W&T OFFSHORE INC
Form DEF 14A
March 24, 2016
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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 x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under Rule 14a-12

W&T Offshore, Inc.

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 24, 2016

Dear Shareholder:

It is my pleasure to invite you to the 2016 Annual Meeting of Shareholders of W&T Offshore, Inc. to be held on Wednesday, May 4, 2016 at 8:00 a.m., Central Daylight Time, at the offices of the Company, Nine Greenway Plaza, Suite 300, Houston, Texas 77046. I hope you will be able to attend.

Details of the business to be conducted at the Annual Meeting are provided in the attached Notice of Annual Meeting and Proxy Statement. Our Board of Directors has determined that owners of record of our common stock at the close of business on March 9, 2016 are entitled to notice of, and have the right to vote at, the Annual Meeting and any reconvened meeting following any adjournment or postponement of the meeting.

We have elected to furnish proxy materials to our shareholders on the Internet pursuant to rules adopted by the Securities and Exchange Commission. We believe these rules enable us to provide you with the information you need, while making delivery more efficient, more cost effective and friendlier to the environment. In accordance with these rules, beginning on or about March 24, 2016, we sent a Notice of Internet Availability of Proxy Materials to our shareholders.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to promptly vote using the Internet or telephone voting procedures described on the Notice of Internet Availability of Proxy Materials or vote and submit your proxy by signing, dating and returning the enclosed proxy card in the enclosed envelope (if you have requested a paper copy of the proxy materials). If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy.

On behalf of the Board of Directors and our employees, I would like to express my appreciation for your continued interest in our affairs. I look forward to greeting as many of you as possible at the meeting.

Sincerely,
Tracy W. Krohn
Chairman of the Board and
Chief Executive Officer

Nine Greenway Plaza, Suite 300

Houston, Texas 77046

Phone (713) 626-8525

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NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 4, 2016

Notice is hereby given that the 2016 Annual Meeting of Shareholders of W&T Offshore, Inc., a Texas corporation, will be held at the offices of the Company, Nine Greenway Plaza, Suite 300, Houston, Texas 77046 on May 4, 2016 at 8: 00 a.m., Central Daylight Time, for the following purposes:

(1) to elect five directors to hold office until the 2017 Annual Meeting of Shareholders and until their successors are duly elected and qualified;

(2) to approve an amendment to our Amended and Restated Incentive Compensation Plan, as amended, to increase the number of authorized shares of common stock and extend the term of the Amended and Restated Incentive Compensation Plan;

(3) to approve an amendment to, and all material terms of, our Amended and Restated Incentive Compensation Plan, as amended, for purposes of Section 162(m) of the Internal Revenue Code;

(4) to ratify the appointment of Ernst & Young LLP as our independent registered public accountants for the year ending December 31, 2016;

(5) to approve an amendment to our Amended and Restated Articles of Incorporation, as amended, in substantially the form attached to the proxy statement as Appendix A, to effect, at the discretion of our Board of Directors, (a) a reverse stock split with respect to the Company s issued and outstanding shares of common stock, par value $0.00001 per share, that will reduce the number of shares of outstanding common stock in accordance with a ratio to be determined by the Board of Directors within a range of one share of common stock for every two (2) to fifteen (15) shares of common stock (or any number in between) currently outstanding; and (b) a reduction of the number of authorized shares of common stock by a corresponding proportion; and

(6) to transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 9, 2016 will be entitled to notice of, and to vote at, the Annual Meeting, or any adjournment or postponement thereof, notwithstanding the transfer of any shares after such date. A list of these shareholders will be open for examination by any shareholder for ten days prior to the Annual Meeting at our principal executive offices at Nine Greenway Plaza, Suite 300, Houston, Texas 77046.

Pursuant to rules adopted by the Securities and Exchange Commission, we have elected to provide access to our proxy solicitation materials primarily via the Internet, rather than mailing paper copies of these materials to each shareholder. On or about March 24, 2016, we will mail to each shareholder a Notice of Internet Availability of Proxy Materials with instructions on how to access the proxy materials, vote or request paper copies. **Your vote is important. We urge you to review the accompanying Proxy Statement carefully and to submit your proxy as soon as possible so that your shares will be represented at the meeting.**

By Order of the Board of Directors,

Thomas F. Getten
Corporate Secretary and General Counsel

Houston, Texas

March 24, 2016

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE SHAREHOLDERS MEETING TO BE HELD ON MAY 4, 2016

This Notice of Annual Meeting and Proxy Statement and our Annual Report to Shareholders are available at *www.proxyvote.com*.

Nine Greenway Plaza, Suite 300

Houston, Texas 77046

Phone (713) 626-8525

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W&T OFFSHORE, INC.

Nine Greenway Plaza, Suite 300

Houston, Texas 77046

PROXY STATEMENT

2016 ANNUAL MEETING OF SHAREHOLDERS

THE ANNUAL MEETING

This proxy statement is solicited by and on behalf of the Board of Directors (the Board) of W&T Offshore, Inc. for use at the 2016 Annual Meeting of Shareholders (the Annual Meeting) to be held on May 4, 2016 at the offices of the Company, Nine Greenway Plaza, Suite 300, Houston, Texas 77046, at 8: 00 a.m., Central Daylight Time, or at any adjournments or postponements thereof. Unless the context requires otherwise, references in this proxy statement to we, us, our and the Company refer to W&T Offshore, Inc. The solicitation of proxies by the Board will be conducted primarily electronically, or by mail for those shareholders requesting paper copies of proxy materials. Officers, directors and employees of the Company may also solicit proxies personally or by telephone, e-mail or other forms of wire or facsimile communication. These officers, directors and employees will not receive any extra compensation for these services. The Company will reimburse brokers, custodians, nominees and fiduciaries for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of common stock of the Company (the Common Stock). The costs of the solicitation will be borne by the Company. On or about March 24, 2016, we will begin mailing a Notice of Internet Availability of Proxy Materials (the Notice of Availability) containing instructions on how to access the proxy materials and vote online. We will make these proxy materials available to you over the Internet or, upon your request, will deliver paper copies of these materials to you by mail, in connection with the solicitation of proxies by the Board for the Annual Meeting.

Purposes of the 2016 Annual Meeting

The purposes of the Annual Meeting are: (1) to elect five directors to hold office until the 2017 Annual Meeting of Shareholders and until their successors are duly elected and qualified; (2) to approve an amendment to our Amended and Restated Incentive Compensation Plan, as amended, to increase the number of authorized shares of Common Stock and extend the term of the Amended and Restated Incentive Compensation Plan; (3) to approve an amendment to, and all material terms of, our Amended and Restated Incentive Compensation Plan, as amended, for purposes of Section 162(m) of the Internal Revenue Code; (4) to ratify the appointment of Ernst & Young LLP as our independent registered public accountants for the year ending December 31, 2016; (5) to approve an amendment to our Amended and Restated Articles of Incorporation, as amended, in substantially the form attached to the proxy statement as Appendix A, to effect, at the discretion of our Board of Directors, (a) a reverse stock split with respect to the Company s issued and outstanding shares of Common Stock, par value $0.00001 per share, that will reduce the number of shares of outstanding Common Stock in accordance with a ratio to be determined by the Board of Directors within a range of one share of Common Stock for every two (2) to fifteen (15) shares of Common Stock (or any number in between) currently outstanding; and (b) a reduction of the number of authorized shares of Common Stock by a corresponding proportion; and (6) to transact such other business as may properly come before the meeting and any adjournment or postponement thereof. Although the Board does not anticipate that any other matters will come before the 2016 Annual Meeting, your executed proxy gives the official proxies the right to vote your shares at their discretion on any other matter properly brought before the Annual Meeting.

