

DRIL-QUIP, INC.
(the “Company”)

Corporate Governance Guidelines

1. Director Qualifications

As required by the New York Stock Exchange (“NYSE”), the Board of Directors (the “Board”) shall have a majority of members who meet the criteria for independence required by the NYSE. In addition, the Board will have at least three members who meet the criteria for independence required by the NYSE. The Nominating, Governance and Compensation Committee is responsible for assessing, on an annual basis, the skills and characteristics that candidates for election to the Board at the next annual meeting of the stockholders of the Company should possess, as well as the composition of the Board as a whole. This assessment will include the qualifications under applicable independence standards and other standards applicable to the Board and its committees, as well as consideration of skills and experience in the context of the needs of the Board. The Nominating, Governance and Compensation Committee will consider all relevant facts and circumstances in making a determination of independence. In particular, when assessing the materiality of a director’s relationship with the Company, the Nominating, Governance and Compensation Committee shall consider the issue not merely from the standpoint of the director, but also from the standpoint of persons or organizations with which the director has an affiliation. As contemplated by the rules of the NYSE, the Board has adopted the guidelines set forth on Exhibit A to assist it in making independence determinations, under which the impact on independence of relationships that fall within the guidelines are not required to be separately discussed in the Company’s annual proxy statement. The Nominating, Governance and Compensation Committee, however, considers all material relationships with each director in making its independence determinations.

On an annual basis, the members of the Nominating, Governance and Compensation Committee shall consider the size of the Board. It is the sense of the Board that a size of four to six members is appropriate for the Company at this time. However, the Nominating, Governance and Compensation Committee would be willing to consider increasing its membership to a somewhat larger size in order to accommodate the availability of an outstanding candidate or candidates.

It is the sense of the Board that an individual director who resigns or retires from or terminates his or her employment, or otherwise similarly changes his or her professional occupation or association, in each case that he or she held when last elected to the Board (other than a change anticipated and disclosed to the Board at the time of nomination for the last election), or breaches an ethical standard set forth in the Company’s Code of Business Conduct and Ethical Practices, should volunteer to resign from the Board and any committees of the Board on which he or she serves. It is not the sense of the Board that every such change in position or breach by a director should necessarily result in the director’s stepping down from the Board or its committees. There should, however, be an opportunity for the Board to review the continued appropriateness of Board and committee membership under the circumstances.

No director should serve on so many other public company boards that his or her ability to devote the time and attention to duties to the Board or to the Company's affairs would be compromised. Determination of the existence of such a situation would be subject to the discretion of the Nominating, Governance and Compensation Committee. It is the sense of the Board that service on a total of more than four public company boards generally does not allow sufficient time to be devoted to Board service. Directors should advise the Chairman of the Board in advance of accepting an invitation to serve on another public company's board.

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they present the disadvantage of causing the loss of the contributions of directors who have been able to develop, over a period of time, extensive insight into the Company and its operations and who are capable of providing continuing contributions to the Board. As an alternative to term limits, the Board will review each director's qualifications, suitability and willingness to continue on the Board in connection with the selection of nominees to take office when the director's term expires. This review will allow each director the opportunity to confirm his or her desire to continue as a member of the Board.

2. Director Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders. In discharging that obligation, directors are entitled to rely on the honesty and integrity of the Company's officers and its outside advisors and auditors, to the extent permitted by applicable law. The directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's certificate of incorporation, bylaws and any indemnification agreements, and to exculpation as provided by Delaware law and the Company's certificate of incorporation.

Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should ordinarily be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

The Board has no policy requiring either that the positions of the Chairman of the Board and of the Chief Executive Officer should be separate or that they should be occupied by the same individual. The Board believes that this issue is properly addressed as part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination on the matter when it elects a new chief executive officer or at other times consideration is warranted by circumstances.

The Board shall meet at least four times per year. Additional meetings may be scheduled as necessary or appropriate in light of circumstances. The Chairman of the Board will prepare an annual schedule of meetings for the Board and the standing committees. To the extent

practicable, the schedule shall reflect agenda subjects that are generally of a recurring nature and are expected to be discussed during the year in question.

The Chairman of the Board will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

The non-management directors will meet in executive session without management participation at each regularly scheduled Board meeting. In addition, if the group of non-management directors includes a director who is not independent under the NYSE listing standards, the independent directors will meet in executive session at least annually. The directors meeting in executive session do not constitute a formal committee of the Board and therefore shall not take corporate action at such sessions, although the participating directors may make recommendations for consideration by the full Board. The director who presides at these meetings will be the chairman of the Company's Audit Committee. Interested parties may communicate in writing directly with the independent directors by submitting a communication in an envelope addressed to the "Board of Directors (independent members)" in care of the Company's Corporate Secretary or, for Company employees only, by complying with the procedures set forth in the Company's Code of Business Conduct and Ethical Practices. In addition, interested parties may communicate in writing directly with the entire Board by submitting a communication in an envelope addressed to the "Board of Directors" in care of the Company's Corporate Secretary.

