International Experience
-
- Community Involvement

Dynamics Corp. from January 2009 until May 2012. Azure Dynamics filed for bankruptcy protection in April 2012. Mr. Gouin also served on the Board of Trustees of the University of Detroit Mercy until October 2017, and currently serves as Chairman of the Board of Directors of Vista Maria, a non-profit corporation. Mr. Gouin received a B.B.A. from the Detroit Institute of Technology and a M.B.A. from the University of Detroit Mercy.

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JOHN P. RYAN

Exterran Board Committees

Age 66

Director Since October 2015

Independent

- Audit
- Compensation
- Nominating and Corporate Governance

Professional Experience

Mr. Ryan previously served as President and Chief Executive Officer of Dresser, Inc., a global provider of flow control products, measurement systems and other infrastructure technologies to the oil and gas and power generation industries, from May 2007 until February 2011. Mr. Ryan was President and Chief Operating Officer of Dresser, Inc. from December 2004 to June 2007. From 1987 to 2004, Mr. Ryan was employed by Dresser Wayne where he served as President from 1996 to 2004 and as Vice President from 1991 to 1996. He previously served on the board of directors of each of FlexEnergy, LLC, a provider of oil field turbine generators and environmental solutions for power generation, landfill gas and digester gas applications, from January 2012 to April 2013 and Wayne Fueling Systems, Inc., a privately-held global supplier of fuel dispensers, payment terminals and other measurement and control solutions to the retail and commercial fueling industry from April 2014 to November 2016. Prior to September 2017, Mr. Ryan served as a director of Hudson Products, Inc., a

Skills and Qualifications

- Executive Leadership
- Financial Expertise
- Governance & Board Service
- Risk Management
- Strategic Planning
- Industry Experience
- International Experience
- Community Involvement

company engaged in the design, manufacture and servicing of heat transfer equipment for the petroleum, chemical, gas processing and electric utility industries, and currently serves as a director of The Village of Hope, a non-profit organization. Mr. Ryan received a B.A. from Villanova University.

CHRISTOPHER T. SEAYER Exterran Board Committees

Age 69

Director Since October 2015

Independent

- Audit
- Compensation
- Nominating and Corporate Governance (Chair)
- Other Public Boards
 - Oil States International, Inc.
 - McCoy Global, Inc.

Professional Experience

Mr. Seaver served as Chairman of the board of directors of Hydril Company, an oil and gas service company specializing in pressure control equipment and premium connections for casing and tubing, from 2006 until his retirement in May 2007. Mr. Seaver held a series of domestic and international management positions at Hydril Company from 1985 to May 2007, including as President since 1993 and Chief Executive Officer and director since 1997. Prior to joining Hydril Company, Mr. Seaver was a corporate and securities attorney for the law firm of Paul, Hastings, Janofsky & Walker LLP, and was a Foreign Service Officer in the U.S. State Department with postings in Kinshasa, Republic

Skills and Qualifications

- Executive Leadership
- Financial Expertise
- Governance & Board Service
- Risk Management
- Strategic Planning
- Industry Experience
- International Experience
- Community Involvement

of Congo and Bogotá, Colombia. Mr. Seaver has served as a director and officer of the Petroleum Equipment Suppliers Association, a director of the American Petroleum Institute, and a director and Chairman of the National Ocean Industries Association. Mr. Seaver is currently on the board of trustees of two non-profit organizations. Mr. Seaver received an A.B. in Economics from Yale University and a J.D. and M.B.A. from Stanford University.

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MARK R. SOTIR

Age 54

Director Since October 2015

Executive Chairman

Exterran Board Committees

Professional Experience

Mr. Sotir has served as director and Executive Chairman of the Company since October 2015.

Mr. Sotir has also served as Co-President of the Equity Group Investments division of Chai Trust Company, LLC, a private investment firm (“EGI”), since October 2015, and served as Managing Director of EGI since November 2006. While at EGI, he served as the interim president of Tribune Interactive, a division of Tribune Company, a media conglomerate, from December 2007 until April 2008. Tribune Company filed for protection under Chapter 11 of the Bankruptcy Code in December 2008. Prior to joining EGI, Mr. Sotir was the Chief Executive Officer of Sunburst Technology Corporation, an independent distributor of educational software to public schools, from August 2003 to November 2006. Mr. Sotir serves on the board of directors of several EGI portfolio companies, including SIRVA Inc., a provider of moving and relocation services. Mr. Sotir is also involved in various charitable organizations. Mr. Sotir received a B.A. in Economics from Amherst College and an M.B.A. from Harvard Business School.

Skills and Qualifications

- Executive Leadership
- Financial Expertise
- Governance & Board Service
- Risk Management
- Strategic Planning
- Industry Experience
- International Experience
- Community Involvement

ANDREW J. WAY

Exterran Board Committees

Age 46

Director Since October 2015

President and Chief Executive Officer

Professional Experience

Mr. Way is our President and Chief Executive Officer. He previously served as Vice President and Chief Executive Officer-Drilling and Surface Production of GE Oil & Gas, a provider of equipment and services in the oil and gas space, from 2012 through June 2015. Mr. Way joined GE Oil & Gas in October 2007 and previously served as General Manager Operations, Turbo Machinery Services from October 2007 to December 2008, as General Manager, Global Supply Chain from December 2008 to December 2010, and as Vice President and Chief Executive Officer-Turbo Machinery Services from December 2010 to June 2012. Prior to joining GE Oil & Gas, Mr. Way served as Operations Director and Managing Director-GE Equipment Services of GE Capital from 2001 to 2007 and held various positions at GE Aviation from 1996 to 2001. Mr. Way has served as an Advisory Director of the Petroleum Engineering and Services Association since August 2017, and is actively involved in various civic and charitable organizations. Mr. Way studied Mechanical Engineering and graduated from the technical leadership program with Lucas Industries in Wales, U.K.

Skills and Qualifications

- Executive Leadership
- Financial Expertise
- Governance & Board Service
- Risk Management
- Strategic Planning
- Industry Experience
- International Experience
- Community Involvement

IEDA GOMES YELL

Age 61

Director Since October 2015

Independent

Exterran Board Committees

- Nominating and Corporate Governance

Other Public Boards

- Bureau Veritas S.A.
- Saint-Gobain S.A.

Professional Experience

Ms. Gomes Yell served as the Managing Director of Energix Strategy Ltd., an independent oil and gas consultancy firm, until October 2017. Before forming Energix, she served in a number of positions with BP plc and its subsidiaries from 1998 to 2011, including as President of BP Brazil, Vice President of Regulatory Affairs and Vice President of Market Development for BP Solar, and Vice President of Pan American Energy. From 1995 until 1998, Ms. Gomes Yell held a number of positions with Companhia de Gás de São Paulo, or Comgás, a Brazilian natural gas distributor, including as President and Chief Executive Officer. Ms. Gomes Yell is Chairman of the corporate governance committee of InterEnergy Holdings, a private power production company; a Councillor of the Brazilian Chamber of Commerce in Great Britain, a not-for-profit organization; a founding director of WILL Latam-Women in Leadership in Latin America, a non-profit organization; a member of the advisory board of Crystol Energy, an independent

Skills and Qualifications

- Executive Leadership
- Financial Expertise
- Governance & Board Service
- Risk Management
- Strategic Planning
- Industry Experience
- International Experience
- Community Involvement

consultancy and advisory firm; and a member of the advisory board of Comgás and of the Infrastructure Department of the São Paulo Federation of Industries. Ms. Gomes Yell is a senior visiting research fellow at the Oxford Institute for Energy Studies in the United Kingdom and Fundação Getúlio Vargas Energia in Brazil. Ms. Gomes Yell received her B.S. in Chemical Engineering from the University of Bahia, Brazil, a MSc. in Environmental Engineering from the Polytechnic School of Lausanne, Switzerland and a MSc. in Energy from the University of São Paulo, Brazil.

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CORPORATE GOVERNANCE AT EXTERRAN

Exterran's Board of Directors

Our Board provides oversight with respect to our overall performance, strategic direction and key corporate policies. It approves major initiatives, advises on key financial and business objectives, and monitors progress with respect to these matters. Members of the Board are kept informed of our business by various reports and documents provided to them on a regular basis, including operating and financial reports presented at Board and Committee meetings by the Chief Executive Officer and other senior management.

Our Board Structure

Role of Lead Independent Director. Consistent with industry best practices and in accordance with the Company's Corporate Governance Principles, the Board has a Lead Independent Director to ensure that the Company maintains a corporate governance structure with appropriate independence and balance. The Lead Independent Director is elected by the independent directors, and presides at the executive sessions of the independent directors which are held in conjunction with each regularly scheduled meeting of the Board, and any other meetings as determined by the Lead Independent Director. Mr. Goodyear presently serves as Lead Independent Director.

Separation of Executive Chairman and CEO Roles. The Board recognizes the time, effort and energy that our Chief Executive Officer is required to devote to his position, as well as the commitment required to serve as our Executive Chairman, and has therefore divided these roles. The Board believes this structure is appropriate for the Company because of the size and composition of the Board, the scope and complexity of our operations and the responsibilities of the Board and management. Mr. Sotir serves as Executive Chairman and presides over the regular sessions of the Board and the executive sessions of the Board, held at every regularly scheduled Board meeting.

Director Independence

Board Members. A Director is considered independent if the Board affirmatively determines that the director has no material relationship with the Company (either directly, or as a partner, stockholder or officer of an organization that has a relationship with the Company). The Nominating and Corporate Governance Committee assesses director independence each year by considering all direct and indirect business relationships between Exterran and each director (including his or her immediate family), as well as relationships with other for-profit concerns and charitable organizations and related party transactions, to determine whether any such relationship or transaction would prohibit a director from being independent under SEC rules, NYSE listing standards and the Company's Corporate Governance Principles. Upon the Nominating and Corporate Governance Committee's recommendation, and review of each Director's relationships and related party transactions, the Board makes a determination relating to the independence of each member under SEC and NYSE rules and our Corporate Governance Principles.

During the Nominating and Corporate Governance Committee's most recent review of independence, the Committee was provided information regarding transactions with any related parties as determined through a search of our accounting records as well as the responses to the director and officer questionnaires; these relationships were reviewed by the Nominating and Corporate Governance Committee and approved by the Audit Committee, and none are required to be reported in this Proxy Statement.

