

DRIL-QUIP, INC.
(the "Company")

Corporate Governance Guidelines

1. Director Qualifications

As required by the New York Stock Exchange, the Board of Directors (the "Board") shall have a majority of members who meet the criteria for independence required by the New York Stock Exchange. In addition, the Board will have at least three members who meet the criteria for independence required by the New York Stock Exchange. 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 its next annual meeting 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 New York Stock Exchange, 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 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 five 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 Co-Chairmen 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 should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. 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 Co-Chairmen 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 Co-Chairmen of the Board will together 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 New York Stock Exchange 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 New York Stock Exchange 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.

Each 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 committee duties.

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

4. Director Access to Officers, Employees and Other 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 either of the Co-CEO's 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 Co-CEOs 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 either of the Co-CEOs 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.

5. 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.

6. Co-CEO Evaluation

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

7. 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.

8. 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.

9. Management Succession

The Nominating, Governance and Compensation Committee shall periodically review succession planning with the Co-CEOs, and such Committee shall make periodic recommendations to the Board on succession planning with respect to the Co-CEOs 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 either of the Co-CEOs, it being understood that the scope and detail of the recommendations will vary depending on the age, tenure and other circumstances relating to each incumbent Co-CEO. The entire Board will work with the Nominating, Governance and Compensation Committee to identify potential successors to the Co-CEOs. The designation of the Chief Executive Officer, as in the case of other officers, is a decision for the Board.

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.