Voting Rights and Solicitation

Only shareholders of record at the close of business on March 9, 2016 (the Record Date) will be entitled to notice of and to vote at the Annual Meeting. As of the Record Date, there were 76,506,489 shares of Common

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Stock outstanding, each of which is entitled to one vote on any matter to come before the meeting. Common Stock is the only class of outstanding equity securities of the Company. The holders of issued and outstanding shares representing at least a majority of the outstanding shares of Common Stock, present in person or represented by proxy at the Annual Meeting, will constitute a quorum necessary to hold a valid meeting. Tracy W. Krohn currently controls approximately 52.35% of the voting power entitled to vote at the Annual Meeting. Mr. Krohn has the requisite voting power to constitute a quorum at the Annual Meeting and to ensure the approval of Proposal 1, Proposal 2, Proposal 3 and Proposal 4 described below. The person who is appointed by the chairman of the meeting to be the inspector of election will treat the holders of all shares of Common Stock represented by a returned, properly executed proxy, including shares that abstain from voting, as present for purposes of determining the existence of a quorum at the Annual Meeting. Each share of Common Stock present or represented at the Annual Meeting will be entitled to one vote on any matter to come before the shareholders. If you hold your shares in street name, you will receive instructions from your brokers or other nominees describing how to vote your shares. If you do not instruct your brokers or nominees how to vote your shares, they may vote your shares as they decide as to each matter for which they have discretionary authority under the rules of the New York Stock Exchange (NYSE). For Proposal 4 (*Ratification of the Appointment of Ernst & Young LLP*) and Proposal 5 (*Approval of the Amendment to the Company s Charter to Effect the Reverse Stock Split and Proportionally Reduce the Number of Authorized Shares of Common Stock*) to be voted on at the Annual Meeting, brokers and other nominees will have discretionary authority in the absence of timely instructions from you.

There are also non-discretionary matters for which brokers and other nominees do not have discretionary authority to vote unless they receive timely instructions from you. For Proposal 1 (*Election of Directors*), Proposal 2 (*Third Amendment to the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan*) and Proposal 3 (*Re-Approval of all Material Terms of the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan*) to be voted on at the Annual Meeting, you must provide timely instructions on how the broker or other nominee should vote your shares. When a broker or other nominee does not have discretion to vote on a particular matter, you have not given timely instructions on how the broker or other nominee should vote your shares and the broker or other nominee indicates it does not have authority to vote such shares on its proxy, a broker non-vote results. Although any broker non-vote would be counted as present at the meeting for purposes of determining a quorum, it would be treated as not entitled to vote with respect to non-discretionary matters.

Abstentions occur when shareholders are present at the Annual Meeting but fail to vote or voluntarily withhold their vote for any of the matters upon which the shareholders are voting.

The following is a summary of the vote required to approve each proposal, as well as the effect of broker non-votes and abstentions.

Item 1 (*Election of Directors*): To be elected, each nominee for election as a director must receive the affirmative vote of a plurality of all votes cast. This means that director nominees with the most votes are elected. Votes may be cast in favor of or withheld from the election of each nominee. Votes that are withheld from a director s election will be counted toward a quorum, but will not affect the outcome of the vote on the election of a director. Broker non-votes will not be taken into account in determining the outcome of the election.

Item 2 (*Third Amendment to the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan*): The NYSE rules require that the total votes cast on this proposal must represent greater than 50% of all the shares entitled to vote on this proposal. That is, the total number of votes cast for and against the proposal must exceed 50% of the outstanding shares. A majority of the votes must be cast FOR the amendment to the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan in order for the amendment to be approved at the Annual Meeting. An abstention has the same effect as voting AGAINST the proposal and broker non-votes are not counted for purposes of determining whether a majority has been achieved.

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Item 3 (*Re-Approval of all Material Terms of the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan*): The NYSE rules require that the total votes cast on this proposal must represent greater than 50% of all the shares entitled to vote on this proposal. That is, the total number of votes cast for and against the proposal must exceed 50% of the outstanding shares. A majority of the votes must be cast FOR the amendment to the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan in order for the amendment to be approved at the Annual Meeting. An abstention has the same effect as voting AGAINST the proposal and broker non-votes are not counted for purposes of determining whether a majority has been achieved.

Item 4 (*Ratification of the Appointment of Independent Accountants*): The affirmative vote of a majority of the shares present at the meeting in person or by proxy is required to ratify the appointment of our independent registered public accounting firm. An abstention is not treated as a vote entitled to be cast and therefore is not counted for purposes of determining whether a majority has been achieved.

Item 5 (*Approval of the Amendment to the Company s Charter to Effect the Reverse Stock Split and Proportionally Reduce the Number of Authorized Shares of Common Stock*): The affirmative vote of at least two-thirds of the outstanding shares of Common Stock entitled to vote at the Annual Meeting is required to approve an amendment to our Amended and Restated Articles of Incorporation, as amended, in substantially the form attached to the proxy statement as Appendix A, to effect, at the discretion of our Board of Directors, (a) a reverse stock split with respect to the Company s issued and outstanding shares of Common Stock, par value $0.00001 per share, that will reduce the number of shares of outstanding Common Stock in accordance with a ratio to be determined by the Board of Directors within a range of one share of Common Stock for every two (2) to fifteen (15) shares of Common Stock (or any number in between) currently outstanding; and (b) a reduction of the number of authorized shares of Common Stock by a corresponding proportion (the Reverse Stock Split Proposal). The approval of the Reverse Stock Split Proposal is a matter on which a broker or other nominee is generally empowered to vote, and therefore, broker non-votes are not expected to exist with respect to this proposal. Abstentions will be counted toward the vote total and will have the same effect as a vote Against.

Voting Procedures

If you are a registered shareholder, you may vote your shares or submit a proxy to have your shares voted by one of the following methods:

By Internet. You may submit a proxy electronically via the Internet, using the website listed on the Notice of Availability. Please have your Notice of Availability, which includes your personal control number, in hand when you log onto the website. Internet voting facilities will close and no longer be available on the date and time specified on the Notice of Availability.

By Telephone. If you request paper copies of the proxy materials by mail, you may submit a proxy by telephone using the toll-free number listed on the proxy card. Please have your proxy card in hand when you call. Telephone voting facilities will close and no longer be available on the date and time specified on the proxy card.

By Mail. If you request paper copies of the proxy materials by mail, you may submit a proxy by signing, dating and returning your proxy card in the pre-addressed envelope provided.

In Person. You may vote in person at the 2016 Annual Meeting of Shareholders by completing a ballot; however, attending the meeting without completing a ballot will not count as a vote.

Revoking Your Proxy

You may revoke your proxy in writing at any time before it is exercised at the Annual Meeting by: (i) delivering to the Secretary of the Company a written notice of the revocation; (ii) signing, dating and delivering to the Secretary of the Company a proxy with a later date; or (iii) attending the Annual Meeting and

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voting your shares in person. Your attendance at the Annual Meeting will not revoke your proxy unless you give written notice of revocation to the Secretary of the Company before your proxy is exercised or unless you vote your shares in person at the Annual Meeting before your proxy is exercised.

Copies of the Annual Report

Upon written request, we will provide any shareholder, without charge, a copy of our annual report on Form 10-K for the year ended December 31, 2015 (the Form 10-K), but without exhibits. Shareholders should direct requests to W&T Offshore, Inc., Attn: General Counsel, Nine Greenway Plaza, Suite 300, Houston, Texas 77046. The Form 10-K and the exhibits filed with it are available on our website, *www.wtoffshore.com* in the SEC Filings subsection of the Investor Relations section. These materials do not constitute a part of the proxy solicitation material.

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PROPOSAL 1

ELECTION OF DIRECTORS

Currently, the Company s Board is composed of the following six directors: Ms. Virginia Boulet and Messrs. Robert I. Israel, Stuart B. Katz, Tracy W. Krohn, S. James Nelson, Jr. and B. Frank Stanley. Mr. Israel will not stand for re-election at the 2016 Annual Meeting. Accordingly, Mr. Israel s term as a member of the Board will expire immediately prior to the 2016 Annual Meeting, at which time the size of the Board will be reduced from six to five directors. The Board expresses its gratitude to Mr. Israel for his contributions during his nine years of service on the Board. At the Annual Meeting, five directors are to be elected, each of whom will serve until the 2017 Annual Meeting and until his or her successor is duly elected and qualified. Each nominee has consented to be nominated and to serve if elected. If any nominee is unable to serve as a director, the shares represented by the proxies will be voted, in the absence of contrary indication, for any substitute nominee that the Board may designate or the size of the Board may be reduced. We know of no reason why any nominee would be unable to serve.