Based on the recommendation of the Nominating and Corporate Governance Committee, the Board determined that the following current directors are independent: Messrs. Goodyear, Gouin, Ryan, Seaver and Stewart, and Ms. Gomes Yell. Mr. Sotir is not independent because he is the Executive Chairman of the Company, and Mr. Way is not independent because he is the President and Chief Executive Officer of the Company.

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Heightened Standards for Committee Members. In addition to the general independence requirements of the SEC and NYSE, all members of the Audit, Compensation and Nominating and Corporate Governance Committees must meet the heightened independence standards imposed by the SEC and NYSE applicable to members of such committees. Each member of the Audit, Compensation and Nominating and Corporate Governance Committees meets these heightened independence standards and each member of the Compensation Committee also qualifies as an independent director for purposes of the Internal Revenue Code of 1986, as amended (the “Code”). In addition, all of the members of our Audit Committee qualify as “audit committee financial experts” under the federal securities laws, and pursuant to our Audit Committee Charter, none of our Audit Committee members serve on the audit committee of more than two other public companies.

Our Board Committees

The Board has designated an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee to assist in the discharge of the Board’s responsibilities. The Board and the committees of the Board are governed by our Code of Conduct, our Corporate Governance Principles and the applicable committee charters, each of which are available to the public on our website at <http://www.exterran.com> or in print by submitting a written request to Exterran Corporation, 4444 Brittmoores Road, Houston, Texas 77041, Attention: Corporate Secretary.

Board Committee Responsibilities. The purpose and responsibilities of each committee are summarized in the table below:

| | |
|------------------------|--|
| Audit Committee | <ul style="list-style-type: none"> Assists the Board in fulfilling its oversight of financial risk exposures and implementation and effectiveness of the Company’s compliance programs and internal controls Reviews the Company’s policies with respect to financial risk assessment and financial risk management Monitors the integrity of the Company’s financial statements and reporting systems and internal controls over financial reporting Appoints the independent auditors and monitors their qualifications and independence Monitors the performance of the Company’s internal auditors and independent auditors Meets with and reviews reports from the Company’s internal auditors and independent registered accounting firm Oversees environmental compliance, and climate, water and digital/cyber risks Oversees the Company’s Code of Conduct and Ethics Helpline, and meets with the Chief Compliance Officer to receive information regarding compliance policies and procedures Monitors the business practices and ethical standards of the Company |
| Compensation Committee | <ul style="list-style-type: none"> Assists the Board in fulfilling its oversight of risks that may arise in connection with the Company’s compensation programs and practices Reviews the Company’s compensation philosophy strategy Reviews the Company’s strategies and supporting processes for management succession planning, human capital and leadership development, executive retention and diversity Approves performance goals and total compensation for our President and CEO and conducts an annual review of the President and CEO’s performance Reviews and approves total compensation for the Company’s executive officers in consultation with the President and CEO Assesses and considers the independence of any adviser that provides advice to the Committee |

Nominating and Corporate Governance Committee

- Assists the Board in fulfilling its oversight of risks that may arise in connection the Company's governance processes and composition of the Board
- Develops policies and practices relating to corporate governance and reviews compliance with the Company's Corporate Governance Principles
- Reviews and recommends changes as appropriate in the Company's Corporate Governance Principles, Certificate of Incorporation, Bylaws, and other Board-adopted governance provisions
- Identifies and recommends qualified individuals to become Board members
- Evaluates and recommends nominees for election as directors at the annual stockholders' meetings or for appointment between annual stockholders' meetings
- Reviews the composition and diversity of the Board and its committees and oversees the evaluation of the Board
- Oversees the Company's stockholder engagement efforts

Board Committee Membership. Members of each committee are recommended by the Nominating and Corporate Governance Committee, except for the members of the Nominating and Corporate Governance Committee which are recommended by the Chairman. Committee members are elected by the Board at its first meeting following the annual meeting of stockholders to serve for one-year terms. All of the current members of our committees are independent. The following reflects the membership of our current committees:

| Director | Independent | Board | Audit | Compensation | Nominating and Corporate Governance |
|-------------------------|-------------|-------|-------|--------------|-------------------------------------|
| William M. Goodyear* | L | | C | | |
| James C. Gouin* | | | | | |
| John P. Ryan* | | | | C | |
| Christopher T. Seaver* | | | | | C |
| Mark R. Sotir | | C | | | |
| Richard R. Stewart* | | | | | |
| Andrew J. Way | | | | | |
| Ieda Gomes Yell | | | | | |
| Number of 2017 Meetings | 7 | 7 | 9 | 6 | 4 |

Member Chair L Lead Independent Director * Financial Expert

Director Attendance

Board and Committee Meetings. We expect members of the Board to attend all Board meetings. The Board and its committees held the number of meetings listed in the table above during calendar year 2017. The Board acted by unanimous written consent three times and the Compensation Committee acted once. All directors attended, both individually and as a group, at least 75% of the meetings of the Board and Board committees on which they served during calendar year 2017.

Annual Stockholders Meeting. While we do not have a formal requirement relating to director attendance at our annual meeting of stockholders, all directors are strongly encouraged to attend. All Board members then in office attended our 2017 Annual Meeting of Stockholders.

Executive Session of the Independent Directors. The independent directors meet in executive session with the Lead Independent Director presiding (separate from management) at least four times a year. The executive sessions of the independent directors are held in conjunction with each regularly scheduled meeting of the Board, and any other meeting as determined by the Lead Independent Director. The independent directors met in executive session seven times in 2017.

Selection of Director Candidates

Our Nominating and Corporate Governance Committee is charged with reviewing the composition of the Board and refreshing the Board as appropriate through the recommendations it makes to the Board. The Nominating and Corporate Governance Committee believes that all Board candidates should be selected for their character, judgment, ethics, integrity, business experience, diversity, time commitment and acumen. The Board, as a whole, through its individual members, seeks to have competence in areas of particular importance to us such as finance and accounting, executive leadership, risk management, strategic planning, industry and international expertise, and community involvement.

Directors must be committed to enhancing the long-term interests of our stockholders as a whole and should not be biased toward the interests of any particular segment of the stockholder or employee population. Board members should also be prepared to travel, to attend meetings of the Board and its committees, and be ready to dedicate sufficient time to prepare in advance of such meetings to allow them to make an effective contribution to the meetings. Further, Board members should ensure that they are not otherwise committed to other activities which would make a commitment to the Board impractical or inadvisable. Director candidates should also satisfy the independence, qualification and composition requirements of the Board and its committees, as required by applicable law, rules and regulations of the NYSE and SEC, our Certificate of Incorporation, our Bylaws and our Corporate Governance Principles.

The Nominating and Corporate Governance Committee will consider candidates identified by current directors, management, third-party search firms engaged by the Committee, and stockholders. Stockholders who wish to recommend a candidate to the Nominating and Corporate Governance Committee or submit nominees for election at an annual or special meeting should follow the procedures described on page 57.

Diversity Policy for Director Candidates. The Nominating and Corporate Governance Committee considers issues of diversity in the director identification and nomination process. While the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, it seeks nominees with a broad diversity of experience, professions, skills, gender, race, education and backgrounds. The Nominating and Corporate Governance Committee does not assign specific weight to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Nominating and Corporate Governance Committee believes that backgrounds and qualifications of the directors considered as a group, should provide a significant composite mix of experience, knowledge, diversity and abilities that will allow the Board to fulfill its responsibilities.

Director Retirement Policy and Term Limits

To facilitate proactive Board succession planning and self-renewal, our Corporate Governance Principles provide that a person may not be nominated for election or re-election to the Board once he or she has reached the age of 75.

Director Orientation and Continuing Education

Upon joining the Board, as part of our onboarding process, new directors participate in a detailed orientation program that introduces them to the Company, including our business operations, strategies, key members of management and

corporate governance. Continuing education is provided for all directors through board materials and presentations on industry and corporate governance developments affecting the Company as well as critical strategic issues facing the Company. To enhance the Board's understanding of some of the unique issues affecting our business, directors are invited to visit our operating locations, where they tour the facilities and interact directly with the personnel responsible for our day-to-day operations. Directors also participate in the National Association of Corporate Directors (NACD) of which the Company is a member, and are encouraged to attend third-party director education programs.

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Board Access to Senior Management, Independent Accountants and External Advisors

Directors have complete access to our independent accounting firm, senior management and other employees. They also have direct access to external counsel, advisors and experts of their choice with respect to any issues relating to the Board's discharge of its duties.

Our Board's Governance Roles

The Board's Role in Risk Oversight

The Board has an active role, as a whole and through its committees, in overseeing management of the Company's risks. The Board's role in the risk oversight process includes receiving regular reports from members of senior management on areas of material risk to us, including financial, operational, strategic, environmental, health and safety, and social risks and concerns. The Board's involvement in reviewing, approving and monitoring our fundamental financial and business strategies, as contemplated by our Corporate Governance Principles, is also important to the determination of the types and appropriate levels of risk we undertake.

The Board's committees, all comprised solely of independent directors, assist the Board in fulfilling its oversight responsibilities within their respective areas of responsibility. Our Audit Committee has the primary responsibility for overseeing risk management, including the management of financial risks and internal controls, corporate and regulatory compliance (including compliance with anti-bribery laws), environmental compliance, significant legal matters, insurance programs, market and credit risks, climate and water-related risks, and digital/cyber risks. The Audit Committee also oversees compliance with our Code of Conduct, and receives quarterly reports from our Internal Audit Vice President and our Chief Compliance Officer. The Compensation Committee considers and manages risks relating to our compensation programs and practices, leadership development, executive retention and succession planning. The Nominating and Corporate Governance Committee considers and manages risks relating to the composition of the Board and the Company's corporate governance and regulatory policies, including engagement with our stockholders. Each of these committees receives regular reports from management which assists it in its oversight of risk in its respective area of responsibility.

While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

How our Board and Committees Evaluate their Performance

Each year, the Board and each of its committees conduct an evaluation of their respective performance and effectiveness. This process is overseen by the Nominating and Corporate Governance Committee and is reviewed annually to determine whether it is well designed to maximize its effectiveness and to ensure that all appropriate feedback is being sought and obtained by the Nominating and Corporate Governance Committee. As part of this process, a comprehensive questionnaire is circulated to all members of the Board which asks the directors to assign ratings and comment on a wide range of issues relating to Board effectiveness, including Board and Committee structure and composition; Board and Committee succession planning; meeting structure, process and agendas; the Board evaluation process; management support and Board and management interface issues; and Board effectiveness. The collective ratings and comments are then compiled (on an anonymous basis), summarized and presented to the Nominating and Corporate Governance Committee and the full Board for discussion.

