

FEDERATED NATIONAL HOLDING CO
Form 8-K
July 29, 2014

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **July 29, 2014**

Federated National Holding Company

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction
of incorporation)

0-2500111
(Commission File Number)

65-0248866
(IRS Employer Identification No.)

14050 NW 14 Street, Suite 180
Sunrise, FL
(Address of principal executive offices) **33323**
(Zip Code)
Registrant's telephone number, including area code: **(954) 581-9993**

NOT APPLICABLE

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On July 29, 2014, Federated National Holding Company (the "Company") issued a press release to report its results for its fiscal quarter ended June 30, 2014. A copy of the press release is attached to this current report on Form 8-K as Exhibit 99.1 and incorporated herein by reference.

The information in this Current Report on Form 8-K and Exhibit 99.1 attached hereto is hereby intended to be furnished pursuant to Item 2.02, "Results of Operations and Financial Condition." As provided in General Instruction

B.6 of SEC Form 8-K, such information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and it shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or under the Exchange Act, whether made before or after the date hereof, except as expressly set forth by specific reference in such filing to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

99.1 Federated National Holding Company Press Release, dated July 29, 2014.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Federated National Holding Company

Date: July 29, 2014

By: /s/ PETER J. PRYGELSKI, III

Name: Peter J. Prygelski, III

Title: Chief Financial Officer

(Principal Accounting and Financial Officer)

EXHIBIT INDEX

Exhibit No. Exhibit Title

99.1 Federated National Holding Company Press Release, dated July 29, 2014.

IGN="bottom" COLSPAN="2" ALIGN="center" STYLE="BORDER-TOP:1px solid #000000;

BORDER-BOTTOM:1px solid #000000">**Performance Awards**

(Target # of Shares)

Clay C. Williams

289,920 73,350 66,680

Jose A. Bayardo

118,260 30,000 27,280

Joseph W. Rovig

79,830 20,250 18,410

Craig L. Weinstock

65,050 16,500 15,000

Scott K. Duff

65,050 16,500 15,000

The Compensation Committee modified the structure of the long-term incentive awards in 2017 as follows:

40% weighting on stock options

30% weighting on performance shares tied to relative TSR

30% weighting on restricted stock awards

The Compensation Committee also approved a one-time increase to the value awarded to the Named Executive Officers other than the CEO for purposes of retention and motivation of the executive management team.

Compensation Committee Report

The responsibilities of the Compensation Committee, which are set forth in the Compensation Committee Charter adopted by the Board of Directors, include approving and evaluating all compensation of directors and executive officers, including salaries, bonuses, and compensation plans, policies and programs of the Company.

We have reviewed and discussed with senior management the Compensation Discussion & Analysis section included in this proxy statement. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion & Analysis be included in the Company's 2017 Proxy Statement.

Members of the Compensation Committee

Ben A. Guill, Committee Chair

Eric L. Mattson

William R. Thomas

Table of Contents**EXECUTIVE COMPENSATION**

The following table sets forth for the year ended December 31, 2016 the compensation paid by the Company to its Chief Executive Officer and Chief Financial Officer and three other most highly compensated executive officers (the Named Executive Officers) serving in such capacity at December 31, 2016. The following table also includes compensation paid by the Company to a former Named Executive Officer, as described in the accompanying footnotes.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$) (c)	Bonus (\$)(1) (d)	Stock Awards (\$)(2) (e)	Option Awards (\$)(3) (f)	Non-Equity Incentive Plan Compensation (\$)(4) (g)	Change in Pension Value		Total (\$) (j)
							Nonqualified Deferred Compensation Earnings (\$) (h)	All Other Compensation (\$)(5) (i)	
Clay C. Williams	2016	\$ 800,000		\$ 5,241,849	\$ 4,493,021		\$ 46,600		\$ 10,581,470
<i>Chairman, President & Chief Executive Officer</i>	2015	\$ 850,000		\$ 4,382,424	\$ 4,777,917		\$ 44,600		\$ 10,054,941
	2014	\$ 871,154		\$ 3,959,930	\$ 4,082,739	\$ 1,903,988	\$ 45,246		\$ 10,863,057
Jose A. Bayardo	2016	\$ 650,000		\$ 1,701,543	1,443,945		\$ 31,000		\$ 3,826,488
<i>Senior VP & Chief Financial Officer</i>	2015	\$ 225,000		\$ 3,123,750	\$		\$ 9,000		\$ 3,357,750
	2014								
Joseph W. Rovig	2016	\$ 550,000		\$ 1,134,362	\$ 962,632		\$ 41,250		\$ 2,688,244

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<i>President Rig Systems & Rig Aftermarket</i>	2015	\$ 550,000	\$ 1,006,810	\$ 1,143,422	\$ 151,120	\$ 42,836	\$ 2,894,188
	2014	\$ 482,692	\$ 711,925	\$ 657,382	\$ 802,812	\$ 36,202	\$ 2,691,013