Information about the Nominees

Virginia Boulet, age 62, has served on the Board since March 2005. She is currently Chair of the Nominating and Corporate Governance Committee and a member of the Compensation Committee. Ms. Boulet is an adjunct professor of law at Loyola University Law School. Since April 2014, she has been employed as Managing Director of Legacy Capital, LLC. From 2002 to March 2014, Ms. Boulet was employed as Special Counsel to Adams and Reese, LLP, a law firm. Prior to 2002, Ms. Boulet was a partner at the law firm Phelps Dunbar, LLP. Ms. Boulet has over 20 years of experience in mergers and acquisitions, equity securities offerings, general business matters and counseling clients regarding compliance with federal securities laws and regulations. Ms. Boulet currently serves on the board of directors of CenturyLink, Inc., a telecommunications company. She also serves as chair of the nominating and corporate governance committee of CenturyLink, as well as a member of the board s compensation committee. Service on this board and its committees has provided her the background and experience of board processes, function, exercise of diligence and oversight of management. In the past, she served as President and Chief Operating Officer of IMDiversity, Inc., an on-line recruiting company. Ms. Boulet received a B.A. in Medieval History from Yale University, and a J.D., cum laude, from Tulane University Law School. With her public company board experience and recruiting experience as president of a recruiting company, Ms. Boulet is well suited as a member of our Board and to the Nominating and Corporate Governance Committee functions of identifying and evaluating individuals qualified to become board members and evaluating our corporate governance policies. Her legal background also provides her with a high level of technical expertise in reviewing transactions and agreements and addressing the myriad of legal issues presented to the Board.

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Stuart B. Katz, age 61, previously served on the Board from 2002 to 2008 and was reappointed to serve on the Board in April 2011. Mr. Katz serves on our Audit Committee, is Chairman of our Compensation Committee and also serves as Presiding Director. Since 2007, Mr. Katz has served as Chief Executive Officer and member of the board of directors of Alconox, Inc., a private company engaged in the manufacturing and marketing of specialty chemicals. From 2001 to 2010, Mr. Katz was a Managing Director of Jefferies Capital Partners (JCP), a private equity investment fund. In 2002, Mr. Katz joined the Board in connection with JCP s investment in the Company. In May 2008, Mr. Katz declined to stand for reelection to the Board in connection with JCP s divestment of its remaining equity interest in the Company. Prior to joining JCP in 2001, Mr. Katz had been an investment banker with Furman Selz LLC and its successors for over 16 years. Mr. Katz received a B.S. in engineering from Cornell University and a J.D. from Fordham Law School. Mr. Katz is a member of the bar of the State of New York. Mr. Katz brings valuable leadership and management skills as a result of his role as Chief Executive Officer of Alconox, as well as a result of his service as a member of the board of directors of a number of other companies, including other public companies. We believe that this experience, as well as the investment management experience he has gained through the ownership of controlling equity positions in connection with his activities with JCP, make him a valuable part of our Board and member of our Audit Committee and Compensation Committee.

Tracy W. Krohn, age 61, has served as Chief Executive Officer since he founded the Company in 1983, as President from 1983 until 2008, as Chairman of the Board since 2004 and as Treasurer from 1997 until 2006. He is also a member of the Nominating and Corporate Governance Committee. Mr. Krohn has been actively involved in the oil and gas business since graduating with a B.S. in Petroleum Engineering from Louisiana State University in 1978. He began his career as a petroleum engineer and offshore drilling supervisor with Mobil Oil Corporation. Prior to founding the Company, from 1981 to 1983, Mr. Krohn was senior engineer with Taylor Energy. From 1996 to 1997, Mr. Krohn was also Chairman and Chief Executive Officer of Aviara Energy Corporation in Houston, Texas. In 2013, Mr. Krohn was appointed to serve on the board of directors of the American Petroleum Institute. He also serves on the board of directors of a privately owned company. As founder of the Company, Mr. Krohn is one of the driving forces behind the Company and its success to date. Over the course of the Company s history, Mr. Krohn has successfully grown the Company through his exceptional leadership skills and keen business judgment.

S. James Nelson, Jr., age 73, has served on the Board since January 2006. He is currently Chair of the Audit Committee. In 2004, Mr. Nelson retired after 15 years of service from Cal Dive International, Inc. (now named Helix Energy Solutions Group, Inc.), a marine contractor and operator of offshore oil and natural gas properties and production facilities, where he was a founding shareholder, Chief Financial Officer from 1990 to 2000, Vice Chairman from 2000 to 2004 and a director from 1990 to 2004. From 1985 to 1988, Mr. Nelson was the Senior Vice President and Chief Financial Officer of Diversified Energies, Inc. and from 1980 to 1985 was the Chief Financial Officer of Apache Corporation, an oil and gas exploration and production company. From 1966 to 1980, Mr. Nelson was employed with Arthur Andersen & Co., where he became a partner in 1976. Mr. Nelson received a B.S. in Accounting from Holy Cross College and holds a M.B.A. from Harvard University. He is also a certified public accountant. Additionally, since 2004 Mr. Nelson has served on the boards of directors and audit committees of Oil States International, Inc., a diversified oilfield service company, and ION Geophysical, a seismic services provider. From 2005 until the company s sale in 2008, he was also a member of the board of directors and compensation and audit committees of Quintana Maritime LTD, a provider of dry bulk shipping services based in Athens, Greece, and from 2010 to 2012 he served as a member of the board of directors and audit and compensation committees of Genesis Energy, LP, a midstream master limited partnership. Mr. Nelson has an extensive background in public accounting both from his time as a partner at Arthur Andersen & Co. and his time as Chief Financial Officer at various companies. Mr. Nelson s service on audit committees of other companies enables him to remain current on audit committee best practices and current financial reporting developments within the energy industry. We believe these experiences and skills qualify him to serve as the Chair of our Audit Committee.

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B. Frank Stanley, age 61, has served on the Board since 2009. Mr. Stanley serves as a member of our Audit, Compensation and Nominating and Corporate Governance Committees. He is currently Co-Chief Executive Officer and Chief Financial Officer of Retail Concepts, Inc., a privately-held retail chain of 33 stores in 13 states with over seven hundred employees. Prior to joining Retail Concepts, Inc. in 1988, he was Chief Financial Officer of Southpoint Porsche Audi WGW Ltd. from 1987 to 1988. From 1985 to 1987, he was employed by KPMG Peat Marwick, holding the position of Manager, Audit in 1987. From 1983 to 1984, he was Chief Financial Officer of Design Research, Inc., a manufacturer of housing for offshore drilling platforms. From 1980 to 1982, he was Chief Financial Officer of Tiger Oilfield Rental Co., Inc. and, from 1977 to 1979, he was an accountant with Trunkline Gas Co. Mr. Stanley holds a B.B.A. in Accounting from Texas A&M University and is a certified public accountant. Mr. Stanley has an extensive background in accounting and financial matters, which qualify him for service as a member of our Board and Audit, Compensation, and Nominating and Corporate Governance Committees.

Recommendation of the Board

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE FIVE NOMINEES LISTED ABOVE.

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PROPOSAL 2

THIRD AMENDMENT TO THE W&T OFFSHORE, INC. AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN

Introduction

The Board of Directors, subject to the approval of our shareholders as required under the NYSE s rules, has approved the third amendment to the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan, as amended (the Incentive Compensation Plan) which would authorize us to reserve an additional 3,300,000 shares of Common Stock beyond the number of shares previously authorized for issuance under the Incentive Compensation Plan, and to extend the term of the Incentive Compensation Plan approximately ten years from the date that our shareholders would approve the third amendment (through April 15, 2026, which is a seven year extension from the end of the current term). Throughout this proposal, references to numbers of shares of our Common Stock reflect numbers prior to any adjustments that may need to be made to reflect a reverse stock split.

The proposed third amendment to the Incentive Compensation Plan is attached hereto as Appendix B, and the Incentive Compensation Plan, prior to giving effect to this proposed amendment, is attached hereto as Appendix C. Pursuant to this proposal, we are requesting that our shareholders vote to approve the increase in the number of shares of Common Stock approved for issuance under the Incentive Compensation Plan and the extension of the term of the Incentive Compensation Plan to April 15, 2026. If approved, the new effective date for the Incentive Compensation Plan would be April 15, 2016. If our shareholders approve this proposal, we intend to file, pursuant to the Securities Act of 1933, as amended, a registration statement on Form S-8 to register the additional shares available for issuance under the Incentive Compensation Plan.

The proposed third amendment also contains an administrative amendment to the adjustment provisions within our performance metrics to align the applicable language with accounting guidelines that were revised following the last amendment to the Incentive Compensation Plan and to address other potential adjustments to our performance metrics. The revised language is set forth fully within the performance metric description found within Proposal 3 below, and you are only being asked to approve that administrative amendment through Proposal 3 below (the Administrative Amendment). This Proposal 2 is focused solely on the increase in the number of shares of Common Stock approved for issuance under the Incentive Compensation Plan and the extension of the term of the Incentive Compensation Plan to April 15, 2026.