The Board believes that management should speak for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that Board members would do this with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters or other governing documents, only at the request of management. Accordingly, Board members shall promptly advise management if approached by outside constituencies regarding Company business.

3. Board Committees

The Board will have at all times an Audit Committee and a Nominating, Governance and Compensation Committee. All of the members of these committees will meet the requirements of "independent directors" under the NYSE listing standards.

Members of these committees will be appointed by the Board upon recommendations provided by the Nominating, Governance and Compensation Committee. Each committee will designate one member of the committee to be its chairman (unless appointed by the Board).

The chairman of each committee, in consultation with other committee members, will determine the frequency and length of the committee meetings, consistent with any requirements set forth in the committee's charter or other governing documents. The chairman of each committee, together with other members and senior management as appropriate, will develop the committee's written agenda for each meeting. Committee members and other directors may

suggest the addition of any matter to the agenda for any committee meeting. Any committee member may raise at any committee meeting subjects that are not on the agenda for the meeting.

At the beginning of the year, each committee referred to above will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). The schedule for each committee will be furnished to all directors.

The Board and each Board committee referred to above shall have the authority, to the extent it deems appropriate, without consulting or obtaining the approval of any officer of the Company in advance, to engage and obtain advice and assistance from legal, accounting or other advisors. The Company shall provide for appropriate funding for payment of compensation to any such advisors, as well as administrative expenses necessary or appropriate in carrying out Board and Board committee duties.

The Board may, from time to time, establish or maintain additional committees as the Board may deem necessary or appropriate.

4. Advance Resignation—Majority Voting

In accordance with the Company's bylaws, each director shall be elected by the affirmative vote of the holders of a majority of the votes cast at a meeting for the election of directors; provided, however, that the directors shall be elected by a plurality of the voting power of the stock of the Company present at any meeting for which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination made by the Company's Corporate Secretary as of the tenth day preceding the date the Company first mails or delivers its notice of meeting for such meeting to stockholders. As a condition to being nominated to continue to serve as a director, an incumbent director nominee will submit an irrevocable letter of resignation which would be effective upon and only in the event that (i) such nominee fails to receive the required vote for election to the Board at the next meeting of the stockholders of the Company at which such nominee faces re-election and (ii) the Board accepts such resignation. As a condition to being nominated, each nominee who is not an incumbent director will agree to submit such an irrevocable letter of resignation upon his or her election as a director. In addition, the Board will fill vacancies (including new directorships created by expansion of the Board) only with candidates who agree to submit such an irrevocable letter of resignation upon appointment as a director.

If an incumbent director nominee does not receive the required vote, the Nominating, Governance and Compensation Committee shall promptly consider whether to accept the resignation of such nominee and make a recommendation to the Board concerning the acceptance or rejection of such resignation. The Board will act on the Nominating, Governance and Compensation Committee's recommendation and will publicly disclose, on the Company's website or through other broadly disseminated means of communication, its decision and the reasons therefor within 90 days from the date of the certification of the election results. The Nominating, Governance and Compensation Committee and the Board will consider what they understand to be the reason or reasons, or the reason or reasons stated by stockholders, for the nominee's not receiving the required vote, whether the underlying cause or causes are curable, the overall composition of the Board and the effect acceptance of this or other resignations could have under any applicable rule, regulation or contract (including the NYSE Listing Standards

and federal securities laws), as well as any other factors that they believe to be relevant. The resignation, if accepted by the Board, will be effective at the time specified by the Board when it determines to accept the resignation, which effective time may be deferred until a replacement director is identified and appointed to the Board.

The Board expects any director whose resignation is being considered as described in this section will abstain from participation in both the Nominating, Governance and Compensation Committee's consideration of the director's resignation, if the director is a member of that committee, and the Board's decision regarding the resignation. The Board also expects any such director will abstain from participation in consideration of any other director's resignation unless there would be fewer than three directors eligible to participate in the Board's consideration of the resignation.

5. Director Access to Officers, Employees and Advisers

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or made directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications (including email) between a director and an officer or employee of the Company. The Board also welcomes attendance at each Board meeting by senior officers of the Company. If the CEO wishes other Company personnel to be in attendance at Board meetings, this suggestion should be brought before the Board for approval. To the extent they consider it necessary and appropriate, directors also have access to the Company's independent advisors using the same procedures.