Our Commitment to Stockholder Engagement

Our commitment to understanding the interests and perspectives of our stockholders is a key component of our corporate governance strategy and compensation philosophy. Throughout the year, we meet with analysts and institutional investors to inform and share our perspective and to solicit their feedback on our performance. This includes participation in investor conferences, other formal events, and group and one-on-one meetings throughout the year. In early 2017, we extended our engagement process to governance representatives of certain of our stockholders to discuss corporate governance topics of mutual interest. We plan to further expand our engagement with our stockholders in 2018, as we believe the perspectives provided by our stockholders provide valuable information to be considered in our decision making process.

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After considering feedback received from investors, we:

Adopted Majority Voting for Amendments to our Bylaws. In April 2017, our Board amended our Bylaws to eliminate the super-majority voting requirement for stockholder amendments to the Bylaws that was in place when we became a public company and to instead allow stockholders to amend the Bylaws by a majority vote of the outstanding voting power, subject to the elimination of the super-majority voting requirement in our Certificate of Incorporation. We are asking our stockholders to approve an amendment to our Certificate of Incorporation to eliminate the super-majority voting requirement. See Proposal 4 for additional information.

Adopted Majority Voting for Uncontested Director Elections. In January 2018, our Board amended our Bylaws to provide for the election of directors by a majority vote in uncontested elections.

Adopted Anti-Pledging Policy. While we have always prohibited our executives and directors from engaging in derivative or speculative transactions involving Company stock, in February 2017, our Board extended this policy to also prohibit our executives and directors from pledging Company stock.

Increased CEO Stock Ownership Guidelines. In October 2017, our Board increased our CEO's stock ownership requirement to six times his base salary.

Our 2017 Advisory Say-On-Pay Vote

The Company conducts an annual advisory vote on executive compensation. While the votes are not binding, the Compensation Committee believes that an annual Say-on-Pay advisory vote offers stockholders the opportunity to express their views regarding the Company's executive compensation programs and the Committee's decisions on executive compensation. At our 2017 Annual Meeting of Stockholders, approximately 98% of the votes cast with respect to our Say-on-Pay proposal were voted in favor of the Company's named executive officers' compensation. Given this high level of support for the Company's executive compensation programs, the Committee believes that the Company's stockholders are supportive of our current executive compensation pay practices.

Corporate Governance Documents and Code of Conduct

Our Corporate Governance Principles, Code of Conduct, Certificate of Incorporation, Bylaws and Board committee charters form the framework of our corporate governance. In 2017, the Board adopted our enhanced Code of Conduct which establishes our standards of ethical conduct. Our Code of Conduct is applicable to our Board, officers, employees and contractors, and a copy is provided to every employee and to our contractors in local languages. Our Code of Conduct reflects our beliefs, including our beliefs in fundamental human rights, protecting the rights of minority groups and women, and a fair wage for our employees. During 2017 we provided live training to over 98% of our employees on our Code of Conduct. We also enhanced our global Ethics Helpline in 2017. Our Ethics Helpline, administered by a third-party, is available in several languages and is monitored daily by our compliance department. Reports are provided to our senior management and the Board on a regular basis. Additionally, we have ongoing training programs for our management and employees on ethics, anti-corruption, anti-bribery, human rights, work-place harassment, and other risks associated with our business and operations. All of our governance documents are available at <http://www.exterran.com> and in print to any stockholder who requests a copy from the Company's Corporate Secretary.

Corporate Social Responsibility and Sustainability

On an ongoing basis, we analyze potentially material economic, environmental, health and safety, and social issues that could impact our ability to create value for our stakeholders. We engage in communications with key

stakeholders, as our stakeholders' input helps us guide our focus in these important areas.

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We believe that Exterran can only be as successful as the communities we serve, and are committed to operating our business in a socially and environmentally responsible way. Our commitment to social responsibility is reflected in various Company initiatives, including our community contributions and outreach efforts. In 2017, we formed Exterran Cares™ to manage our contributions and volunteer efforts. Through Exterran Cares™, in 2017 our Company and our employees contributed to numerous charitable and community initiatives, and our employees volunteered in numerous community service projects and activities, including volunteer and financial assistance and support to our employees and neighbors affected by Hurricane Harvey and the Mexico City earthquake. Our company is committed to providing continued support to our global employees and communities.

We are also committed to the health and safety of our employees, contractors, visitors and community residents. We continuously assess the risks our employees face in their jobs, and we work to mitigate those risks through training, work procedures and other preventative safety and health programs. In 2017, we enhanced our process safety programs, such as near-miss reporting, risk assessment and others. Through our Goal Zero™ initiative, we implemented one global set of safety standards and operationalized our core values. We are committed to pursuing a zero-incident safety culture by continuously working toward mitigating risk and eliminating incidents that may bring harm to our employees, contractors, the public and the environment. In order to achieve our corporate and operational safety goals, we expect that:

- all employees, visitors and contractors are obligated to stop work they consider to be unsafe;
- all employees must be committed to safety and compliance;
- all employees have the responsibility to report potential safety risks, incidents and near misses;
- all employees and contractors must consider the protection of human health and safety and the environment a priority; and
- all employees and contractors must comply with all applicable laws, regulations, permits, policies and procedures, including those related to health, safety and the environment.

Communication with our Board

Stockholders or other interested parties may communicate with the entire Board or any individual member of the Board by writing to us at the following address: Exterran Corporation, 4444 Brittmoores Road, Houston, Texas 77041, Attention: Corporate Secretary. In addition, any concern or inquiry may be communicated to the Audit Committee or the Board by calling our Ethics Helpline (administered by a third-party) at 1-800-281-5439 (United States) or 1-832-554-4859 (outside of the United States).

Relevant communications are distributed to the Board, or to any individual committee, director or directors, as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board has requested that certain items unrelated to the duties and responsibilities of the Board should be excluded or redirected, as appropriate, such as: business solicitations or advertisements; junk mail and mass mailings; resumes and other forms of job inquiries; spam; and surveys. In addition, material that is unduly hostile, threatening, potentially illegal or similarly unsuitable will be excluded; however, any communication that is excluded will be made available to any outside director upon request.

NON-EMPLOYEE DIRECTOR COMPENSATION

Our Compensation Committee is responsible for recommending non-employee director compensation to the full Board for approval. The Company uses a combination of cash and equity compensation to attract and retain qualified candidates to serve on the Board. The Compensation Committee periodically reviews non-employee director compensation with the advice of its independent compensation consultant and makes recommendations to the Board for any changes it considers appropriate. In making such recommendations, the Compensation Committee considers the type and amount of compensation paid to non-employee directors by comparable companies and time required for directors to fulfill their duties to the Company, as well as the backgrounds and expertise required by the Company of members of the Board. As Executive Chairman of the Board, Mr. Sotir is an officer, but not an employee, of the Company. Mr. Way, who is both a director and our President and Chief Executive Officer, does not receive additional compensation for his service on the Board.

In February 2016, in light of market conditions, the Compensation Committee determined to reduce the annual equity grants and retainers payable to our non-employee directors in respect of their service as members of the Board in 2016. The Compensation Committee for similar reasons determined to maintain these reduced equity grants and retainers for 2017. In February 2018, the Compensation Committee determined to reinstate the annual equity grants and retainers to non-employee directors to pre-2016 levels.

Cash-Based Compensation

Annual Cash Retainer and Meeting Fees. In 2017, each of our non-employee directors received an annual retainer equal to \$45,000 as well as a payment of \$1,500 for each meeting attended. Due to the significant time required by the Executive Chairman to fulfill his responsibilities as a result of the Company's decision to divide the roles of Executive Chairman and CEO, our Executive Chairman received an additional annual retainer of \$180,000. The Lead Independent Director received an additional annual retainer of \$22,500. The chairs of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee each received additional annual retainers of \$13,500, \$13,500 and \$9,000, respectively. All retainers were paid in equal quarterly installments.

Equity-Based Compensation

All non-employee directors also receive an annual grant of common stock. In March 2017, the Compensation Committee approved an annual grant of fully-vested common stock to non-employee directors valued at approximately \$112,500 on the date of grant in respect of their service in 2017. The number of shares awarded was based on the market closing price of our common stock on the applicable grant date.

Deferral Plan. We also maintain the Directors' Amended and Restated Stock and Deferral Plan (the "Directors' Plan"), pursuant to which directors may elect to receive all or a portion of their retainer and meeting fees in stock and to defer their receipt of such stock by receiving phantom units that become payable in shares of our common stock on the deferral date. During 2017, Mr. Ryan and Ms. Gomes Yell elected to defer their compensation pursuant to the Directors' Plan.

Other Benefits

The Company reimburses non-employee directors for their out-of-pocket expenses in attending Board and committee meetings and director education programs. Our directors do not receive tax gross ups on any benefits they receive.

Stock Ownership Guidelines

The Board believes the alignment of directors' interests with those of our stockholders is strengthened when Board members are also stockholders. This view is reflected in the compensation arrangements for non-employee directors, which provide for the payment of a substantial majority of the compensation of non-employee directors in shares of Exterran common stock. The Board also has adopted guidelines that require each director to own an amount of our common stock equal to at least five times the annual cash retainer amount (which at December 31, 2017 equals \$225,000 of our common stock) within three years of his or her election to the Board. Both directly-owned shares and unvested restricted stock count toward satisfaction of this policy. We measure the stock ownership of our directors annually as of October 31. All of our directors were elected to the Board in late 2015, and therefore have until late 2018 to meet this ownership requirement.

2017 Director Compensation Table

The following table shows the total compensation earned by each non-employee director for their service during 2017:

| Name | Fees Earned or Paid in Cash (1) | Fees Earned or Paid in Stock (1)(3) | Stock Grants(2)(3) | Total |
|--------------------------|--|---|-----------------------|------------|
| William M. Goodyear(4) | \$— | \$ 109,500 | \$ 112,500 | \$ 222,000 |
| James C. Gouin | \$72,000 | \$— | \$ 112,500 | \$ 184,500 |
| John P. Ryan(4) | \$— | \$93,000 | \$ 112,500 | \$ 205,500 |
| Christopher T. Seaver(4) | \$— | \$90,000 | \$ 112,500 | \$ 202,500 |
| Mark R. Sotir(4) | \$148,125 | \$87,375 | \$ 112,500 | \$ 348,000 |
| Richard R. Stewart | \$67,500 | \$— | \$ 112,500 | \$ 180,000 |
| Ieda Gomes Yell(4) | \$— | \$60,000 | \$ 112,500 | \$ 172,500 |

Messrs. Goodyear, Ryan and Seaver, and Ms. Gomes Yell received their retainer and meeting fees in the form of our common stock for the period January 1 through December 31, 2017. Mr. Sotir received one-half of his retainer and meeting fees in the form of common stock and one-half in the form of cash for the period of April 1, 2017 through December 31, 2017.