Reason for Proposed Amendment and the Request for Shareholder Approval

The use of stock-based awards under the Incentive Compensation Plan has been a key component of our compensation program since its adoption in 2004. The awards granted under the Incentive Compensation Plan assist us in attracting and retaining capable, talented individuals to serve in the capacity of employees and officers. The Board of Directors also determined that in connection with an increase of the shares available for issuance under the Incentive Compensation Plan, the term of the plan should be extended to allow us to grant awards under the plan for an additional ten years.

As of December 31, 2015, 4,239,548 shares were available for us to issue as awards under the Incentive Compensation Plan. We have made grants of restricted stock units under our Incentive Compensation Plan. At the time of vesting of each grant, we have the option, at our sole discretion, to settle the obligation in shares of our Common Stock or in cash. Should we decide to settle such grants with shares of our Common Stock then substantially all of the authorized and available shares have been issued or are committed for issuance in 2016 and 2017**.** Accordingly, the Compensation Committee has determined that there are not sufficient shares available for issuance under the Incentive Compensation Plan to meet the remaining share requirements associated with the restricted stock units that will vest in the 2018 year, should we choose to pay the remaining amounts in shares of Common Stock, and to meet our needs for future grants during the coming years. An increase in available shares is necessary to continue granting incentive opportunities to our eligible participants, which assists us in retaining a competitive edge in today s volatile business environment. Given the current market environment, it is difficult to estimate an exact number of shares of Common Stock that we will need in the future to satisfy our equity compensation program needs. The number that we are requesting our shareholders

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approve reflects our best estimates of our immediate need for additional equity-based incentive awards, but market conditions, our retention needs or other unknown factors may impact the number of shares of Common Stock that are used in connection with the awards under the Incentive Compensation Plan in the future.

If this proposal is not approved by our shareholders, the Incentive Compensation Plan will continue to be effective, and there will be no impact on the rights of existing award holders under the Incentive Compensation Plan. However, if this proposal is not approved by our shareholders, we do not expect to be able to issue any meaningful equity-based compensation awards pursuant to the Incentive Compensation Plan in the future, and we must reevaluate our compensation program in general.

Summary of the Incentive Compensation Plan

The following summary provides a general description of the material features of the Incentive Compensation Plan, and is qualified in its entirety by reference to the full text of the Incentive Compensation Plan, prior to giving effect to the proposed amendment, attached hereto as Appendix C. The purpose of the Incentive Compensation Plan is to provide incentives to our employees, officers, consultants and advisors to devote their abilities and energies to our success. While the existing Incentive Compensation Plan provides for a wide array of potential incentives, we have historically provided a performance based annual non-equity incentive compensation award and a performance based long-term incentive utilizing restricted stock units. The Incentive Compensation Plan provides for grants of (i) incentive stock options qualified as such under U.S. federal income tax laws (Incentive Options), (ii) stock options that do not qualify as incentive stock options (Nonstatutory Options, and together with Incentive Options, Options), (iii) restricted stock awards (Restricted Stock Awards), (iv) restricted stock units (Restricted Stock Units), (v) stock appreciation rights (SARs), (vi) bonus stock and other stock-based awards, (vii) dividend equivalents, either as stand-alone awards or in connection with other awards, (viii) performance units or shares (Performance Awards), which include annual incentive awards (Annual Incentive Awards), or (ix) any combination of such awards (collectively referred to as Awards). Individual terms applicable to the various Awards, such as vesting or transferability, may be established by the plan administrator at the time of grant. Any outstanding awards in existence at the expiration date of the Incentive Compensation Plan (which, after giving effect to the amendment, will be April 15, 2026) shall remain subject to the terms and conditions of the Incentive Compensation Plan beyond such date.

Administration

The Compensation Committee of our Board of Directors administers the Incentive Compensation Plan for all Covered Employees. The Compensation Committee will consist solely of two or more directors who qualify as outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) unless it is determined unnecessary for purposes of Section 162(m) of the Code (Section 162(m)). Our then-current Chief Executive Officer and President will administer the Incentive Compensation Plan for all other eligible participants. For purposes of this Proposal, the term Plan Administrator will refer to the Compensation Committee, or the Chief Executive Officer and President, as applicable. The Plan Administrator will administer the Incentive Compensation Plan pursuant to its terms and all applicable state, federal or other rules or laws. Unless otherwise limited by the Incentive Compensation Plan, Rule 16b-3 of the Exchange Act, or any provisions of the Code, the Plan Administrator has broad discretion to administer the Incentive Compensation Plan, interpret its provisions and adopt policies for implementing the Incentive Compensation Plan. This discretion includes the power to determine when and to whom Awards will be granted, determine the amount of such Awards (measured in cash, shares of Common Stock or as otherwise designated), prescribe and interpret the terms and provisions of each Award agreement (the terms of which may vary), delegate duties under the Incentive Compensation Plan, terminate, modify or amend the Incentive Compensation Plan (subject to ratification by the Board), and to execute all other responsibilities permitted or required under the Incentive Compensation Plan.

All determinations by the Plan Administrator which were made within the Plan Administrator s discretion and authority regarding the Incentive Compensation Plan or an individual Award shall be final and binding.

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Eligibility

The employees eligible to receive awards under the Incentive Compensation Plan are our regular full-time or part-time employees, or those of our affiliates; as of December 31, 2015, this would constitute approximately 300 individuals. Our consultants and advisors are also eligible to participate following a determination by our Plan Administrator, in its sole discretion, that they should receive an Award pursuant to the Incentive Compensation Plan; as of December 31, 2015, this group consists of no individuals, but this number could change at the discretion of the Plan Administrator. As of December 31, 2015, no consultants or advisors have received awards under the Incentive Compensation Plan. Unless otherwise noted in an individual Award agreement, if an eligible employee is terminated or a consultant s services are terminated for cause, an award may be cancelled or required to be forfeited, as determined by the Board of Directors.

Individual Limits on Awards

Consistent with certain provisions of the Code, there are restrictions providing for a maximum number of shares of Common Stock that may be granted in any one year to a Covered Employee and a maximum amount of compensation payable as an award under the Incentive Compensation Plan to a Covered Employee. No Covered Employee may receive an award covering, nor may any qualified Performance Award payment be made that constitutes, more than 20% of the aggregate number of shares which were approved for issuance on the Effective Date of the Incentive Compensation Plan. This number is 1,533,458, or 20% of the 7,667,293 shares of Common Stock that were approved for issuance under the Incentive Compensation Plan on the Effective Date (January 1, 2013). Assuming that this Proposal 2 is approved, that number would change to 20% of 10,967,293, or 2,193,459. The maximum amount of Awards designed to be paid in cash, or the maximum amount of Awards to a Covered Employee for which the settlement is not based on a number of shares of Common Stock, shall have a dollar amount of $24,581,332, which is also the fair market value of 1,533,458 shares of our Common Stock on January 1, 2013, the Effective Date of the Incentive Compensation Plan. Assuming that this Proposal 2 is approved, that value would change based upon the value of our Common Stock on the new effective date of April 15, 2016. As of March 9, 2016, our Common Stock had a value of $3.12 per share. In the event that the Award is an Incentive Option, the value of the Common Stock covered by such an Award may not exceed $100,000 in any one year.

With respect to a grant of Incentive Options, a participant must be an employee of ours or an employee of a corporate subsidiary of ours and, immediately before the time the Incentive Option is granted, the participant may not own stock possessing more than 10% of the total combined voting power or value of all classes of our stock of or the stock of any of our subsidiaries (a 10% Participant) unless, at the time the Incentive Option is granted, the exercise price of the Incentive Option is at least 110% of the fair market value of the Common Stock underlying the Incentive Option.

Source of Shares

Stock issued under the Incentive Compensation Plan may come from authorized but unissued shares of our Common Stock, from Common Stock held in our company treasury or from previously issued shares of Common Stock we have acquired in the open market. If there is a forfeiture, termination or other surrender of Common Stock that underlies an Award, or our Common Stock was used to pay withholding taxes or an Option exercise price, those shares will again be available for issuance under the plan unless an applicable law or regulation prevents such re-issuance.

Awards Under the Incentive Compensation Plan

Performance Awards and Annual Incentive Awards. Under the Incentive Compensation Plan, Performance Awards may be designed as performance-based awards that may or may not also be designed to qualify as performance-based compensation as defined in Section 162(m). The Plan Administrator may also grant Annual Incentive Awards based on performance criteria for Performance Awards generally.

The performance criteria for Performance Awards is described below within Proposal 3 *Re-Approval of all Material Terms of the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan*, where we are requesting the approval of the material terms of the Incentive Compensation Plan for purposes of Section 162(m).