Craig L.
Weinstock

<i>Senior VP, General Counsel & Secretary</i>	2016	\$ 510,000	\$ 1,020,915	\$ 866,367		\$ 33,150	\$ 2,430,432
	2015	\$ 510,000	\$ 741,860	\$ 842,927		\$ 23,117	\$ 2,117,904
	2014	\$ 413,768	\$ 164,626	\$ 324,634	\$ 647,356		\$ 1,550,384

Scott K. Duff

<i>Vice President, Corporate Controller and Chief Accounting Officer</i>	2016	\$ 360,000	\$ 850,806	\$ 721,976		\$ 27,000	\$ 1,959,782
	2015	\$ 428,077	\$ 503,405	\$ 571,711		\$ 25,583	\$ 1,528,776
	2014	\$ 286,616	\$ 164,626	\$ 324,634	\$ 403,950	\$ 20,432	\$ 1,200,258

(1) Reflects a discretionary bonus payout. For further information, see Compensation Discussion and Analysis Components of Compensation Annual Incentive Award .

Table of Contents

- (2) The amounts reported in this column represent the aggregate grant date fair value of stock awards granted in the relevant year compiled in accordance with FASB Topic 718, excluding forfeiture estimates. Refer to the Company's 2016 Annual Report, Financial Report to Stockholders for all relevant valuation assumptions used to determine the grant date fair value of the stock awards included in this column.
- (3) The amounts reported in this column represent the aggregate grant date fair value of option awards granted in the relevant year compiled in accordance with FASB Topic 718, excluding forfeiture estimates. Refer to the Company's 2016 Annual Report, Financial Report to Stockholders for all relevant valuation assumptions used to determine the grant date fair value of option awards included in this column.
- (4) The amounts shown in this column represent the value of the annual cash bonus awards under the Company's 2016 annual incentive plan. The Company's 2016 EBITDA performance was below the target EBITDA objective set under the 2016 annual incentive plan. As a result, none of the named executive officers received an incentive compensation bonus payout for 2016.
- (5) The amounts include:
 - (a) The Company's cash contributions for 2016 under the National Oilwell Varco 401(k) and Retirement Savings Plan, a defined contribution plan, on behalf of Mr. Williams \$22,525; Mr. Bayardo \$0; Mr. Rovig \$17,601; Mr. Weinstock \$16,417 and Mr. Duff \$19,777.
 - (b) The Company's cash contributions for 2016 under the National Oilwell Varco Supplemental Savings Plan, a defined contribution plan, on behalf of Mr. Williams \$24,075; Mr. Bayardo \$31,000; Mr. Rovig \$23,649; Mr. Weinstock \$16,733 and Mr. Duff \$7,223.

Table of Contents

The following table provides information concerning stock options and restricted stock awards granted to Named Executive Officers during the fiscal year ended December 31, 2016. The Company has granted no stock appreciation rights to the Named Executive Officers.

Grants of Plan-Based Awards

Name	Grant Date (b)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)(3) (i)	All Other Option Awards: Number of Underlying Options (#) (j)	Exercise or Base Price of Option Awards (\$/Sh) (k)	Grant Date Fair Value of Stock and Option Awards (l)
		Threshold (\$)(1) (c)	Target (\$)(1) (d)	Maximum (\$)(1) (e)	Threshold (#)(2) (f)	Target (#)(2) (g)	Maximum (#)(2) (h)				
(a) Clay C. Williams	2016 2016 2016 2016	\$ 112,000	\$ 1,120,000	\$ 2,240,000							
					37,352	74,703	149,406				\$ 2,991,855
								79,674			\$ 2,249,994
									697,674	\$ 28.24	\$ 4,493,021
Jose A. Bayardo	2016 2016 2016	\$ 61,750	\$ 617,500	\$ 1,235,000							
					12,125	24,249	48,498				\$ 971,172
								25,863			\$ 730,371
									224,215	\$ 28.24	\$ 1,443,945
Joseph W. Rovig	2016 2016 2016 2016	\$ 52,250	\$ 522,500	\$ 1,045,000							
					8,083	16,166	32,332				\$ 647,448
								17,242			\$ 486,914
									149,477	\$ 28.24	\$ 962,632
Craig L. Weinstock	2016 2016 2016	\$ 48,450	\$ 484,500	\$ 969,000							
					7,274	14,549	29,098				\$ 582,687
								15,518			\$ 438,228
									134,529	\$ 28.24	\$ 866,367
Scott K. Duff	2016 2016 2016	\$ 32,400	\$ 324,000	\$ 648,000							
					6,063	12,125	24,250				\$ 485,606
								12,932			\$ 365,200
									112,108	\$ 28.24	\$ 721,976

(1) Represents the range of possible payouts under our annual incentive compensation plan.

(2)

On February 24, 2016, the Compensation Committee approved the 2016 Performance Share Award Grant. The performance share awards can be earned by the executives only by performance against established goals and vest three years from the grant date. The performance awards can be earned by the executives only if the percentile ranking of the Company's TSR (total shareholder return) as measured against the TSR of the constituent members of the OSX Index over a three-year performance period, exceeds certain levels.