(1) Annual grant of fully-vested common stock to non-employee directors valued at approximately \$112,500 on the date of grant in respect of 2017 service.

(2) Represents the grant date fair value of our common stock, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification 718, "Stock Compensation" ("ASC 718"). For further discussion on the fair value of our common stock, see Note 19 to the consolidated and combined financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

(3) Following the completion on January 4, 2017 of the Company's restatement of its 2016 financial statements ("Restatement"), the Company made a grant on January 6, 2017 of common stock under the Amended and Restated Directors' Stock and Deferral Plan representing payment of retainer and meeting fees paid in stock for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016. Messrs. Goodyear, Ryan, Seaver and Sotir were each paid in stock valued at \$102,750, \$59,250, \$85,500 and \$66,750 respectively, and Ms. Gomes Yell was paid in stock valued at \$63,750.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on such review and discussions, the Compensation Committee recommended to Exterran's Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

The Compensation Committee of the Board of Directors

John P. Ryan, Chair
William M. Goodyear
James C. Gouin
Christopher T. Seaver
Richard R. Stewart

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (“CD&A”) describes our executive compensation philosophy, practices and programs, and compensation decisions made under those programs for our named executive officers (“NEOs”) for fiscal year 2017, who are listed below.

| Name | Title |
|------------------------|--|
| Andrew J. Way | President and Chief Executive Officer |
| David A. Barta | Senior Vice President and Chief Financial Officer |
| Girish K. Saligram | Senior Vice President Global Services |
| Roger George | Senior Vice President Global Engineering and Product Lines |
| Christopher T. Werner* | Former Senior Vice President Global Operations |

*Mr. Werner’s employment terminated effective March 10, 2017.

This CD&A should be read together with the compensation tables and related disclosures under “Executive Compensation Tables” beginning on page 38.

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CD&A Highlights

Business Overview and Strategies

Exterran is a global systems and process company offering natural gas, process and treating, compression and production products and services, and produced water solutions in the oil, gas, water and power markets. Formed in 2015, the creation of stockholder value is the foundation of our strategy. We strive to achieve this by delivering strong financial results through commercial and operational excellence, in part by leveraging our global resources and technical capabilities across our three global methods of going to market: Contract Operations, Product Sales and Aftermarket Services.

Our primary strategic focus involves the growth of our business through expanding our product and services offerings by leveraging our portfolio of products and services. We intend to infuse technology and innovation into our existing midstream products and services while developing new product and service offerings in water treatment and integrated power generation. Additionally, our strategic focus includes targeting redevelopment opportunities in the U.S. energy market and expansions into new international markets benefiting from the global energy infrastructure build-out. We plan to supplement our organic growth with select acquisitions, partnerships and other commercial arrangements in key markets to further enhance our geographic reach, product offerings and other capabilities.

As part of our strategy, we intend to continue to capitalize on our competitive strengths to meet our customers' needs through the following:

Expand our customer base and deepen relationships with existing customers. We believe the unique, broad range of services we offer, the quality of our products and services and our diverse geographic footprint position us to attract new customers and cross-sell our products and services to existing customers. In addition, we have significant experience and a long history of providing our products and services to our customers which, coupled with the technical expertise of our experienced personnel, enables us to understand and meet our customers' needs, particularly as those needs develop and change over time. We intend to continue to devote significant business development resources to market our products and services, leverage existing relationships and expedite our growth potential. Additionally, we seek to evolve our products and services offerings by developing new technologies that will allow us to provide solutions to the critical midstream infrastructure needs of our customers.

Enhance our safety performance. We believe our safety performance and reputation help us to attract and retain customers and employees. We have adopted rigorous processes and procedures to facilitate our compliance with safety regulations and policies. We work diligently to meet or exceed applicable safety regulations, and intend to continue to focus on our safety monitoring function as our business grows and operating conditions change.

Continue to optimize our global platform, products and services and enhance our profitability. We regularly review and evaluate the quality of our operations, products and services and portfolio of our product and service offerings. This process includes assessing the quality of our performance and potential opportunities to create value for our customers. We believe the development and introduction of new technology into our existing products and services will create more value for us in the market place, which we believe will further differentiate us from our competitors. Additionally, we believe our ongoing focus on improving the quality of our operations, products and services results in greater satisfaction among our customers, which we believe results in greater profitability and value for our shareholders.

Our 2017 Business Results

The Company performed extremely well in 2017, both in terms of the financial results and in building the type of company we aspire to be to benefit all of our stakeholders. While the significant measure of our success is the financial results, we equally strive for commercial and operational excellence, knowing that these foundational elements will ensure strong financial results in the future.

2017 Financial Results. During a year of market recovery, we reported strong results with 2017 exceeding our 2016 performance, and we took significant steps to ensure financial strength and a sound capital structure to prepare Exterran for global growth in new and existing markets. Our 2017 financial highlights include:

- 2017 revenue increased to \$1.2 billion, a 34% increase from 2016.
- 2017 net income increased to \$33.9 million from a net loss of \$277.9 million in 2016.
- EBITDA, as adjusted⁽¹⁾ increased 11% from 2016 levels.
- Operating cash flow was \$150 million.
- Our Restatement was finalized and significant improvements were made in the control environment.
- \$375 million in high yield notes were issued, strengthening our capital structure and flexibility.
- Exterran's stock price increased 31.5%, ranking us among the top performers in oilfield services and our peer group.

Commercial Excellence. In 2017, we continued to build commercial momentum as the industry recovery began and our commercial strategy took hold. 2017 commercial highlights include:

- Global Product Sales bookings increased to almost \$890 million - more than double 2016 orders.
- Contract Operations renewals and bookings increased to over 1.4x reported sales.
- Global Product Sales backlog increased to \$461 million at the end of the year, a 51% increase over 2016.

Operational Excellence. The business delivered strong operating performance across the regions and continued to build a strong foundation to support new growth opportunities. 2017 operational highlights include:

- Strong performance against our safety metrics, including an increased number of Company incident free days and a reduction in recordable injuries.
- Improved margins in our Product Sales segment through productivity, to reach gross margins of 11.6% in the fourth quarter, compared to 3.2% in the fourth quarter of 2016. For the full year, margins were 10.4% compared to 6.9% in 2016.
- Contract Operations segment gross margin improved 110 basis points through productivity.
- SG&A cost leverage of 290 basis points, resulting in SG&A of 14.5% of revenue.
- Year-end working capital improved to 10.5% of sales excluding discontinued operations, from 26.7% at year-end 2016.
- Year-end days sales outstanding improved to 71 days, down from 91 days at the end of 2016.
- Our multi-year product and growth strategy was developed and implemented.
- Our corporate governance was strengthened, including launching our enhanced Code of Conduct and Ethics Helpline.
- We substantially completed the wind-down of the Belleli EPC business.
- We built out and integrated our Hamriyah facility into our global manufacturing infrastructure.
- We added significant management talent to augment an already strong leadership team.

(1) EBITDA, as adjusted, is a non-GAAP financial measure. EBITDA, as adjusted, is defined, reconciled to net income (loss) and discussed further in "Appendix A."

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Our Executive Compensation Best Practices

Our compensation programs are based upon a foundation of strong governance practices and are regularly reviewed to align with best practices in the market.

What We Do

- ü Hold an annual Say-On Pay advisory vote
- ü Pay for performance
 - Target our CEO's long-term compensation mix so that over 55%
- ü is performance-based restricted stock units rather than time-based restricted stock awards
- ü Require a "double trigger" for severance payments or equity acceleration in the event of a change of control
- ü Retain an independent external compensation consultant and review independence annually
- ü Require our CEO to own 6 times base salary in stock and our other executives to own 3 times base salary in stock
 - Require executives to hold substantially all equity compensation
- ü received from the Company until stock ownership guidelines are met
- ü Use an appropriate peer group when making compensation decisions and review it regularly
- ü Condition grants of long-term equity on non-disclosure, non-solicitation and non-compete restrictions
- ü Mitigate undue risk-taking in compensation programs
- ü Require minimum vesting period for executive equity awards

What We Don't Do

- û No employment contracts with any of our NEOs
- û No hedging or pledging of, or speculative trading in, Exterran common stock
- û No 280G excise tax "gross-up" payments in the event of a change of control
 - No tax "gross ups" on any executive compensation
- û other than relocation benefits available to all eligible employees
 - No option repricing or cash buy-outs for
- û underwater options without stockholder approval
- û No perquisites

Our Compensation Philosophy

Exterran's executive compensation programs are based on a philosophy of "pay for performance," the cornerstone of our compensation design. We reward individuals for performance and contributions to business success. We believe the executive pay programs described in this section and the accompanying tables have played a significant role in our ability to attract, retain and reward the highly-experienced and successful executives and employees needed to drive sustained high performance through financial and operational results. Our annual cash-based incentive plan incentivizes and rewards the achievement of operational and financial metrics that are deemed by the Compensation Committee to be consistent with the overall goals and strategic direction the Board has approved for the Company. Our long-term, equity-based incentive plan further aligns the interests of our executives and our stockholders by tying the value of equity awards granted to our stock price performance and the achievement of objectives that result in enhanced Company performance over time. By incentivizing our executives to achieve important financial and operational objectives and create long-term stockholder value, these programs play a key role in creating value for the benefit of our stakeholders, including our stockholders, customers, employees and the communities where we operate. Our compensation philosophy is guided by the following principles:

• **Goal-oriented pay for performance.** Individual annual cash and equity-based awards should be closely tied to the performance of the Company as a whole and reflect individual performance of each executive.

• **Align compensation with stockholder interests.** By providing a significant portion of each executive's direct compensation in the form of equity-based incentives and requiring direct ownership by executives of Company stock, the interests of senior management and the Company's stockholders are aligned.

• **Competitive compensation.** Executive pay programs play a significant role in attracting, motivating and retaining our executives and future leaders, and should be in line with the compensation opportunities provided to similar executive positions at peer companies.

"At Risk" Compensation. The Compensation Committee believes a compensation program weighted towards variable, at-risk compensation insures executive officers' goals are appropriately aligned with stockholders' interests. 2017 target total compensation for our CEO and other NEOs is heavily allocated towards variable compensation.