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Options. Under the Incentive Compensation Plan, the Plan Administrator may grant Options to eligible persons, including (i) Incentive Options (only to our employees or the employees of our corporate subsidiaries) which comply with Section 422 of the Code and (ii) Nonstatutory Options. The exercise price of each Option granted under the Plan will be stated in the Option agreement and may vary; provided, however, that the exercise price for an Option must not be less than 100% of the fair market value per share of the Common Stock as of the Option grant date. Options may be exercised as the Plan Administrator determines, but not later than 10 years from the date of grant (or in the case of a 10% Participant who has received an Incentive Option, five years). After giving effect to the amendment, the Incentive Compensation Plan provides that Incentive Options will not be granted after April 15, 2026. The Plan Administrator will determine the methods and form of payment for the exercise price of an Option (including, in the discretion of the Plan Administrator, payment in Common Stock, other Awards or other property) and the methods and forms in which Common Stock will be delivered to a participant.

The Plan Administrator will determine at the time of a grant of an Option whether to require forfeiture of the Options upon a termination of employment for any reason, or upon other events such as a Change in Control (as defined below.

Stock Appreciation Rights. A SAR is the right to receive an amount equal to the excess of the fair market value of one share of Common Stock on the date of exercise over the grant price of the SAR, as determined by the Plan Administrator. SARs may be awarded in connection with or separate from an Option. SARs awarded in connection with an Option will entitle the holder, upon exercise, to surrender the related Option or portion thereof relating to the number of shares for which the SAR is exercised. The surrendered Option or portion thereof will then cease to be exercisable. However, a SAR awarded in connection with an Option is exercisable only to the extent that the related Option is exercisable. SARs granted independently of an Option will be exercisable as the Plan Administrator determines. The term of a SAR will be for a period determined by the Plan Administrator. SARs may be paid in cash, Common Stock or a combination of cash and Common Stock, as the Plan Administrator provides in the Award agreement governing the SAR.

Restricted Stock Awards. A Restricted Stock Award is a grant of shares of Common Stock subject to a risk of forfeiture, restrictions on transferability and any other restrictions imposed by the Plan Administrator in its discretion. Restrictions may lapse at such times and under such circumstances as determined by the Plan Administrator. The Plan Administrator will determine at the time of grant whether the holder of a Restricted Stock Award has rights as a stockholder, including the right to receive dividends on the Common Stock subject to the Restricted Stock Award. Unless otherwise determined by the Plan Administrator, Common Stock distributed to a holder of a Restricted Stock Award in connection with a stock split or stock dividend, and other property (other than cash) distributed as a dividend, will be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock Award with respect to which such Common Stock or other property has been distributed. During the restricted period applicable to the Restricted Stock, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the participant.

Restricted Stock Units. Restricted Stock Units are rights to receive Common Stock, cash or a combination of both at the end of a specified period. The Plan Administrator may subject Restricted Stock Units to restrictions (which may include a risk of forfeiture) to be specified in the Award agreement, and those restrictions may lapse at such times determined by the Plan Administrator. Restricted Stock Units may be settled by delivery of Common Stock, cash equal to the fair market value of the specified number of shares of Common Stock covered by the Restricted Stock Units or any combination thereof determined by the Plan Administrator. Dividend equivalents on the specified number of shares of Common Stock covered by Restricted Stock Units may be paid on a current, deferred or contingent basis, as determined by the Plan Administrator on or following the date of grant.

Bonus Stock and Other Stock-Based Awards. The Plan Administrator is authorized to grant Common Stock as a bonus, or to grant Common Stock or other Awards in lieu of obligations to pay cash or deliver other property

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under the Plan or under other plans or compensatory arrangements, subject to any applicable provision under section 16 of the Exchange Act. The Plan Administrator will determine any terms and conditions applicable to grants of Common Stock or other Awards, including performance criteria associated with an Award. Any grant of Common Stock to one of our officers or to an officer of one of our subsidiaries in lieu of salary or other cash compensation will be reasonable, as determined by the Plan Administrator.

Other Stock-Based Awards. The Plan Administrator may also grant Awards that may be denominated or payable in, or otherwise valued in reference to, the Common Stock. Such Awards may include, but are not limited to, convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Stock, Awards with a value and payment contingent on the performance of the Common Stock or Awards valued by reference to the book value of the Common Stock.

Dividend Equivalents. Dividend equivalents may be granted in connection with other Awards, or they may be granted as standalone Awards, and will entitle a participant to receive cash, Common Stock, other Awards or other property equal in value to dividends paid with respect to a specified number of shares of Common Stock, or other periodic payments at the discretion of the Plan Administrator. The Plan Administrator may provide that dividend equivalents will be payable or distributed when accrued or deferred, or that they will be deemed reinvested in additional Common Stock, Awards or other investment vehicles. The Plan Administrator will specify any restrictions on transferability and risks of forfeiture that are imposed upon dividend equivalents.

Recapitalizations and Changes in Control

Recapitalization Adjustment

If any change is made to our capitalization, such as a stock split, stock combination, stock dividend, exchange of shares or other recapitalization, merger or otherwise, which results in an increase or decrease in the number of outstanding shares of Common Stock, appropriate adjustments will be made by the Plan Administrator as to the number and price of shares subject to an Award. No adjustment will be made, however, if such an adjustment would cause an award intended to qualify as performance-based compensation to fail under Section 162(m) of the Code, or would cause an Incentive Option to fail under Section 422 of the Code.

Change in Control

Upon a Change in Control (as defined below), the Plan Administrator shall have the discretion to take any of the following actions, or, where the Plan Administrator determines it would be appropriate, to take no action at all: (i) accelerate the time to which Options and SARs may be exercisable in full; (ii) require the surrender of an Award in exchange for a cash payment; or (iii) make any such adjustments as the Plan Administrator determines appropriate.

The Incentive Compensation Plan defines a Change in Control to include: (i) the date that any person or group acquires 51% or more of the beneficial ownership of our outstanding common stock or the combined voting power of our securities, other than transactions by us or by one of our affiliates, our employee benefit plans, employee buy-outs, acquisitions by current security owners or by Mr. Krohn, his spouse and descendants, or entities or trusts under Mr. Krohn s control; (ii) a merger, reorganization or other similar business combination results in our current equity securities representing less than 50% of the combined voting power of the equity securities of the surviving or acquiring entity following the transaction; (iii) the majority of the Incumbent Board (as defined in the Incentive Compensation Plan) cease for any reason to constitute at least a majority of the Board; (iv) the date that any person or group acquires all or substantially all of our assets; or (v) the approval of our shareholders of our complete liquidation or dissolution (other than a voluntary or involuntary bankruptcy or dissolution). However, if payment of an Award needs to comply with Section 409A of the Code in order to prevent a 20% excise tax from being imposed on such an Award, then a Change in Control shall be defined as an event specifically noted within Section 409A of the Code.

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Miscellaneous Provisions

Termination of Employment

Individuals must be employed by, or providing services to, us or one of our affiliates in order to receive payment or settlement of an Award under the Incentive Compensation Plan, unless the Plan Administrator has provided for alternative treatment in the individual Award agreement.

Discontinuance or Amendment of the Plan

Our Board of Directors may discontinue the Incentive Compensation Plan, or amend the terms of the Incentive Compensation Plan as permitted by applicable statutes, except that such amendment to the Incentive Compensation Plan may not revoke or unfavorably alter any outstanding Award. However, the Committee does have the right to amend, alter, suspend, discontinue or terminate any award under certain circumstances. Our Board of Directors may also not amend the Incentive Compensation Plan without shareholder approval where such approval is required by Rule 16b-3 of the Exchange Act, or any other applicable law or regulation. Amendments that are required to be approved by our shareholders under the rules of any stock exchange on which our Common Stock is trading will be approved by our shareholders at the next annual meeting following such an amendment.

Tax Withholding

We are entitled to withhold the amount of any tax attributed to any award granted under the Incentive Compensation Plan, at such times as we deem necessary or appropriate under the laws in effect at such time.

United States Federal Income Tax Consequences

The following is a brief summary of certain United States federal income tax consequences of certain transactions contemplated under the Incentive Compensation Plan based on federal income tax laws in effect on January 1, 2016. This summary applies to the Incentive Compensation Plan as normally operated and is not intended to provide or supplement tax advice to eligible participants. The summary contains general statements based on current United States federal income tax statutes, regulations and currently available interpretations thereof. This summary is not intended to be exhaustive and does not describe state, local or foreign tax consequences or the effect, if any, of gift, estate and inheritance taxes.