- (3) On February 24, 2016, the Compensation Committee approved a grant of restricted stock awards to these executive officers pursuant to the National Oilwell Varco, Inc. Long-Term Incentive Plan. The restricted stock awards granted by the Company to its executive officers vest in three equal annual installments commencing on the first anniversary of the date of grant, provided that such executive officer remains continuously employed with the Company during such time period.

Table of Contents**Exercises and Holdings of Previously-Awarded Equity Disclosure**

The following table provides information regarding outstanding awards that have been granted to Named Executive Officers where the ultimate outcomes of such awards have not been realized, as of December 31, 2016.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Exercisable Options (#)	Number of Securities Underlying Unexercisable Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
Name	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Ray C. Williams		697,674	(2)	\$ 28.24	2/25/26				
	103,351	206,702	(3)	\$ 54.74	2/26/25				
	115,310	57,565	(4)	\$ 68.997	2/26/24				
	73,749			\$ 63.926	2/16/23				
				\$ 77.987	2/22/22				

58,565

51,245

\$ 73.579 2/23/21

66,895

\$ 40.635 2/17/20

43,382

\$ 59.159 2/20/18

25,840(5) \$ 967,450

39,446(6) \$ 1,476,850

74,703(7) \$ 2,796,880

79,674(8) \$ 2,982,990

se A. Bayardo

224,215(2)

\$ 28.24 2/25/26

56,250(9) \$ 2,106,000

24,249(7) \$ 907,880

					25,863(8)	\$	968,31
Joseph W. Rovig	149,477(2)		\$ 28.24	2/25/26			
	24,733	49,467(3)	\$ 54.74	2/26/25			
	18,566	9,284(4)	\$ 68.997	2/26/24			
	6,876		\$ 63.926	2/16/23			
	6,225		\$ 77.987	2/22/22			
			\$ 73.579	2/23/21			
	6,149						
					4,885(5)	\$	182,89
					9,500(6)	\$	355,68
					16,166(7)	\$	605,25

17,242(8) \$ 645,540

- 49 -

Table of Contents

Craig L. Weinstock	134,529(2)	\$ 28.24	2/25/26
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18,233	36,467(3)	\$ 54.74	2/26/25
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9,168	4,585(4)	\$ 68.997	2/26/24
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13,753		\$ 72.657	10/2/23
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			2,386(10)	\$ 89,332
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			7,000(6)	\$ 262,080
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			14,549(7)	\$ 544,715
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			15,518(8)	\$ 580,994
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Scott K. Duff	112,108(2)	\$ 28.24	2/25/26
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	24,734(3)	\$ 54.74	2/26/25
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12,366

9,168 4,585(4) \$ 68.997 2/26/24

9,168 \$ 63.926 2/16/23

12,450 \$ 77.987 2/22/22

2,386(10) \$ 89,332

4,750(6) \$ 177,840

12,125(7) \$ 453,960

12,932(8) \$ 484,174

(1) Calculations based upon the closing price (\$37.44) of the Company's common stock on December 31, 2016, the last trading day of the year.

(2) 2016 Stock Option Grant Stock options vest at the rate of 33 1/3% per year, with vesting dates of 2/24/2017, 2/24/2018 and 2/24/2019.

(3) 2015 Stock Option Grant Stock options vest at the rate of 33 1/3% per year, with vesting dates of 2/25/2016, 2/25/2017 and 2/25/2018.

(4) 2014 Stock Option Grant Stock options vest at the rate of 33 1/3% per year, with vesting dates of 2/25/2015, 2/25/2016 and 2/25/2017.

(5) 2014 Performance Share Award Grant The performance share awards will be earned by the executives only by performance against established goals and vest three years from the grant date. The performance share awards are divided into two approximately equal, independent parts that are subject to two separate performance metrics: 50% in value based on the Company's TSR (total

Table of Contents

shareholder return) goal and 50% in value based on the Company's internal ROC goal (return on capital). The number of shares reflected in the table for the 2014 Performance Share Award Grant has been reduced by 50% as the portion of the award based on the Company's internal ROC goal is no longer achievable.