2017 CEO Compensation Mix(1) 2017 Other NEOs Compensation Mix(1)(2)

(1) Includes:

(i) 2017 base salaries, as discussed on page 28;

(ii) Target annual incentive cash award amounts under the Company's 2017 Short-Term Cash-Based Incentive Plan, as discussed on page 29; and

(iii) Target grant date fair value of 2017 time-based restricted stock and performance-based restricted stock units, as discussed on page 34.

(2) Excludes:

(i) Mr. Werner's compensation as Mr. Werner's employment terminated effective March 10, 2017.

(ii) 2016 LTI awards made to Messrs. Barta, George and Saligram pursuant to the terms of their 2016 employment offer letters in connection with their employment, were not approved and issued until 2017 as a result of the Company's Restatement.

The amounts actually realized by our NEOs with respect to the annual cash-based incentive awards and long-term equity-based incentive awards granted in 2017 depend, as applicable, on the level of attainment of the Company's performance goals, individual performance and the value of our common stock when the shares vest. As a result, the actual amounts realizable at a given point in time often differ from the total target direct compensation and from the amounts reported in the "2017 Summary Compensation Table."

What We Pay and Why

How We Determine Executive Compensation

Our Compensation Committee is responsible for establishing and overseeing compensation programs for our NEOs that are consistent with our compensation philosophy. In carrying out this role, our Compensation Committee considers the factors below:

- the Company's overall results as well as each executive's impact on Company performance;
- each executive's relative scope of responsibility;
- each executive's individual performance, demonstrated leadership and potential;
- current and past total compensation, including a review of base salary, short-term incentive pay and the value of long-term incentive awards ("LTI Awards") received;
- peer group data, and information and analysis provided by the Compensation Committee's independent compensation consultant, as further detailed below;
- internal pay equity considerations;
- stockholder value creation; and
- any other factors that the Compensation Committee deems relevant.

No specific formula is used to determine the weight of any factor; rather, compensation is established based on the Compensation Committee's assessment of all relevant information. Using these factors, all elements of compensation, including base salaries and target percentages for short-term and long-term incentive compensation, are reviewed annually by the Compensation Committee.

Role of Management. Our CEO recommends to the Compensation Committee salary adjustments, targets for annual cash incentives and LTI Awards for our executive officers other than himself. The Compensation Committee considers these factors as well as our CEO's subjective analysis of the executive's performance. The Compensation Committee makes the final determinations regarding executive compensation in light of the CEO's recommendations and the Committee's assessment on the factors described above. Compensation decisions for our CEO are made by our Compensation Committee.

The most significant aspects of the CEO's role in the compensation-setting process for 2017 were:

- recommending executive officers' compensation programs, policies, incentive opportunities and compensation levels that are consistent with our business strategy;
- recommending corporate performance goals on which executives' performance-based compensation will be based;
- assisting in the evaluation of, or evaluating, executive performance; and
- providing relevant materials and information for Compensation Committee review and consideration.

Role of Independent Consultant. Since November 2015, the Compensation Committee has engaged Semler Brossy Consulting Group, LLC ("Semler Brossy"), as its independent executive compensation consultant to provide information and advise the Committee and management on matters relating to executive compensation and to assist them in developing and implementing our executive compensation programs. In 2017, Semler Brossy provided the following services:

analysis and recommendations regarding the Company's 2017 peer group, as described below;
review and assistance in establishing executive officer compensation packages as requested by the Compensation Committee;
provision of information related to trends, new rules and regulations that may impact executive and director compensation practices and administration; and
input and advice regarding incentive compensation plan design for 2017 and 2018.

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The Compensation Committee reviewed the independence of Semler Brossy, employing the independence factors specified in the corporate governance standards of the NYSE. Based on this assessment, the Compensation Committee determined that Semler Brossy was independent from the Company's management and free from any relationships that could raise any conflicts of interest or similar concerns.

Peer Group Analysis. Semler Brossy provided the Compensation Committee with an analysis of potential peer companies most similar to Exterran based on financial metrics and business characteristics, including global footprint. Based upon a review of data provided by Semler Brossy, the Compensation Committee approved the following 2017 peer group:

| | | |
|-----------------------|---------------------------|--------------------------|
| Archrock, Inc. | Forum Technologies | RPC, Inc. |
| Colfax Corp. | ITT, Inc. | ShawCor Ltd. |
| Dril-Quip, Inc. | McDermott International | SPX Flow, Inc. |
| Enerflex Ltd. | Oceaneering International | Superior Energy Services |
| Flowserve Corporation | Oil States International | TETRA Technologies, Inc. |

The Compensation Committee considers peer group data information and information provided by the Committee's independent compensation consultant, in addition to published and private compensation survey data, in annually determining executive compensation.

Executive Compensation Elements

The following table summarizes the elements of compensation granted or paid to our NEOs under our 2017 compensation program. The program includes a mix of fixed and variable compensation elements to provide alignment with both Company short- and long-term business goals and the Company's stockholders. The Compensation Committee establishes the performance measures and performance ranges for the variable compensation elements. Individual compensation is based primarily on market-based compensation, Company performance and individual performance.

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| Characteristic | Component | Why We Pay | How We Determine | 2017 Decisions |
|----------------|---|---|---|---|
| Fixed | Base Salary payable in cash | Provides a competitive level of fixed compensation during the fiscal year and provides sufficient fixed cash income for retention and recruiting purposes | Competitive data from the peer group, data from salary surveys, internal pay equity, market knowledge from the Committee's independent compensation consultant and individual performance | No NEOs received adjustments to their base salary for 2017 |
| | Short-term cash-based incentive awards | Intended to motivate and reward executive officers for achieving financial and strategic execution goals over the short-term | Targets determined using competitive data from the peer group, salary surveys, market knowledge of the Committee's independent compensation consultant and individual performance Payouts based on Company and individual performance for the year; Compensation Committee retains discretion in determining the actual payout Award amounts are based upon competitive data, total overall compensation, internal pay equity, historic grants and information provided by the Committee's independent compensation consultant and individual performance | Mr. Way's annual short-term incentive target was increased to 115% from 100%; other NEOs' targets were unchanged Strong, operational and financial performance and a review of individual performance resulted in payouts exceeding targets |
| At Risk | Long-term equity-based incentive awards (time-based restricted stock and/or performance-based restricted stock units) | Intended to reward long-term value creation, motivate and retain top talent and align executives' interests with our stockholders | Time-based restricted stock awards have a three-year continued service requirement that provides a retention incentive Performance-based restricted stock units are dependent upon both Company and individual performance and have a continued service requirement that provides a retention incentive | Mr. Way's long-term incentive target was increased from \$3.3 million to \$3.7 million; other NEOs' targets were unchanged. Payout for performance-based awards are consistent with above, up to the maximum specified in the performance-based awards |

Fixed Compensation

Base Salary. The Compensation Committee determines the base salaries for our NEOs based upon compensation competitive data, performance considerations and advice from our independent compensation consultant. The Committee also considers internal pay equity, but has not established a predetermined formula for this purpose.

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The following table contains the 2016 and 2017 annualized base salaries of our NEOs. There were no changes in 2017.

| Executive Officer | 2016 Base Salary | 2017 Base Salary |
|--------------------------|------------------|------------------|
| Andrew J. Way | \$750,000 | \$750,000 |
| David A. Barta | \$435,000 | \$435,000 |
| Girish K. Saligram | \$500,000 | \$500,000 |
| Roger George | \$400,000 | \$400,000 |
| Christopher T. Werner(1) | \$300,000 | \$300,000 |

(1)Mr. Werner's employment terminated effective March 10, 2017.

Variable Compensation

Short-Term Cash-Based Incentive Plan. For 2017, our NEOs were eligible to earn annual incentive awards under the Company's Short-Term Cash-Based Incentive Plan, based upon the level of achievement across a set of performance measures and the NEO's individual performance in 2017, as described below.

2017 Target Amounts. We believe performance-based incentives are aligned with our stockholders and encourage our management team to pursue objectives consistent with the overall goals and strategic direction the Board has approved for the Company. The Compensation Committee reviews individual short-term cash-based incentive targets annually using competitive data from the peer group, salary surveys and our independent compensation consultant's insights into the marketplace. When Mr. Way joined the Company in 2015, his compensation was set based on competitive market data and was not increased in 2016. In 2017, Mr. Way's annual short-term cash-based incentive target was increased to align it with target opportunities for other chief executive officers based upon peer group and competitive survey data, and to reflect the Compensation Committee's goal in aligning executive compensation with stockholder's interests. All other NEOs were employed by the Company in late 2016 or in 2017. NEOs may earn an individual short-term cash-based incentive payout ranging from 0% to 200% of their individual target opportunity.

| Executive Officer | 2016 Cash Incentive Target (% of base salary) | 2017 Cash Incentive Target (% of base salary) | 2017 Cash Incentive Target (\$)(3) |
|--------------------------|---|---|------------------------------------|
| Andrew J. Way | 100 | 115 | 862,500 |
| David A. Barta | 75 | 75 | 326,250 |
| Girish K. Saligram | 70 | 70 | 350,000 |
| Roger George(1) | N/A | 70 | 280,000 |
| Christopher T. Werner(2) | 60 | N/A | N/A |

(1)Mr. George joined the Company effective December 15, 2016.

(2)Mr. Werner's employment terminated effective March 10, 2017.

(3)Cash incentive target opportunities are not prorated.