Tax Consequences to Grantees under the Incentive Compensation Plan

Incentive Options; Nonstatutory Options; SARs. Participants will not realize taxable income upon the grant of a Nonstatutory Option or a SAR. Upon the exercise of a Nonstatutory Option or SAR, a participant will recognize ordinary compensation income (subject to withholding) in an amount equal to the excess of (i) the amount of cash and the fair market value of the Common Stock received, over (ii) the exercise price (if any) paid therefor. A participant will generally have a tax basis in any shares of Common Stock received pursuant to the exercise of a SAR, or pursuant to the cash exercise of a Nonstatutory Option, that equals the fair market value of such shares on the date of exercise. We will generally be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a participant under the foregoing rules.

Participants eligible to receive an Incentive Option will not recognize taxable income on the grant of an Incentive Option. Upon the exercise of an Incentive Option, a participant will not recognize taxable income, although the excess of the fair market value of the shares of Common Stock received upon exercise of the Incentive Option (ISO Stock) over the exercise price will increase the alternative minimum taxable income of the participant, which may cause such participant to incur alternative minimum tax. The payment of any alternative minimum tax attributable to the exercise of an Incentive Option would be allowed as a credit against the participant s regular tax liability in a later year to the extent the participant s regular tax liability is in excess of the alternative minimum tax for that year.

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Upon the disposition of ISO Stock that has been held for the requisite holding period (generally, at least two years from the date of grant and one year from the date of exercise of the Incentive Option), a participant will generally recognize capital gain (or loss) equal to the excess (or shortfall) of the amount received in the disposition over the exercise price paid by the participant for the ISO Stock. However, if a participant disposes of ISO Stock that has not been held for the requisite holding period (a Disqualifying Disposition), the participant will recognize ordinary compensation income in the year of the Disqualifying Disposition in an amount equal to the amount by which the fair market value of the ISO Stock at the time of exercise of the Incentive Option (or, if less, the amount realized in the case of an arm s length disposition to an unrelated party) exceeds the exercise price paid by the participant for such ISO Stock. A participant would also recognize capital gain to the extent the amount realized in the Disqualifying Disposition exceeds the fair market value of the ISO Stock on the exercise date. If the exercise price paid for the ISO Stock exceeds the amount realized (in the case of an arm s-length disposition to an unrelated party), such excess would ordinarily constitute a capital loss.

Generally, we will not be entitled to a federal income tax deduction upon the grant or exercise of an Incentive Option, unless a participant makes a Disqualifying Disposition of the ISO Stock. If a participant makes a Disqualifying Disposition, we will then generally be entitled to a tax deduction that corresponds as to timing and amount with the compensation income recognized by a participant under the rules described in the preceding paragraph.

Under current rulings, if a participant transfers previously held shares of Common Stock (other than ISO Stock that has not been held for the requisite holding period) in satisfaction of part or all of the exercise price of a Nonstatutory Option or Incentive Option, no additional gain will be recognized on the transfer of such previously held shares in satisfaction of the Nonstatutory Option or Incentive Option exercise price (although a participant would still recognize ordinary compensation income upon exercise of an Nonstatutory Option in the manner described above). Moreover, that number of shares of Common Stock received upon exercise which equals the number of shares of previously held Common Stock surrendered therefor in satisfaction of the Nonstatutory Option or Incentive Option exercise price will have a tax basis that equals, and a capital gains holding period that includes, the tax basis and capital gains holding period of the previously held shares of Common Stock surrendered in satisfaction of the Nonstatutory Option or Incentive Option exercise price. Any additional shares of Common Stock received upon exercise will have a tax basis that equals the amount of cash (if any) paid by the participant, plus the amount of compensation income recognized by the participant under the rules described above. If a reload option is issued in connection with a participant s transfer of previously held Common Stock in full or partial satisfaction of the exercise price of an Incentive Option or Nonstatutory Option, the tax consequences of the reload option will be as provided above for an Incentive Option or Nonstatutory Option, depending on whether the reload option itself is an Incentive Option or Nonstatutory Option.

The Incentive Compensation Plan generally provides that the Awards may only be transferred according to the laws of descent and distribution; and the Incentive Compensation Plan allows the Plan Administrator to permit the transfer of Awards only in limited circumstances, such as a qualified domestic relations order or to certain family members with the Plan Administrator s prior consent.

The Internal Revenue Service (the IRS) has not provided formal guidance on the income tax consequences of a transfer of Nonstatutory Options (other than in the context of divorce) or SARs. However, the IRS has informally indicated that after a transfer of stock options (other than in the context of divorce pursuant to a domestic relations order), the transferor will recognize income, which will be subject to withholding, and FICA/FUTA taxes will be collectible at the time the transferee exercises the stock options. If Nonstatutory Options are transferred pursuant to a domestic relations order, the transferee will recognize ordinary income upon exercise by the transferee, which will be subject to withholding, and FICA/FUTA taxes (attributable to and reported with respect to the transferor) will be collectible from the transferee at such time.

In addition, if a participant transfers a vested Nonstatutory Option to another person and retains no interest in or power over it, the transfer is treated as a completed gift. The amount of the transferor s gift (or generation-

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skipping transfer, if the gift is to a grandchild or later generation) equals the value of the Nonstatutory Option at the time of the gift. The value of the Nonstatutory Option may be affected by several factors, including the difference between the exercise price and the fair market value of the stock, the potential for future appreciation or depreciation of the stock, the time period of the Nonstatutory Option and the illiquidity of the Nonstatutory Option. The transferor will be subject to a federal gift tax, which will be limited by (i) the annual exclusion of $14,000 per donee (for 2016, subject to adjustment in future years), (ii) the transferor s lifetime unified credit, or (iii) the marital or charitable deduction rules. The gifted Nonstatutory Option will not be included in the participant s gross estate for purposes of the federal estate tax or the generation-skipping transfer tax.

This favorable tax treatment for vested Nonstatutory Options has not been extended to unvested Nonstatutory Options. Whether such consequences apply to unvested Nonstatutory Options is uncertain, and the gift tax implications of such a transfer is a risk the transferor will bear upon such a disposition. The IRS has not specifically addressed the tax consequences of a transfer of SARs.

Restricted Stock Awards; Restricted Stock Units; Performance Awards; Cash Awards. A participant will recognize ordinary compensation income upon receipt of cash pursuant to a cash award or, if earlier, at the time the cash is otherwise made available for the participant to draw upon. A participant will not have taxable income at the time of a grant of a stock Award in the form of Restricted Stock Units, or Performance Awards denominated in Common Stock, but rather, will generally recognize ordinary compensation income at the time he receives cash or Common Stock in settlement of the Awards in an amount equal to the cash or the fair market value of the Common Stock received. In general, a participant will recognize ordinary compensation income as a result of the receipt of Common Stock pursuant to a Restricted Stock Award, Performance Award or Bonus Stock Award in an amount equal to the fair market value of the Common Stock when such stock is received; provided that, if the stock is not transferable and is subject to a substantial risk of forfeiture when received, a participant will recognize ordinary compensation income in an amount equal to the fair market value of the Common Stock (i) when the Common Stock first becomes transferable or is no longer subject to a substantial risk of forfeiture, in cases where a participant does not make a valid election under Section 83(b) of the Code or (ii) when the Common Stock is received, in cases where a participant makes a valid election under Section 83(b) of the Code.

A participant will be subject to withholding for federal, and generally for state and local, income taxes at the time he recognizes income under the rules described above with respect to Common Stock or cash received. Dividends that are received by a participant prior to the time that the Common Stock is taxed to the participant under the rules described in the preceding paragraph are taxed as additional compensation, not as dividend income. The tax basis in the Common Stock received by a participant will equal the amount recognized by him as compensation income under the rules described in the preceding paragraph, and the participant s capital gains holding period in those shares will commence on the later of the date the shares are received or the restrictions lapse.

Subject to the discussion immediately below, we will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a participant under the foregoing rules.

Tax Consequences to our Company

In order for the amounts described above to be tax deductible, such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses.

Our ability (or the ability of one of the Company s subsidiaries, as applicable) to obtain a deduction for future payments under the Incentive Compensation Plan could also be limited by the golden parachute payment rules of Section 280G of the Code, which prevent the deductibility of certain excess parachute payments made in connection with a change in control of an employer-corporation.