6. Director Compensation

The Nominating, Governance and Compensation Committee will recommend for approval by the Board the form and amount of director compensation. Directors who are Company employees shall not be separately compensated for their services as directors. The Nominating, Governance and Compensation Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

7. CEO Evaluation

The Nominating, Governance and Compensation Committee will oversee the annual assessment of the performance of the CEO. The Board will review the Nominating, Governance and Compensation Committee's report with a view to ensuring that the CEO is providing appropriate leadership for the Company in the long- and short-term.

8. Annual Performance Evaluation

The Board of Directors will conduct an annual evaluation to determine whether it and its committees are functioning effectively. In accordance with its charter, the Nominating, Governance and Compensation Committee will oversee such annual evaluation, and will receive comments from all directors and report annually to the Board with an assessment of the performance of the Board and its committees. This assessment will then be discussed and taken into account by the full Board in its consideration of any appropriate action or response.

9. Director Orientation and Continuing Education

Each new director should participate in an orientation program, which should be conducted promptly after his or her initial election or appointment. This orientation will include presentations by senior management to familiarize new directors with the Company's operations, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethical Practices, its principal officers and its internal and independent auditors. Other directors are also welcome to attend any of these orientation programs.

The Board believes it is appropriate for directors, at their discretion, to have access to educational programs related to their duties as directors on an ongoing basis to enable them to better perform their duties and to recognize and deal appropriately with issues that arise. The Company will provide appropriate funding for any such program in which a director wishes to participate.

10. Management Succession

The Nominating, Governance and Compensation Committee shall periodically review succession planning with the CEO, and such Committee shall make periodic recommendations to the Board on succession planning with respect to the CEO and other executive officers of the Company. Such recommendations shall address the Company's policies regarding succession in the event of unexpected death, disability or departure of the CEO, it being understood that the scope and detail of the recommendations will vary depending on the age, tenure and other circumstances relating to the incumbent CEO. The entire Board will work with the Nominating, Governance and Compensation Committee to identify potential successors to the CEO. The designation of the Chief Executive Officer, as well as the other officers of the Company, is a decision for the Board.

11. Stock Ownership Guidelines

To align the interests of the Company's directors, executive officers and stockholders, directors and executive officers should have a significant financial stake in the Company. To further that goal, the Board has adopted, effective as of May 10, 2012, the stock ownership guidelines for the Company's nonemployee directors and executive officers set forth below.

Each nonemployee director is generally expected to own common stock valued at five times the then current annual cash retainer paid to such nonemployee director; *provided*, however, that, at any time the Chairman of the Board is a nonemployee and is receiving a

retainer greater than that paid to the nonemployee directors who are not Chairman of the Board, the Chairman of the Board is generally expected to own common stock valued at five times the then current annual cash retainer paid to nonemployee directors who are not Chairman of the Board.

The CEO and President, each Senior Vice President and each Vice President position listed below of the Company is generally expected to own common stock valued at a multiple of his or her then current annual base salary. The multiple of then current annual base salary used to determine the ownership guideline is as set forth below:

Title	Base Salary Multiple
CEO and President	5x
Senior Vice Presidents	4x
Vice President and CFO	3x
Vice President and General Counsel	3x

The value of the nonemployee director’s or executive officer’s holdings is based on the average closing price of a share of the Company’s common stock for the previous calendar year.

The following forms of ownership shall be recognized in determining the number of shares of the Company’s common stock owned by a nonemployee director or executive officer for purposes of satisfying the stock ownership guidelines:

- direct ownership of shares;
- direct ownership of shares by immediate family members of the nonemployee director or executive officer residing in the same household;
- indirect ownership of shares, including stock or stock equivalents held in the Company’s retirement plan; and
- vested and unvested shares of restricted stock or stock units held under the Company’s long-term incentive programs.

A nonemployee director or executive officer shall have five years from the later of the effective date of the stock ownership guidelines or the date of his or her initial election or appointment to comply with the stock ownership guidelines.

The Nominating, Governance and Compensation Committee has the discretion to enforce the stock ownership guidelines on a case-by-case basis. The Nominating, Governance and Compensation Committee of the Board shall be responsible for monitoring the application of these stock ownership guidelines.

Independence Guidelines

A relationship falls within the categorical standard if it:

- Is a type of relationship addressed in Section 303A.02(b) of the NYSE Listed Company Manual, but under that listing standard does not preclude a determination of independence;
- Consists of charitable contributions by the Company to an organization where a director is an executive officer and does not exceed the greater of \$1 million or 2% of the organization's gross revenue in any of the last 3 years; or
- Is a type of relationship addressed in Item 404 of Regulation S-K, but under that regulation does not require disclosure.