2017 Company Performance Measures. As discussed above in “How We Determine Executive Compensation,” the Compensation Committee sets performance measures and associated targets for our NEOs. These performance measures, established in March 2017, include the following Company financial, operational and safety goals:

| Performance Measures | Weighting | What it is | Why we use it |
|---------------------------------------|-----------|--|--|
| FINANCIAL PERFORMANCE | | Operational measure consistently evaluated each year | Strong correlation to stock price performance and mirrors the Company’s financial disclosure |
| EBITDA, as Adjusted(1) | 30% | Earnings before interest, taxes, depreciation and amortization, excluding Belleli EPC and other items | A critical measure by which our stockholders measure our performance |
| OPERATIONAL GOALS | | Operational near-term measures aligned to the current operating environment | Aligns with the near-term business plan and annual initiatives; encourages growth in strategic areas of the business |
| Working Capital as a Percent of Sales | 20% | Working capital divided by revenue (measured quarterly and averaged for the full performance period) | Encourages an efficient use of our cash in the operation and promotes strong focus on the controllable elements of our balance sheet |
| Growth (Margin Dollars) | 30% | Sum of margin dollars from Contract Operations bookings for 2018 and beyond, 2017 aftermarket services revenue, and 2017 product line bookings (with certain limited exceptions) | Balances the focus on backlog and revenue growth while improving gross margin |
| SAFETY GOALS | | Combination of operational and strategic measures that reflect the effectiveness of our global tools, processes and infrastructure and improvements made | Encourages a balance of near-term and mid-term decision making to benefit the health and safety of our employees and contractors and the protection of the environment |
| HSSE - Operational Performance | 10% | Matrix of the number of incident free days and the severity in days away from work due to work-related incidents across the global organization | Encourages a focus on people, safety and the environment |
| HSSE - Global Processes | 10% | Investment in new and improved global tools and processes that strengthen the Company’s foundation and enable future growth | Encourages establishment or improvements in tools and processes to enable accelerated organic or acquisition-based growth |

EBITDA, as adjusted is defined as net income (loss) excluding income (loss) from discontinued operations (net of tax), cumulative effect of accounting changes (net of tax), income taxes, interest expense (including debt extinguishment costs), depreciation and amortization expense, impairment charges, restructuring and other charges, (1) non-cash gains or losses from foreign currency exchange rate changes recorded on intercompany obligations, expensed acquisition costs and other items; provided, however, that adjustments to EBITDA, as adjusted, may be made by the Compensation Committee, in its discretion, for acquisitions or dispositions and unusual items or non-recurring items. EBITDA, as adjusted, as reported in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 is a non-GAAP financial measure, which is discussed further in “Appendix A.”

2017 Short-Term Cash-Based Incentive Plan Goal Determination. Generally, the target goals for financial and operational performance measures are based upon the Company’s approved business plan and budget for the year and

generally reflect significant performance improvements relative to the prior year outcomes. Thresholds for operational goals are intended to reflect the minimum level of performance at which the Compensation Committee believes payout is warranted. Maximum goals are intended to provide stretch goals that challenge management to achieve exceptional performance. The Committee also reviews the effects on the annual incentive plan due to various risks and opportunities that are recognized at the time the plan is set to assure the plan targets that are determined reflect the appropriate balance of risks and opportunities. The Committee further confirms the targets it approves are aligned with the external expectations set and communicated to our stockholders. During each Compensation Committee meeting, the Committee reviews the Company's performance against the established Company performance measures.

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The Compensation Committee reviewed and considered 2017 Company performance under the criteria set in early 2017. The Committee determined that overall Company performance for the purposes of establishing the 2017 short-term cash-based incentive pool was above target due to the Company's above-target financial and operational performance. The Committee considered 2017 Company performance in light of extraordinary unplanned events such as Hurricane Harvey and did not exercise its discretion to exclude the effects of these events on financial performance in determining calendar 2017 performance. The Company's 2017 performance goals and outcomes are as follows:

| Performance Measure | 2017 Short-Term Incentive Plan Performance Goals | | | 2017 Actual | 2017 Actual Performance % |
|---------------------------------------|--|---------------|-----------------|-------------|---------------------------|
| | Threshold (0.5x) | Target (1.0x) | Maximum (1.50x) | | |
| EBITDA, as Adjusted (in millions) | \$155 | \$165 | \$175 | \$175.5(1) | 150% |
| Working Capital as a Percent of Sales | 26.6% | 23.9% | 21.2% | 14.9% | 150% |
| Growth (Margin Dollars)(in millions) | \$320 | \$360 | \$400 | \$409 | 150% |
| HSSE - Operational Results(2) | 74 | 70 | 68 | 57.5 | 150% |
| HSSE - Global Process Results(3) | 22 | 33 | 44 | 33 | 100% |
| Total Company | — | — | — | — | 145% |

(1) The performance measure of EBITDA, as adjusted, excludes \$2.4 million of costs associated with our ongoing operations at our repurposed Belleli EPC facility.

(2) Results are calculated in a matrix that considers severity of work-related incidents and the number of incident free days across global organization.

(3) Number of new or improved global processes.

Individual Performance. The Compensation Committee may increase or decrease the final short-term incentive award payment an NEO would otherwise be entitled to receive based upon the Committee's assessment of the NEO's impact during the year, performance in his primary area of responsibility, and leadership as an executive team member. For 2017, the Compensation Committee made the following assessments with respect to each NEO's individual performance:

| Name | Individual Performance |
|-----------------------|---|
| Andrew J. Way | Mr. Way continued his strong and proactive leadership across the organization. His leadership is a driving force behind the Company's enhanced competitive position, development of the strategic growth playbook, and the solid execution against the annual business plan targets resulting in top quartile total stockholder return. |
| David A. Barta | Mr. Barta was instrumental in leading remediation efforts, in the successful recapitalization efforts in mid-2017, and in the recruitment and retention of a world-class functional leadership team. |
| Girish K. Saligram | Mr. Saligram's leadership in growing key markets, developing our strategic growth playbook, improving our execution capability and adding outstanding talent to the organization are key to our present and future success. |
| Roger George | Mr. George's leadership with respect to the improvements in product sales gross margins, development of the Company's strategic growth playbook, and certain strategic engineering and product line advancements are instrumental to our success in 2018 and beyond. |
| Christopher T. Werner | Mr. Werner's performance was not assessed for 2017, as his employment terminated in March 2017. |

2017 Short-Term Cash-Based Incentive Award Payout Determinations. Based on the information above, the Compensation Committee approved the following 2017 Short-Term Cash-Based Incentive Plan payout amounts for the NEOs:

| Name | Target (\$) | x Company Performance | + / - Individual Performance | = Actual 2017 Incentive Payout |
|--------------------|-------------|-----------------------|------------------------------|--------------------------------|
| Andrew J. Way | \$862,500 | x | + \$149,375 | =\$1,400,000 |
| David A. Barta | \$326,250 | x | + \$29,937 | =\$503,000 |
| Girish K. Saligram | \$350,000 | x 145% | + \$146,000 | =\$653,500 |
| Roger George | \$280,000 | x | + \$77,000 | =\$483,000 |

As noted above, Mr. Werner did not receive a 2017 incentive award as his employment terminated in March 2017.

Long-Term Equity-Based Incentive Compensation Plan. The Compensation Committee believes that awarding a meaningful portion of our NEOs' total compensation in the form of time-based and performance-based equity awards emphasizes long-term financial and operational performance, aligns executives' interests with our stockholders' interests by increasing their ownership of Company common stock, and helps to retain key executives. In 2017, long-term equity-based incentive awards in the form of restricted stock and performance-based restricted stock units were granted pursuant to the Company's 2015 Stock Incentive Plan (the "2015 Plan"). Under the 2015 Plan, the Compensation Committee has the ability to grant stock options, restricted stock and restricted stock unit awards, stock appreciation rights and performance-based units to employees (including our NEOs), consultants of our Company and its affiliates, and to our directors.

The ratio of time-based to performance-based long-term incentives awarded each year is generally consistent with historic grant practices and consistent with the executives in similar roles in our peer group. Equity awards generally vest ratably over three years from the date of grant and are subject to continued service through the vesting date. Equity-based incentive awards may vary from executives' targets as a result of individual performance, promotions and internal pay equity.

The following reflects the ratio of time-based to performance-based equity awards for our NEOs:

(1) Excludes Mr. Werner, who did not receive an annual equity grant in 2017.

2016 LTI awards made to Messrs. Barta, George and Saligram pursuant to the terms of their 2016 employment (2) offer letters in connection with their employment, which awards were not approved and issued until 2017 as a result of the Company's Restatement.

The Compensation Committee generally considers estimated targets for total compensation, the relative value of each compensation element, the expense of such awards and the impact on dilution, when determining the amount of long-term, equity-based incentive awards to be granted each year to our NEOs. For 2017, the Compensation Committee evaluated information provided by Semler Brossy regarding Company peer group grant values, private and public surveys, and market information for executives in comparable roles. The Compensation Committee also evaluated the CEO's recommendations regarding long-term, equity-based incentive awards to be granted to the other NEOs. Based upon these evaluations, the Compensation Committee approved the following long-term, time-based and performance-based units for 2017:

| Executive Officer | 2017 Restricted Stock Awards Total (\$) | 2017 Performance Based Restricted Stock Units Total (\$) | 2017 Long-Term Awards Total (\$) |
|-----------------------------|--|--|--|
| Andrew J. Way(1) | \$1,650,000 | \$2,050,000 | \$3,700,000 |
| David A. Barta(1) | \$400,000 | \$400,000 | \$800,000 |
| Girish K. Saligram(1) | \$400,000 | \$400,000 | \$800,000 |
| Roger George(1) | \$300,000 | \$300,000 | \$600,000 |
| Christopher T. Werner(2) | — | — | — |

Does not include time-based restricted stock granted to Messrs. Barta, George and Saligram pursuant to the terms of their 2016 employment offer letters, which grants were not approved and issued in 2016 as a result of the Company's Restatement. 2016 LTI awards are included in the "2017 Summary Compensation Table" and "Grants of Plan-Based Awards" tables in this proxy statement.

(2) Mr. Werner did not receive an annual equity award in 2017.

Time-Based Restricted Stock. The time-based equity awards granted in March 2017 vest in three substantially equal installments on the anniversary of the grant date, subject to continuous employment. Additional information regarding these awards, including treatment under certain terminations of employment or the occurrence of a change of control is provided below in "Potential Payments Upon Termination or Change of Control."

Performance-Based Units. The performance-based units granted in March 2017 are subject to continuous service, the achievement of performance measures, and the NEOs' individual performance. In 2017, the measures were EBITDA, as adjusted, working capital as a percent of sales, and growth margin dollars over a one-year measurement period. The Compensation Committee believed that due to the Company's recent formation in late 2015, together with the volatility and uncertainty in the global commodity markets experienced in 2016, it was appropriate to use a one-year performance period in 2017 with vesting over a longer three-year period. The structure of the 2017 performance-based units awarded is substantially similar to prior year awards, except for the consideration of individual performance in addition to Company performance.