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Finally, our ability (or the ability of one of the Company s subsidiaries, as applicable) to obtain a deduction for amounts paid under the Incentive Compensation Plan could be limited by Section 162(m), which limits the deductibility, for federal income tax purposes, of compensation paid to certain executive officers of a publicly traded corporation to $1,000,000 with respect to any such officer during any taxable year of the corporation. However, an exception applies to this limitation in the case of certain performance-based compensation. In order to exempt performance-based compensation from the $1,000,000 deductibility limitation, the grant or vesting of the Award relating to the compensation must be based on the satisfaction of one or more performance goals as selected by the Plan Administrator. Performance-based Awards intended to comply with Section 162(m) may not be granted in a given period if such Awards relate to shares of Common Stock which exceed a specified limitation or, alternatively, the performance-based Awards may not result in compensation, for a participant, in a given period which exceeds a specified limitation. As previously noted, under the Incentive Compensation Plan, a participant who receives an Award or Awards intended to satisfy the performance-based exception to the $1,000,000 deductibility limitation may not receive performance-based Awards relating to more than 2,193,459 shares of Common Stock or, with respect to Awards not related to shares of Common Stock, the fair market value of 2,193,459 shares in any given fiscal year (assuming Proposal 2 is approved by shareholders, that value will be calculated on April 15, 2016 using the fair market value of our Common Stock on that date). Although the Incentive Compensation Plan has been drafted to satisfy the requirements for the performance-based compensation exception, the Plan Administrator may determine that it is in our best interests not to satisfy the requirements for the exception.

New Plan Awards

The Awards, if any, that will be made to eligible participants under the Incentive Compensation Plan are subject to the discretion of the Plan Administrator, and thus, we cannot currently determine the benefits or number of shares subject to Awards that may be granted in the future to our executive officers, employees or consultants under the Incentive Compensation Plan, as proposed to be amended, and therefore no New Plan Benefits Table is provided. There are also no Option Awards to report, as no Options have been granted under the Incentive Compensation Plan.

Required Vote

Approval of the adoption of the proposed third amendment (other than the Administrative Amendment) to the Incentive Compensation Plan requires a majority of the votes be cast FOR the proposal. Unless marked to the contrary, proxies received will be voted FOR the approval of the third amendment to the Incentive Compensation Plan.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS YOU VOTE FOR APPROVAL OF THE THIRD AMENDMENT TO THE INCENTIVE COMPENSATION PLAN TO INCREASE THE SHARES OF COMMON STOCK AUTHORIZED FOR ISSUANCE UNDER OUR INCENTIVE COMPENSATION PLAN AND TO EXTEND THE TERM OF THE INCENTIVE COMPENSATION PLAN.

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PROPOSAL 3

RE-APPROVAL OF ALL MATERIAL TERMS OF THE W&T OFFSHORE, INC. AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN

Introduction

The Board of Directors, subject to the approval of our shareholders as required under the NYSE s rules, has approved the third amendment to the Incentive Compensation Plan, which among the items specifically noted above in Proposal 2, modifies our ability to take certain transactions, accounting or legal changes and charges or certain other unusual items into account when determining whether performance goals that are applicable to Performance Awards under the Incentive Compensation Plan have been met. The Financial Accounting Standards Board recently made modifications to simplify certain accounting reporting standards, and this third amendment to the Incentive Compensation Plan will also amend language within the plan document that was consistent with prior accounting practices. The proposed third amendment to the Incentive Compensation Plan is attached hereto as Appendix B, and the Incentive Compensation Plan, prior to giving effect to this proposed third amendment, is attached hereto as Appendix C.

We are asking our shareholders to re-approve the material terms of the Incentive Compensation Plan, as amended by the Administrative Amendment within the third amendment to the Incentive Compensation Plan, pursuant to Section 162(m) in order for the new shares of Common Stock to be added to the plan pursuant to Proposal 2 to be used for awards that are designed as performance-based compensation awards pursuant to Section 162(m) of the Code.

We desire to maintain our ability to deduct for federal income tax purposes the value of awards granted pursuant to the Incentive Compensation Plan. Our ability to use the additional shares of Common Stock that Proposal 2 would add to the Incentive Compensation Plan in order to grant tax-deductible awards to certain employees would be limited without receiving shareholder approval of the material terms of the Incentive Compensation Plan under Section 162(m). The Incentive Compensation Plan is intended to qualify for exemption from the deduction limitations of Section 162(m) by providing performance-based compensation to covered employees within the meaning of Section 162(m). Under Section 162(m), the federal income tax deductibility of compensation paid to our Chief Executive Officer and our three other most highly compensated officers (other than our principal financial officer) (Covered Employees) determined pursuant to the executive compensation disclosure rules under the Securities Exchange Act of 1934 (the Exchange Act) may be limited to the extent such compensation exceeds $1,000,000 in any taxable year. However, we may deduct compensation paid to our Covered Employees in excess of that amount if it qualifies as performance-based compensation as defined in Section 162(m). Section 162(m) potentially could apply to all awards under the Incentive Compensation Plan, whether paid in cash or in shares of our Common Stock, if designed to be a Performance Award. In addition to certain other requirements, in order for awards under the Incentive Compensation Plan to constitute performance-based compensation, the material terms of the Incentive Compensation Plan must be disclosed to and approved by our shareholders.

At the 2013 Annual Meeting, shareholders approved all material terms of the Incentive Compensation Plan for purposes of Section 162(m) of the Code, but because we are proposing material amendments to the plan in connection with the third amendment to the Incentive Compensation Plan and the third amendment could potentially modify our performance criteria for performance awards, we are specifically requesting that our shareholders vote to re-approve: (i) the maximum amount of compensation that may be paid to a participant under the Incentive Compensation Plan in any fiscal year, (ii) the individuals eligible to receive compensation under the Incentive Compensation Plan, and (iii) the performance criteria on which the performance goals are based for purposes of Section 162(m) of the Code (which includes the third amendment to the Incentive Compensation Plan). Each of these items is discussed below, and shareholder approval of this proposal constitutes re-approval of each of these items for purposes of the Section 162(m) shareholder approval requirements.

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If this proposal is not approved, certain equity-based awards granted to our Covered Employees in future years may not be deductible to the extent they exceed $1,000,000, meaning that we may be limited in our ability to grant awards that are both deductible and that satisfy our compensation objectives.

Maximum Amounts of Compensation

Consistent with certain provisions of the Code, there are restrictions providing for a maximum number of shares of Common Stock that may be granted in any one year to a Covered Employee and a maximum amount of compensation payable as an award under the Incentive Compensation Plan to a Covered Employee. No Covered Employee may receive an award covering, nor may any qualified Performance Award payment be made that constitutes, more than 20% of the aggregate number of shares which were approved for issuance on the Effective Date of the Incentive Compensation Plan. This number is 1,533,458, or 20% of the 7,667,293 shares of Common Stock that were approved for issuance under the Incentive Compensation Plan on the Effective Date (January 1, 2013). Assuming that Proposal 2 is approved, that number would change to 20% of 10,967,293, or 2,193,459. The maximum amount of Awards designed to be paid in cash, or the maximum amount of Awards for which the settlement is not based on a number of shares of Common Stock, shall have a dollar amount of $24,581,332, which is also the fair market value of 1,533,458 shares of our Common Stock on January 1, 2013, the Effective Date of the Incentive Compensation Plan. Assuming that Proposal 2 is approved, that value would change based upon the value of our Common Stock on the new effective date of April 15, 2016. As of March 9, 2016, our Common Stock had a value of $3.12 per share. In the event that the Award is an Incentive Option, the value of the Common Stock covered by such an Award may not exceed $100,000 in any one year.

Eligibility

The employees eligible to receive awards under the Incentive Compensation Plan are our regular full-time or part-time employees, or those of our affiliates. Our consultants and advisors are also eligible to participate following a determination by our Plan Administrator that they should receive an Award pursuant to the Incentive Compensation Plan. Although Section 162(m) only limits the deductibility for compensation paid to a Covered Employee who is employed as of the end of the year, we may apply the performance goals described below to other senior officers in the event that any of them could be deemed to be a covered employee under the Section 162(m) regulations during the time that they hold the performance award.

Performance Criteria and Performance Awards

The Plan Administrator may use any measures of performance described below it deems appropriate in establishing performance conditions and may exercise its discretion, to the extent such discretion does not violate applicable law, to decrease the amounts payable under any Award based on such conditions; provided, however, the Plan Administrator may exclude the impact of certain events described below, which could result in an increase or decrease in the amounts payable under any award. Further, if an eligible person is a Covered Employee, and the Plan Administrator (which in this context, only the Compensation Committee will be eligible to administer the Award and make all applicable determinations) determines that the contemplated Award should qualify as performance-based compensation under Section 162(m), then the grant and/or settlement of such Award will be contingent upon achievement of one or more pre-established performance goals based on business criteria set forth below.