- (6) 2015 Performance Share Award Grant The performance share awards will be earned by the executives only by performance against established goals and vest three years from the grant date. The performance share awards are divided into two approximately equal, independent parts that are subject to two separate performance metrics: 50% in value based on the Company's TSR (total shareholder return) goal and 50% in value based on the Company's internal ROC goal (return on capital). The number of shares reflected in the table for the 2015 Performance Share Award Grant has been reduced by 50% as the portion of the award based on the Company's internal ROC goal is no longer achievable.
- (7) 2016 Performance Share Award Grant The performance share awards will be earned by the executives only by performance against established goals and vest three years from the grant date. The performance awards can be earned by the executives only if the percentile ranking of the Company's TSR (total shareholder return) as measured against the TSR of the constituent members of the OSX Index over a three-year performance period, exceeds certain levels.
- (8) 2016 Grant of Restricted Stock Awards The restricted stock awards granted by the Company to its executive officers shall vest in three equal annual installments commencing on the first anniversary of the date of grant, provided that such executive officer remains continuously employed with the Company during such time period.
- (9) 2015 Special Grant of Restricted Stock Awards to Mr. Bayardo upon his employment with the Company The restricted stock awards granted by the Company to Mr. Bayardo will vest 25% beginning on the first anniversary of the grant date, 25% on the second anniversary of the grant date and 50% on the third anniversary of the grant date, provided that Mr. Bayardo remains continuously employed with the Company during such time period.
- (10) 2014 Grant of Restricted Stock Awards The restricted stock awards granted by the Company to its executive officers vest 100% on the third anniversary of the date of grant, provided that such executive officer remains continuously employed with the Company during such time period.

Table of Contents

The following table provides information on the amounts received by the Named Executive Officers during 2016 upon exercise of stock options or vesting of stock awards.

Option Exercises and Stock Vested

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
(a)	(#) (b)	(\$) (c)	(#) (d)	(\$) (e)
Clay C. Williams	0	\$ 0	28,784	\$ 1,130,377
Jose A. Bayardo	0	\$ 0	13,622	\$ 647,625
Joseph W. Rovig	0	\$ 0	866	\$ 32,867
Craig L. Weinstock	0	\$ 0	1,733	\$ 87,662
Scott K. Duff	0	\$ 0	1,606	\$ 65,734

Post-Employment Compensation

The following table provides information on nonqualified deferred compensation provided under the Supplemental Plan to the Named Executive Officers during the fiscal year ended December 31, 2016. For a more detailed discussion, see the section titled Compensation Discussion and Analysis Retirement, Health and Welfare Benefits .

Nonqualified Deferred Compensation

Name	Executive Contributions in Last FY	Registrant Contributions	Aggregate Earnings in Last FY	Aggregate Withdrawals/	Aggregate Balance
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	(\$)(1)	in Last FY	(\$)(3)	Distributions	at Last
		(\$)(2)		(\$)	FYE
(a)	(b)	(c)	(d)	(e)	(\$)(f)
Clay C. Williams	\$ 0.00	\$ 24,075.09	\$ 141,928.07	\$ 0.00	\$ 1,356,303.68
Jose A. Bayardo	\$ 26,000.00	\$ 31,000.00	\$ 4,447.73	\$ 0.00	\$ 79,398.59
Joseph W. Rovig	\$ 98,999.94	\$ 23,648.67	\$ 116,513.64	\$ 0.00	\$ 1,491,672.24
Craig L. Weinstock	\$ 20,400.12	\$ 16,733.14	\$ 3,420.87	\$ 0.00	\$ 47,146.42
Scott K. Duff	\$ 18,000.06	\$ 7,222.89	\$ 12,697.22	\$ 0.00	\$ 361,502.56

(1) Executive contributions were from the executive's salary and are included in the Summary Compensation Table under the Salary column.

Table of Contents

- (2) Registrant contributions are included in the Summary Compensation Table under the All Other Compensation column.
- (3) Aggregate earnings reflect the returns of the investment funds selected by the executives and are not included in the Summary Compensation Table.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Employment Agreements

The Company entered into executive employment agreements with Mr. Williams, Mr. Rovig, Mr. Weinstock and Mr. Duff on November 20, 2014. On August 28, 2015, the Company entered in an executive employment agreement with Mr. Bayardo. Under the employment agreement, Messrs. Williams, Bayardo, Rovig, Weinstock and Duff are provided an annual base salary. The employment agreements also entitle each executive to receive an annual bonus and to participate in the Company's incentive, savings and retirement plans. The employment agreements have a fixed term of three years after which time employment will be at-will. The employment agreements do not have change-in-control or excise tax gross-up provisions.

In addition, the employment agreements contain certain termination provisions. If the employment relationship is terminated by the Company for any reason other than:

voluntary termination;

termination for cause (as defined);

death; or

disability;

or if the employment relationship is terminated by the executive for Good Reason, as defined below, the executive is entitled to receive:

(A) the executive's accrued base salary through the date of termination, the executive's annual bonus for the year prior to termination, assuming the applicable performance goals have been met and such bonus remains unpaid, and accrued and unpaid vacation pay; (B) an amount equal to two times the sum of (i) the executive's base salary and (ii) a percentage of the executive's base salary (which percentages for each executive are as follows: Mr. Williams 125%, Messrs. Bayardo and Rovig 80% and Messrs. Duff and Weinstock 75%); and (C) an amount equal to the annual bonus payable in the year of termination, such bonus to be prorated and based on actual Company performance. Furthermore, in such event, the executive shall also be entitled to continuation of health benefits for two years. Additionally, the executive's stock options will continue to vest under the terms of the award for a period of up to three years plus ninety days, the executive's unvested time-based restricted stock awards shall be 100% vested, and the executive's unvested performance based equity awards will continue until the original vesting date on a pro-rated basis.