Payout of 2017 Performance-Based Awards. The performance measures for the performance-based units, as well as 2017 results for each measures, are below. The NEOs may earn an individual payout ranging from 0% to 150% of their target opportunity.

| Performance Measures | Weight | Threshold(1) | Target | Maximum | 2017 Actual | 2017 Actual Performance % |
|---------------------------------------|--------|--------------|--------|---------|-------------|---------------------------|
| Payout Factor | — | 50% | 100% | 150% | — | — |
| EBITDA, as adjusted (in millions) | 15% | \$155 | \$165 | \$175 | 175.5(2) | 150% |
| Working Capital as a Percent of Sales | 25% | 26.6% | 23.9% | 21.2% | 14.9% | 150% |
| Growth (Margin Dollars)(in millions) | 60% | \$320 | \$360 | \$400 | \$409 | 150% |
| Total Company Performance | — | — | — | — | — | 150% |

(1) Performance below threshold will result in 0% funding of the applicable performance measure.

(2) The performance measure of EBITDA, as adjusted, excludes \$2.4 million of costs associated with our ongoing operations at our repurposed Belleli EPC facility.

The plan earned 150% and NEO performance-based units were not reduced for individual performance. Our NEO's performance-based units payouts in 2017 were each 150% of target.

Timing of Awards. Annual grants of equity awards are typically determined in Compensation Committee meetings held during the first quarter of each year. At that time, data for previous performance periods is available to determine the amount of the final awards. The Committee also decides the annual equity-based grants of time-based restricted stock and performance-based units. In order to allow sufficient time for preparation of notification materials, the Committee approved the annual 2017 equity-based grants on March 3, 2017 using the closing price of the Company's common stock on the NYSE on such date. A similar practice was followed in previous years. This timing allows for the grants to be made after the release of earnings information for the prior fiscal year.

The Committee does not time equity grants to affect the value of compensation either positively or negatively.

Executive officers do not play a role in the selection of grant dates. Special grants for officers are approved by the Compensation Committee and are effective on a specified future date (e.g., the date that coincides with a promotion or hiring date), or the date of approval. In the case of an approval by written consent, the grant date cannot be earlier than the date when all Committee members' approvals have been obtained.

Other Compensation And Benefit Arrangements

In addition to the elements of total direct compensation described above, our executive compensation program includes other compensation and benefits that are designed primarily to attract, motivate and retain executives critical to our long-term success and to provide an overall competitive compensation structure.

| Element | Description and Purpose |
|---|---|
| Change of Control Severance and Non-Change of Control Severance | <p>Our Change of Control Severance Benefit Agreements and Non-Change of Control Severance Benefit Agreements with certain senior executives are intended to provide financial security and an industry-competitive compensation package for executives. This additional security helps ensure our senior executives remain focused on our performance and the continued creation of stockholder value throughout any change of control transaction rather than on the potential uncertainties associated with their own employment.</p> <p>Our Change of Control Severance Agreements and Non-Change of Control Severance Agreements are “double trigger” agreements that generally provide certain cash payments and some accelerated vesting on stock granted to the executive only if their employment is terminated during or following a change of control, or in the case of a non-change of control, a termination of employment. A description of our agreements in effect during 2017 is provided in the “Executive Compensation Tables - Potential Payments upon a Change of Control or Termination.”</p> |
| 401(k) Plan | <p>All U.S. employees of the Company are eligible to participate in and receive up to a 3.5% Company matching contribution in our 401(k) Plan, up to the limits established by the Internal Revenue Service, which is intended to provide financial security upon retirement.</p> |
| Non-Qualified Deferred Compensation Plan | <p>All U.S. executives are eligible to be designated as participants in our Non-Qualified Deferred Compensation Plan, which is intended to provide competitive retirement planning benefits to attract and retain skilled management.</p> <p>The Non-Qualified Deferred Compensation Plan allows an eligible participant to defer up to 100% of his or her salary and bonus on an annual basis.</p> |
| Health and Wellness Plans | <p>NEOs are eligible to receive available health and other wellness benefits, including medical, dental, vision, life and disability insurance, on the same basis as our other U.S. employees.</p> <p>Our health and wellness plans are intended to provide a competitive, broad-based employee benefits structure and to promote the wellness of our executives and other employees.</p> |
| Perquisites | <p>We do not provide perquisites to our NEOs.</p> |

2018 Compensation Decisions

In February 2018, the Compensation Committee approved 2018 compensation for our NEOs. Salaries of Mr. Way, Mr. Barta and Mr. George increased slightly from 2017 levels. Mr. George’s and Mr. Saligram’s individual target levels under the Company’s 2018 Short-Term and Long-Term Incentive Plans are slightly increased from 2017 target levels. Mr. Way’s and Mr. Barta’s individual target levels under the Company’s 2018 Long-Term Incentive Plan are also slightly increased from 2017 target levels. Long-term equity award value in 2018 will continue to be 50% performance-based for all of our NEOs other than Mr. Way, whose long-term incentive award will be 60% performance-based. The Compensation Committee changed the structure of the Company’s long-term incentive plans, so that beginning in 2018, the performance period for performance-based units will be measured over a two-year (rather than one-year), time frame. The 2018 incentive programs include a balance of Financial, Operational, HSSE and Strategic performance measures. In addition to Company performance, final awards or payouts will include consideration for each executive’s individual performance.

Compensation Policies and Practices
Stock Ownership Guidelines

The Compensation Committee believes that meaningful stock ownership by our senior executives is important in aligning management's interest with the interests of our stockholders. Our executives are required to maintain consistent stock ownership in the Company based upon a multiple of the executive's base salary as described below.

| Position | Ownership Requirement |
|---------------------------------------|-----------------------|
| President and Chief Executive Officer | 6 times base salary |
| Named Executive Officers | 3 times base salary |

Executives have up to five years to meet the stock ownership guidelines. As of year-end 2017, all NEOs have met or, if newly hired, are on track to meet their respective stock ownership requirements.

Trading Controls and Anti-Pledging and Anti-Hedging Policies

We prohibit NEOs from buying, selling, or writing puts, calls or other options related to Company stock. None of our NEOs has entered into hedging transactions involving our stock. We also prohibit executives from holding Company stock in a margin account or pledging Company stock as collateral for a loan.

Compensation Policies and Practices Related to Risk Management

The Compensation Committee has discussed and analyzed the concept of risk as it relates to our compensation programs for all of our employees, including our NEOs, and believes that our compensation programs do not encourage excessive and unnecessary risk taking.

Compensation Committee Interlocks and Insider Participation

Messrs. Ryan (Chair), Goodyear, Gouin, Seaver and Stewart, all of whom are independent non-management directors, currently serve on the Compensation Committee. None of these individuals is or has been an officer of the Company, was an employee of the Company during the last fiscal year or as of the date of this Proxy Statement, or is serving or has served as a member of the Compensation Committee of another entity that has an executive officer serving on the Compensation Committee of the Company. No executive officer of the Company serves as a director or on the Compensation Committee of another entity whose executive officer(s) serves as a director or on the Compensation Committee of the Company.

Executive Offer Letters

We provide offer letters to each of our NEOs. Each letter provides the initial annual base salary and initial short-term and long-term incentive targets that the NEO is eligible to receive. The base salary and incentive targets are subject to annual review, with future salary levels and incentive target levels subject to the discretion of the Compensation Committee. In addition, offer letters may include provisions for one-time compensation actions related to the initial employment of the executive. All letters provide that the applicable executive is eligible to participate in all employee benefit plans maintained by the Company for the benefit of its employees generally. All offer letters also provide that employment with the Company is "at-will" and not for any specified time, and may be terminated with or without cause at any time by the executive or the Company.

Tax and Accounting Considerations

Section 162(m) of the Code. Section 162(m) of the Code generally limited the deductibility of certain compensation expenses in excess of \$1,000,000 paid to any one executive officer within a fiscal year unless it was “performance-based” compensation. For compensation to be “performance-based,” it was required to meet certain criteria, including performance goals approved by our stockholders and, in certain cases, objective targets based on performance goals approved by stockholders. However, the Tax Cuts and Jobs Act substantially modified the Code and, among other things, eliminated the performance-based compensation exception under Section 162(m) unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. We believe that maintaining the discretion to evaluate the performance of its NEOs through the use of performance-based compensation is an important part of our responsibilities and benefits our stockholders, even if it may be non-deductible under Section 162(m) of the Code.

Section 280G of the Code. Section 280G of the Code disallows a tax deduction for excess parachute payments to certain executives of companies that undergo a change of control. In addition, Section 4999 of the Code imposes a 20% excise tax on the individual with respect to the excess parachute payment. Parachute payments are compensation linked to or triggered by a change of control and may include, but are not limited to, bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term incentive plans including stock options and other equity-based compensation. Excess parachute payments are parachute payments that exceed a threshold determined under Section 280G of the Code based on the executive’s prior compensation. It is our policy not to provide any executives with a gross-up payment to make up for these taxes, if any.

Section 409A of the Code. Section 409A of the Code requires that “nonqualified deferred compensation” be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments and certain other matters. Failure to satisfy these requirements can expose employees and directors to accelerated income tax liabilities, substantial additional taxes and interest on their vested compensation under such plans. Accordingly, as a general matter, it is our intention to design and administer our respective compensation and benefit plans and arrangements for all of our employees and directors, including our NEOs, so that they are either exempt from, or satisfy the requirements, of Section 409A of the Code.

Accounting for Stock-Based Compensation. We have followed ASC 718 to account for stock-based compensation awards. ASC 718 requires companies to calculate the grant date “fair value” of their stock-based awards using a variety of assumptions. ASC 718 also requires companies to recognize the compensation cost of their stock-based awards in their income statements over the period that an employee is required to render service in exchange for the award. We expect that we will regularly consider the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

Executive Compensation Tables

2017 Summary Compensation Table

The following table sets forth information with respect to the compensation of our CEO, our Chief Financial Officer and our three other most highly-compensated executive officers, collectively the NEOs, for the years ended December 31, 2017, 2016 and 2015.

| Name | Position | Year | Base Salary | Bonus | Stock Awards(1) | Non-Equity Incentive Plan(2) | All Other Compensation(3) | Total |
|--------------------------|--|------|-------------|-----------|-----------------|------------------------------|---------------------------|-----------|
| Andrew J. Way | President and Chief Executive Officer | 2017 | 750,000 | — | 3,700,000 | 1,400,000 | 9,950 | 5,859,950 |
| | | 2016 | 750,000 | — | 3,300,000 | — | 9,775 | 4,059,775 |
| | | 2015 | 369,231 | 2,000,000 | 3,999,996 | 750,000 | 9,087 | 7,128,314 |
| David A. Barta | Senior Vice President and Chief Financial Officer | 2017 | 435,000 | — | 2,156,700 | 503,000 | 9,950 | 3,104,650 |
| | | 2016 | 58,557 | 350,000 | — | — | 250 | 408,807 |
| Girish K. Saligram | Senior Vice President, Global Services | 2017 | 500,000 | — | 2,895,784 | 653,500 | 4,673 | 4,053,957 |
| | | 2016 | 173,077 | 2,275,962 | — | — | 731 | 2,449,770 |
| Roger George(4) | Senior Vice President, Engineering and Product Lines | 2017 | 400,000 | 600,000 | 949,031 | 483,000 | 27,434 | 2,459,465 |
| | | 2016 | 10,769 | 150,000 | — | — | 250 | 161,019 |
| Christopher T. Werner(5) | Former Senior Vice President, Global Operations | 2017 | 75,000 | — | — | — | 961,408 | 1,036,408 |
| | | 2016 | 300,000 | 75,000 | 400,000 | — | 11,398 | 786,398 |
| | | 2015 | 298,751 | 75,000 | 399,987 | 91,500 | 19,310 | 884,548 |

The amounts in this column represent the grant date fair value of (a) restricted shares of Exterran’s common stock (which are set forth in the table below) and (b) 2017 performance-based units awarded at target. The grant date fair values of the 2017 performance-based units at maximum level were as follows: Mr. Way: \$3,075,000; Mr. Barta: \$600,000; Mr. Saligram: \$600,000; and Mr. George: \$450,000. In addition, in connection with their employment in (1) 2016, Messrs. Barta, George and Saligram were entitled to receive equity awards subject to Committee approval.

These awards were not approved and issued until 2017 as a result of the Restatement and are included in this column. The grant date fair value of all awards shown above was calculated in accordance with ASC 718. For further discussion on the fair value of our awards, see Note 19 to the consolidated and combined financial statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

(2) Our short-term incentive plan program was suspended in 2016. In February 2017, participation by Mr. Way and the other NEOs in the 2017 short-term incentive plan program was reinstated.

(3) The amounts in this column for 2017 include the following:

| Name | 401(k) Plan Company Contribution (a) | Tax Preparation and Planning Services | DERs / Dividends | Other (b) | Total Other Compensation |
|-----------------------|--------------------------------------|---------------------------------------|------------------|-----------|--------------------------|
| Andrew J. Way | 9,450 | — | — | 500 | 9,950 |
| David A. Barta | 9,450 | — | — | 500 | 9,950 |
| Girish K. Saligram | 4,173 | — | — | 500 | 4,673 |
| Roger George | 9,450 | — | — | 17,984 | 27,434 |
| Christopher T. Werner | 2,625 | — | — | 958,783 | 961,408 |

(a) The amounts shown represent matching Company contributions for 2017.

(b) Represents contributions made to employee health savings accounts, and in the case of Mr. Werner, also represents severance payments paid pursuant to Mr. Werner’s Severance Benefit Agreement and in the case of Mr. George, also represents amounts associated with his relocation. See “Potential Payments Upon Termination or Change of Control -

Non-Change of Control Severance Benefit Agreements.”

(4) Under the terms of Mr. George’s offer letter, he received a one-time cash payment of \$600,000 in connection with his commencement of employment and subject to continued service.

(5) Mr. Werner’s employment terminated effective March 10, 2017.

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2017 Grants of Plan-Based Awards

The following table contains information about grants of plan-based awards to our NEOs during 2017:

| Name | Grant Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) | | Estimated Possible Payouts Under Equity Incentive Plan Awards(2) | | All other Stock Awards: Number of Shares or Units (#)(3) | All other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards (\$/SH) | Grant Date Fair Value of Stock and Option Awards (\$)(4) |
|--------------------------|------------|--|--------------|--|-------------|--|--|---|--|
| | | Threshold (\$) | Maximum (\$) | Threshold (#) | Maximum (#) | | | | |
| Andrew J. Way | 3/4/2017 | 862,500 | 1,725,000 | 66,408 | 99,612 | — | — | — | 2,050,000 |
| | 3/4/2017 | — | — | — | — | 53,450 | — | — | 1,650,000 |
| David A. Barta(5) | 1/6/2017 | — | — | — | — | 49,245 | — | — | 1,356,700 |
| | 3/4/2017 | 326,250 | 652,500 | 12,958 | 19,437 | — | — | — | 400,000 |
| | 3/4/2017 | — | — | — | — | 12,958 | — | — | 400,000 |
| Girish K. Saligram(5) | 1/6/2017 | — | — | — | — | 76,072 | — | — | 2,095,784 |
| | 3/4/2017 | 350,000 | 700,000 | 12,958 | 19,437 | — | — | — | 400,000 |
| | 3/4/2017 | — | — | — | — | 12,958 | — | — | 400,000 |
| Roger George(5) | 1/6/2017 | — | — | — | — | 12,669 | — | — | 349,031 |
| | 3/4/2017 | 280,000 | 560,000 | 9,719 | 14,579 | — | — | — | 300,000 |
| | 3/4/2017 | — | — | — | — | 9,719 | — | — | 300,000 |
| Christopher T. Werner(6) | | — | — | — | — | — | — | — | — |

(1) The amounts in these columns show the range of potential payouts of incentives under the 2017 Short-Term Incentive Plan. Although the Short-Term Incentive Plan sets measures for threshold, target and maximum pool funding levels at 0% to 150%, actual awards to NEOs can range from 0% to 200% of their personal or individual target due to adjustments made for individual performance. "Threshold" is the lowest possible individual payout (0% of target) and "Maximum" is the highest possible individual payout (200% of target). See "Short-Term Cash-Based Incentive Plan" for a description of the 2017 short-term incentive awards.

(2) The amounts in these columns show the range of potential payouts of 2017 performance-based units awarded under the 2017 Long-Term Incentive Plan. The Long-Term Incentive Plan sets measures for threshold, target and maximum pool funding levels at 0% to 150%, actual awards to NEOs can range from 0% to 150% of their individual target due to adjustments made for individual performance. "Threshold" is the lowest possible payout (0% of the grant) and "Maximum" is the highest possible individual payout (150% of the grant). See "Long-Term Incentive Compensation-2017 Performance-Based Awards" for a description of the 2017 performance-based awards.

(3) Shares of restricted stock awarded under our 2015 Plan vest one-third per year over a three-year period, subject to continued service through each vesting date.

(4) The grant date fair value of performance-based units and restricted stock is calculated in accordance with ASC 718. For a discussion of valuation assumptions, see Note 19 to the consolidated and combined financial statements in our Annual Report on Form 10-K for the year ended December 31, 2017. The 2017 performance-based units are shown at target value.

(5) In connection with their employment in 2016, Messrs. Barta, George and Saligram were entitled to receive equity awards subject to Committee approval. These awards were not approved and issued until 2017 as a result of the Restatement.

(6) Mr. Werner did not participate in the 2017 Short-Term or Long-Term Incentive Plan.

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Outstanding Equity Awards at Fiscal Year-End

The following table contains information about our NEOs' outstanding equity awards at December 31, 2017. See also "Potential Payments upon Termination or Change of Control" beginning on page 42 regarding the treatment of these awards upon certain terminations of employment or the occurrence of a change of control.

| Name | Option Awards | | Stock Awards | | | | | |
|--------------------------|---|---|----------------------------|------------------------|--|---|---|--|
| | Number of Securities Underlying Unexercised Options (#) Exercisable (1) | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#)(2) | Market Value of Units of Stock That Have Not Vested (\$)(4) | Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#)(5) | Equity Incentive Plan Awards: Market or Value of Unearned Shares, Units or Rights That Have Not Vested (\$)(4) |
| Andrew J. Way | — | — | — | — | 307,406 | 9,664,845 | 66,408 | 2,087,868 |
| David A. Barta | — | — | — | — | 45,788 | 1,439,575 | 12,958 | 407,400 |
| Girish K. Saligram | — | — | — | — | 63,672 | 2,001,848 | 12,958 | 407,400 |
| Roger George | — | — | — | — | 18,165 | 571,108 | 9,719 | 305,565 |
| Christopher T. Werner(3) | — | — | — | — | — | — | — | — |

(1) Messrs. Way, Barta, Saligram, and George have not been granted stock options.

(2) Includes the following shares of restricted stock and performance-based units awarded under our 2015 Plan:

| Name | Unvested Share/Units | Initial Vesting Date | Vesting Increments |
|--------------------|----------------------|----------------------|------------------------|
| | 86,749 | 11/03/2016 | One-third over 3 years |
| Andrew J. Way | 167,207 | 03/04/2017 | One-third over 3 years |
| | 53,450 | 03/04/2018 | One-third over 3 years |
| David A. Barta | 32,830 | 11/7/2017(a) | One-third over 3 years |
| | 12,958 | 03/04/2018 | One-third over 3 years |
| Girish K. Saligram | 50,714 | 8/22/2017(a) | One-third over 3 years |
| | 12,958 | 03/04/2018 | One-third over 3 years |
| Roger George | 8,446 | 12/15/2017(a) | One-third over 3 years |
| | 9,719 | 03/04/2018 | One-third over 3 years |

(a) Represents 2016 new-hire awards not granted until 2017 due to the Restatement, the vesting schedules of which are based upon initial employment dates.

(3) Mr. Werner's employment terminated effective March 10, 2017.

(4) Based on the market closing price of our common stock on December 29, 2017, of \$31.44 per share.

Amounts shown are the unearned and unvested number of 2017 performance-based units at target. One-third of the (5) performance-based units awarded in 2017 under our 2015 Plan vest one-third per year on each anniversary of the grant date.

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Stock Vested in Fiscal Year 2017

The following table contains information regarding the vesting during 2017 of time-based and performance-based units previously granted to our NEOs:

| Name | Option Awards | | Stock Awards | |
|--------------------------|--|------------------------------------|---|--------------------------------------|
| | Number of Shares Acquired on Exercise (#)(1) | Value Realized on Exercise (\$)(2) | Number of Shares and Units Acquired on Vesting (#)(1) | Value Realized on Vesting (\$)(2)(4) |
| Andrew J. Way | — | — | 170,353 | 5,348,149 |
| David A. Barta | — | — | 16,415 | 512,476 |
| Girish K. Saligram | — | — | 25,358 | 645,108 |
| Roger George | — | — | 4,223 | 123,903 |
| Christopher T. Werner(3) | 5,418 | 84,087 | 31,790 | 938,479 |

(1) Includes restricted stock that vested, and stock options exercised by Mr. Werner during 2017.

(2) The value realized for vested awards was determined by mult