Under the employment agreements, termination by the executive for Good Reason means:

a material diminution in the executive's authority, duties, or responsibilities as contemplated by Section 2(a) of the employment agreement (generally, a diminution in position, other than a diminution resulting from the executive's incapacity due to physical or mental illness) excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the executive;

Table of Contents

any action or inaction that constitutes a material breach by the Company of any of the provisions of Section 2(b) of the employment agreement (generally, a material reduction in the executive's compensation or benefits, other than a reduction in the executive's compensation as a result of the executive's failure to comply with the Company's stock ownership guidelines, if applicable); or

the Company's requiring the executive to be based at any office or location other than as provided in Section 2(a)(i)(B) of the employment agreement (generally, a relocation in excess of seventy five miles from the executive's current work location, other than a change in the Company's corporate headquarters) or the Company's requiring the executive to travel on Company business to a substantially greater extent than required to properly discharge his or her duties.

any purported termination by the Company of the executive's employment otherwise than as expressly permitted by the employment agreement.

any failure by the Company to comply with and satisfy Section 8(c) of the employment agreement (generally, failure by the Company to obtain agreement from any successor to the Company to assume and perform the employment agreement).

The employment agreements also contain customary non-competition, non-solicitation and non-disparagement provisions.

Severance Agreements

The Company also entered into severance agreements with Mr. Williams, Mr. Rovig, Mr. Weinstock and Mr. Duff on November 20, 2014. On August 28, 2015, the Company entered in a severance agreement with Mr. Bayardo. The severance agreement shall only become effective in the event the executive's employment agreement expires and is not replaced by a new employment agreement. The severance agreement shall remain in effective until it is terminated by the Company or by the executive. The severance agreements do not have change-in-control or excise tax gross-up provisions.

In addition, the severance agreements contain certain termination provisions. If the employment relationship is terminated by the Company for any reason other than:

voluntary termination;

termination for cause (as defined);

death; or

disability;

or if the employment relationship is terminated by the employee for Good Reason, as defined below, the executive is entitled to receive:

(A) the executive's accrued base salary through the date of termination, the executive's annual bonus for the year prior to termination, assuming the applicable performance goals have been met and such bonus remains unpaid, and accrued and unpaid vacation pay; (B) an amount equal to one times the sum of (i) the executive's base salary and (ii) a percentage of the executive's base salary (which percentages for each executive are as follows: Mr. Williams 125%, Messrs. Bayardo and Rovig 80% and Messrs. Duff and Weinstock 75%); and (C) any time-based restricted stock held by the executive and not already vested shall be 100% vested.

Under the severance agreement, termination by the executive for Good Reason means:

a material diminution in the executive's authority, duties, or responsibilities (other than any such diminution resulting from the executive's incapacity due to physical or mental illness) excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the executive;

Table of Contents

a material reduction in the executive's annual base salary (other than a reduction in the executive's annual base salary as a result of the executive's failure to comply with the Company's stock ownership guidelines, if applicable);

the Company's requiring the executive to be based at any office or location more than seventy five miles from the location where the executive was employed immediately preceding the date of the severance agreement (other than as a result of a change in the Company's corporate headquarters) or the Company's requiring the executive to travel on Company business to a substantially greater extent than required to properly discharge his or her duties; or

any failure by the Company to comply with and satisfy Section 7(c) of the severance agreement (generally, failure by the Company to obtain agreement from any successor to the Company to assume and perform the severance agreement).

The severance agreements also contain customary non-competition, non-solicitation and non-disparagement provisions.

Additionally, the Company's stock option agreements, restricted stock agreements and performance award agreements provide for full vesting of unvested outstanding options and restricted stock, respectively, in the event of a change of control of the Company and a change in the holder's responsibilities following a change of control.

Other Agreements with Clay C. Williams

In addition to the rights and benefits provided to Mr. Williams under his executive employment agreement and severance agreement, Mr. Williams is also entitled to certain benefits pursuant to the following plans:

Varco Supplemental Executive Retirement Plan. Mr. Williams was a participant in the Amendment and Restatement of the Supplemental Executive Retirement Plan of Varco which was assumed by the Company as a result of the merger (the Merger) with Varco International, Inc. (the Amended SERP). The Amended SERP provides for retirement, death and disability benefits, payable over 10 years. The annual benefit amount is generally equal to 50% of the average of a participant's highest five calendar years of base salary, or if greater, in the case of a change of control that occurs prior to January 1, 2006 (which occurred as a result of the Merger), 50% of the average salary in effect since January 2001. This annual benefit is subject to a service reduction in the event the participant retires or his employment is terminated prior to reaching age 65 (excluded from this reduction are terminations following a change in control).

Mr. Williams is currently fully vested in the benefits provided by the Amended SERP. Based on historical earnings and presuming normal retirement at age 65, Mr. Williams would be entitled to an annual benefit of approximately \$162,000.

Amendment and Restatement of the Varco Executive Retiree Medical Plan. Mr. Williams was a participant in the Amendment and Restatement of the Varco International, Inc. Executive Retiree Medical Plan which was assumed by the Company as a result of the Merger (the Medical Plan). Upon and following (i) certain retirements of a participant at or after age 55, or (ii) the death or disability of a participant, or (iii) terminations of a participant prior to age 55 (but benefits are not payable until age 55), the participant, his spouse and dependent children shall be provided the medical, dental, vision and prescription drug benefits that are then provided to the Company's executive officers. These Medical Plan benefits are, however, conditioned upon the Company's receipt of a monthly cash contribution in

an amount not greater than that paid by the executive officers for similar benefits, and, in certain circumstances, the participant having achieved 10 years of service with the Company or any of its predecessor companies prior to retirement or termination of employment.

Mr. Williams is currently fully vested in the benefits provided by the Medical Plan.

- 55 -

Table of Contents**Potential Payments Upon Termination Under the Employment Agreements and Severance Agreements**

The Company has entered into certain agreements and maintains certain plans that will require the Company to provide compensation to the named executive officers if: (1) the Company terminates the executive's employment with the Company other than for cause, death or disability; or (2) the executive terminates his employment with the Company for Good Reason (as defined in the employment agreement or severance agreement), both events hereinafter referred to as Termination.

The Company's Compensation Committee believes the payment and benefit levels provided to its named executive officers under their employment agreements and/or severance agreements upon Termination should correspond to the level of responsibility and risk assumed by the named executive officer. Thus, the payment and benefit levels for Mr. Williams, Mr. Bayardo, Mr. Rovig, Mr. Weinstock and Mr. Duff are based on their levels of responsibility and market considerations at the time the Company entered into the relevant agreements.

The amount of compensation payable to each named executive officer in each situation is listed in the tables below.

The following table describes the potential executive benefits and payments upon termination under the Employment Agreements to each named executive officer as of December 31, 2016.

Executive

Benefits/Payments

under the

Employment

	Clay C. Williams	Jose A. Bayardo	Joseph W. Rovig	Craig L. Weinstock	Scott K. Duff
Agreement (1)					
Cash Severance (2)	\$ 3,600,000	\$ 2,340,000	\$ 1,980,000	\$ 1,785,000	\$ 1,260,000
Continuing medical benefits (3)	\$ 39,432	\$ 31,155	\$ 52,394	\$ 43,411	\$ 29,435
Value of Unvested Stock Options (4)	\$ 6,418,601	\$ 2,062,778	\$ 1,375,188	\$ 1,237,667	\$ 1,031,394
Value of Unvested Time-Based Restricted Stock (5)	\$ 2,982,995	\$ 3,074,311	\$ 645,540	\$ 670,326	\$ 573,506
Value of Unvested Performance Awards (6)	\$ 7,938,703	\$ 907,883	\$ 1,682,404	\$ 1,068,875	\$ 809,640
Total	\$ 20,979,731	\$ 8,416,127	\$ 5,735,526	\$ 4,805,279	\$ 3,703,975

- (1) The table describes the potential executive benefits and payments upon termination under the Employment Agreements to each named executive officer as of December 31, 2016. Assumes the employment relationship is terminated by the Company for reasons other than for cause, death, disability, or by the executive for Good Reason (as defined in the employment agreement). For purposes of this analysis, we used the executive's base salary as of December 31, 2016. Value of unvested stock options, restricted stock awards and performance awards is based on a share price of \$37.44, the Company's closing stock price on December 31, 2016.
- (2) Cash severance is an amount equal to 2 times the sum of (i) the executive's base salary and (ii) a percentage of the executive's base salary (Williams - 125%, Bayardo - 80%, Rovig - 80%, Weinstock - 75%, Duff - 75%).

Table of Contents

- (3) Value of post-employment continuation of benefits for 24 months following Termination.
- (4) Unvested stock options will continue to vest for a period of up to three years following the date of Termination, while unexercised options will expire at either expiration date or 90 days after the three year anniversary of the date of Termination.
- (5) Unvested time-based restricted stock will be 100% vested upon Termination.
- (6) Awards will continue according to their terms through the end of the original performance period but be prorated for employment during the three-year performance period. For purposes hereof, we have assumed that the awards vest at target (100%) at the end of the performance period.

The following table describes the potential executive benefits and payments upon termination under the Severance Agreements to each named executive officer as of December 31, 2016.

Executive

Benefits/Payments

under the

Severance

Agreement (1)	Clay C. Williams	Jose A. Bayardo	Joseph W. Rovig	Craig L. Weinstock	Scott K. Duff
Cash Severance (2)	\$ 1,800,000	\$ 1,170,000	\$ 990,000	\$ 892,500	\$ 630,000
Value of Unvested Time-Based Restricted Stock (3)	\$ 2,982,995	\$ 3,074,311	\$ 645,540	\$ 670,326	\$ 573,506
Total	\$ 4,782,995	\$ 4,244,311	\$ 1,635,540	\$ 1,562,826	\$ 1,203,506

- (1) The table describes the potential executive benefits and payments upon termination under the Severance Agreements to each named executive officer as of December 31, 2016. Assumes the employment relationship is terminated by the Company for reasons other than for cause, death, disability, or by the executive for Good Reason (as defined in the employment agreement). For purposes of this analysis, we used the executive's base salary as of December 31, 2016. Value of restricted stock is based on a share price of \$37.44, the Company's closing stock price on December 31, 2016.
- (2) Cash severance is an amount equal to 1 times the sum of (i) the executive's base salary and (ii) a percentage of the executive's base salary (Williams - 125%, Bayardo - 80%, Rovig - 80%, Weinstock - 75%, Duff - 75%).
- (3) Unvested time-based restricted stock will be 100% vested upon Termination.
- Except as otherwise provided herein, in the event of a Company termination of an executive's employment for cause, death or disability or the executive's voluntary termination of his employment with the Company (not for good reason), no extra benefits are payable by the Company to the executive as a result of any such events.

Certain Relationships and Related Transactions

We transact business with companies with which certain of our Directors are affiliated. All transactions with these companies are on terms competitive with other third party vendors, and none of these is material either to us or any of these companies.

A conflict of interest occurs when a director or executive officer's private interest interferes in any way, or appears to interfere, with the interests of the Company. Conflicts of interest can arise when a director or executive officer, or a member of his or her immediate family, have a direct or indirect material interest in a transaction with us. Conflicts of interest also arise when a director or executive officer, or a member of his or her immediate family, receives improper personal benefits as a result of his or her position as a director or executive officer of the Company. The Company's Code of Business Conduct and Ethics for Members of the Board of Directors and Executive Officers provides that directors and executive officers must avoid conflicts of interests with the Company.

Table of Contents

Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company must be disclosed immediately to the Chair of the Company's Audit Committee for his review and approval or ratification. This code also provides that the Company shall not make any personal loans or extensions of credit to nor become contingently liable for any indebtedness of directors or executive officers or a member of his or her family.

Table of Contents**DIRECTOR COMPENSATION**

Directors who are employees of the Company do not receive compensation for serving on the Board of Directors. The following table sets forth the compensation paid by the Company to its non-employee members of the Board of Directors for the year ended December 31, 2016.

Director Compensation

Name	Fees Earned or		Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified	All Other Compensation	Total
	Paid in Cash	Stock Awards			Deferred Compensation		
(a)	(b)	(c)(1)	(d)(2)	(e)	(f)	(g)	(h)
Greg L. Armstrong	\$ 124,500	\$ 175,019					\$ 299,519
Marcela E. Donadio	\$ 114,250	\$ 175,019					\$ 289,269
Ben A. Guill	\$ 102,000	\$ 175,019					\$ 277,019
James T. Hackett	\$ 53,000	\$ 175,019					\$ 228,019
David D. Harrison	\$ 127,500	\$ 175,019					\$ 302,519
Roger L. Jarvis	\$ 95,500	\$ 175,019					\$ 270,519
Eric L. Mattson	\$ 102,375	\$ 175,019					\$ 277,394
William R. Thomas	\$ 116,500	\$ 175,019					\$ 291,519

- (1) The aggregate number of outstanding shares of restricted stock as of December 31, 2016 for each director are as follows: Mr. Armstrong 5,565; Ms. Donadio 5,565; Mr. Guill 5,565; Mr. Hackett 5,565; Mr. Harrison 5,565; Mr. Jarvis 5,565; Mr. Mattson 5,565 and Mr. Thomas 5,565.
- (2) The aggregate number of outstanding stock options as of December 31, 2016 for each director are as follows: Mr. Armstrong 25,711; Ms. Donadio 0; Mr. Guill 0; Mr. Hackett 0; Mr. Harrison 25,711; Mr. Jarvis 25,711; Mr. Mattson 25,711 and Mr. Thomas 0.

Table of Contents**Board Compensation**

Members of the Company's Board of Directors who are not full-time employees of the Company receive the following cash compensation, paid quarterly:

Annual Board Retainer	\$ 75,000
Lead Director Retainer	\$ 25,000
Annual Committee Chair Retainer	
Audit Committee	\$ 30,000
Compensation Committee	\$ 15,000
Nominating and Governance Committee	\$ 10,000
Annual Committee Member Retainer	
Audit Committee	\$ 10,000
Compensation Committee	\$ 7,500
Nominating and Governance Committee	\$ 5,000
Attendance Fee for each Board/Committee Meeting	\$ 1,500

Directors of the Board who are also employees of the Company do not receive any compensation for their service as directors.

Members of the Board are also eligible to receive stock options and awards, including restricted stock, performance awards, phantom shares, stock payments, or SARs under the National Oilwell Varco Long-Term Incentive Plan.

The Board approved the grant of 5,565 shares of restricted stock awards on May 18, 2016 to each non-employee director under the National Oilwell Varco Long-Term Incentive Plan. The restricted stock award shares vest 100% on the first anniversary of the date of the grant.

Non-Employee Director Stock Ownership Guidelines

Under the Company's stock ownership guidelines, each non-employee director must own Company stock equal to six times the directors' annual cash retainer. For a discussion of the types of shares that count towards the ownership guidelines, please read "Compensation Discussion and Analysis - Stock Ownership Guidelines for Executives". All of the Company's non-employee directors are currently in compliance with the Company's stock ownership guidelines.

Table of Contents

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The rules of the SEC require that the Company disclose late filings of reports of stock ownership (and changes in stock ownership) by its directors, executive officers, and beneficial owners of more than ten percent of the Company's stock. The Company has undertaken responsibility for preparing and filing the stock ownership forms required under Section 16(a) of the Securities and Exchange Act of 1934, as amended, on behalf of its officers and directors. Based upon a review of forms filed and information provided by the Company's officers and directors, we believe that all Section 16(a) reporting requirements were met during 2016.

STOCKHOLDER PROPOSALS FOR THE 2018 ANNUAL MEETING

If you wish to submit proposals to be included in our 2018 Proxy Statement, we must receive them on or before December 8, 2017. Please address your proposals to: **Craig L. Weinstock, Senior Vice President, General Counsel and Secretary, National Oilwell Varco, Inc., 7909 Parkwood Circle Drive, Houston, Texas 77036.**

If you wish to submit proposals at the meeting that are not eligible for inclusion in the Proxy Statement, you must give written notice no later than January 17, 2018 to: **Craig L. Weinstock, Senior Vice President, General Counsel and Secretary, National Oilwell Varco, Inc., 7909 Parkwood Circle Drive, Houston, Texas 77036.** If you do not comply with this notice provision, the proxy holders will be allowed to use their discretionary voting authority on the proposal when it is raised at the meeting. In addition, proposals must also comply with National Oilwell Varco's bylaws and the rules and regulations of the SEC.

ANNUAL REPORT AND OTHER MATTERS

At the date this Proxy Statement went to press, we did not know of any other matters to be acted upon at the meeting other than the election of directors, ratification of the appointment of independent auditors, and approval on an advisory basis of the compensation of our named executive officers, as discussed in this Proxy Statement. If any other matter is presented, proxy holders will vote on the matter in accordance with their best judgment.

National Oilwell Varco's 2016 Annual Report on Form 10-K filed on February 17, 2017 is included in this mailing, but is not considered part of the proxy solicitation materials.

By order of the Board of Directors,

/s/ Craig L. Weinstock

Craig L. Weinstock

Senior Vice President, General Counsel and

Secretary

Houston, Texas

April 7, 2017

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Recommend, by non-binding vote, the frequency of the advisory vote on named executive officer compensation:

1E James T. Hackett

The Board of Directors recommends you vote FOR the following proposal: For Against Abstain

1F David D. Harrison

1G Eric L. Mattson

1H William R. Thomas
The Board of Directors recommends you vote FOR proposals 2. and 3.: For Against Abstain

5. Approve stockholder proposal regarding proxy access:

2. Ratification of Independent Auditors:

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners)

Date

Table of Contents

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The NPS & 10k is available

at www.proxyvote.com

NATIONAL OILWELL VARCO, INC.
PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
FOR THE ANNUAL MEETING OF STOCKHOLDERS
ON MAY 17, 2017

The undersigned hereby appoints Jose A. Bayardo and Craig L. Weinstock or either of them with full power of substitution, the proxy or proxies of the undersigned to attend the Annual Meeting of Stockholders of National Oilwell Varco, Inc. to be held on Wednesday, May 17, 2017, and any adjournments thereof, and to vote the shares of stock that the signer would be entitled to vote if personally present as indicated on the reverse side and, at their discretion, on any other matters properly brought before the meeting, and any adjournments thereof, all as set forth in the April 7, 2017 proxy statement.

This proxy is solicited on behalf of the board of directors of National Oilwell Varco, Inc. The shares represented by this proxy will be voted as directed by the Stockholder. If no direction is given when the duly executed proxy is returned, such shares will be voted in accordance with the recommendations of the board of directors FOR all director nominees (Proposal 1), FOR the ratification of the independent auditors (Proposal 2), FOR the approval of the compensation of our named executive officers (Proposal 3), for ONE YEAR on the frequency of the advisory vote on named executive officer compensation (Proposal 4) and FOR the stockholder proposal regarding proxy access (Proposal 5).

The undersigned acknowledges receipt of the April 7, 2017 Notice of Annual Meeting and the Proxy Statement, which more particularly describes the matters referred to herein.

Continued and to be signed on reverse side