In the case of an Award to a person who is a Covered Employee, performance goals will consist of one or more of the business criteria described below and targeted levels of performance with respect to each of such criteria as specified by the Plan Administrator. Performance goals will be designed to be objective, substantially uncertain of achievement at the date of grant and will otherwise meet the requirements of Section 162(m) and regulations thereunder. Performance goals may vary among Award recipients or among Awards to the same recipient. Performance goals will be established not later than 90 days after the beginning of any performance period applicable to such Awards, or at such other date as may be required or permitted for performance-based

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compensation under Section 162(m). One or more of the following business criteria for our company, on a consolidated basis, and/or for specified subsidiaries or business or geographical units of our company (except with respect to the total shareholder return and earnings per share criteria), shall be used by the Plan Administrator in establishing performance goals for such Performance Awards: (1) earnings per share; (2) increase in revenues; (3) increase in cash flow; (4) increase in cash flow from operations; (5) increase in cash flow return; (6) return on net assets; (7) return on assets; (8) return on investment; (9) return on capital; (10) return on equity; (11) economic value added; (12) operating margin; (13) contribution margin; (14) net income; (15) net income per share; (16) pretax earnings; (17) pretax earnings before interest, depreciation and amortization; (18) pretax operating earnings after interest expense and before incentives, service fees, and extraordinary or special items; (19) pretax earnings after lease operating expenses and general and administrative expenses; (20) debt reduction; (21) market share; (22) change in the fair market value of our Common Stock; (23) operating income; (24) total shareholder return; (25) production growth; (26) reserves growth; and (27) reduction in general and administrative expenses; any of the above goals determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Plan Administrator including, but not limited to, the Standard & Poor s 500 Stock Index or a group of comparable companies. For purposes of items (1), (7), (8), (9), (10), (14), (16), (17), (19) and (23) above, the criteria may, or may not, exclude special items such as ceiling test impairment charges, loss on extinguishment of debt, derivative losses, interest rate swap losses and transaction costs associated with any acquisitions or dispositions affecting any specific criteria for the applicable year. One or more of the business criteria noted above shall also be exclusively used in establishing performance goals for Annual Incentive Awards granted to a Covered Employee under the Incentive Compensation Plan. We may also exclude the impact of any of the following events or occurrences which the Compensation Committee determines should appropriately be excluded: (a) asset write-downs; (b) litigation, claims, judgments or settlements; (c) the effect of changes in tax law or other such laws or regulations affecting reported results; (d) accruals for reorganization and restructuring programs; (e) any unusual or infrequent items as described in the Accounting Standards Codification Topic 225, as amended by Accounting Standards Update 2015-01, and as the same may be further amended or superseded from time to time; (f) any change in accounting principles as defined in the Accounting Standards Codification Topic 250, as the same may be amended or superseded from time to time; (g) any loss from a discontinued operation as described in the Accounting Standards Codification Topic 360, as the same may be amended or superseded from time to time; (h) goodwill impairment charges; (i) operating results for any business acquired during the calendar year; (j) any significant asset sales; (k) third party expenses associated with any acquisition by us or any subsidiary; (l) contingent assessment provisions; (m) severance costs; (n) gain or loss on the sale of assets; (o) write down of debt issuance costs and (p) to the extent set forth with reasonable particularity in connection with the establishment of performance goals, any other extraordinary events or occurrences identified by the Compensation Committee. The Committee may, in its sole discretion, decline to exclude any of the forgoing to the extent the exercise of such discretion reduces the number of shares subject to vesting as a result of the attainment of the performance goals.

We feel that many of the business criteria noted above are generally applicable to many businesses, but we realize that certain of the business criteria above are industry-specific standards which need further explanation. The ceiling test impairment charges refer to an accounting adjustment. Under the full cost method of accounting that we use, we are periodically required to perform a ceiling test, which determines a limit on the book value of our oil and natural gas properties. If the capitalized costs of our oil and natural gas properties exceeds the present value of future net revenues (as adjusted for certain items), the excess is charged to expense and reflected as additional accumulated depreciation, depletion and amortization; these charges are not recoverable or reversible in future periods. A loss on extinguishment of debt may occur where we write-off deferred financing costs related to certain loans or financial transactions or expenses related to early extinguishment of debt.

All determinations by the Plan Administrator as to the establishment, amount and achievement of performance goals will be made in writing; and the Plan Administrator may not delegate any responsibility relating to such Awards granted to Covered Employees under Section 162(m). The Plan Administrator will specify the circumstances under which Awards will be paid or forfeited if an Award holder is terminated before settlement.

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For a detailed description of the remaining terms of the Incentive Compensation Plan, please see Proposal 2 *Third Amendment to the W&T Offshore, Inc. Amended and Restated Incentive Compensation Plan.*

Required Vote

Approval of the adoption of the Administrative Amendment within the proposed third amendment to the Incentive Compensation Plan and the re-approval of the material terms of the Incentive Compensation Plan for purposes of Section 162(m) of the Code requires a majority of the votes be cast FOR the proposal. Unless marked to the contrary, proxies received will be voted FOR the approval of the amendment to the Incentive Compensation Plan and the approval of the material terms of the Incentive Compensation Plan.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS YOU VOTE FOR APPROVAL OF THE ADMINISTRATIVE AMENDMENT WITHIN THE THIRD AMENDMENT TO THE INCENTIVE COMPENSATION PLAN AND FOR ALL MATERIAL TERMS OF THE INCENTIVE COMPENSATION PLAN FOR PURPOSES OF SECTION 162(M) OF THE CODE.

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PROPOSAL 4

RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Audit Committee of the Board (the Audit Committee) appointed Ernst & Young LLP (EY), independent registered public accountants, to audit our consolidated financial statements as of and for the year ending December 31, 2016. We are advised that no member of EY has any direct or material indirect financial interest in our Company or, during the past three years, has had any connection with us in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

If the appointment is not ratified, the Audit Committee will consider the appointment of other independent registered public accountants. A representative of EY is expected to be present at the Annual Meeting, will be offered the opportunity to make a statement if the representative desires to do so and will be available to respond to appropriate questions.

Recommendation of the Board

THE BOARD RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE APPOINTMENT OF EY AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS.

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PROPOSAL 5

APPROVAL OF THE AMENDMENT TO THE COMPANY S CHARTER

TO EFFECT THE REVERSE STOCK SPLIT AND PROPORTIONALLY REDUCE

THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

Background and Proposed Amendment

Our Amended and Restated Articles of Incorporation, as amended (the Charter), currently authorizes the Company to issue a total of 138,330,000 shares of capital stock, consisting of 118,330,000 Common Stock, par value $0.00001 per share, and 20,000,000 shares of preferred stock, par value $0.00001 per share.

On March 8, 2016, the Board approved an amendment to our Charter to effect, at the discretion of our Board, (a) a reverse stock split (the Reverse Stock Split) that will reduce the number of shares of outstanding Common Stock in accordance with a ratio to be determined by the Board within a range of one share of Common Stock for every two (2) to fifteen (15) shares of Common Stock (or any number in between) currently outstanding, and (ii) a reduction of the number of authorized shares of Common Stock by a corresponding proportion.

Pursuant to the Texas Business Organizations Code, the amendment to our Charter to effect the Reverse Stock Split and proportional reduction of the number of authorized shares of Common Stock must be approved by our Board and submitted to the shareholders for approval. The affirmative vote of the holders of at least two-thirds of the outstanding shares of Common Stock entitled to vote at the Annual Meeting is required for the approval of this Proposal 5.

Our Board reserves the right not to effect the Reverse Stock Split and corresponding reduction of authorized Common Stock even if approved by the shareholders. By voting in favor of Proposal 5, you are also expressly authorizing our Board to determine not to proceed with the Reverse Stock Split and corresponding reduction of authorized Common Stock in its sole discretion.

If the Board elects to proceed with the Reverse Stock Split, the primary purpose will be to increase the per share market price of our Common Stock in order to maintain its listing on the NYSE. Our Board believes that, in addition to increasing the price of our Common Stock, the Reverse Stock Split will reduce certain of our costs, such as NYSE listing fees, and make our Common Stock more attractive to a broader range of institutional and other investors. The Reverse Stock Split is not intended as, and will not have the effect of, a going private transaction covered by Rule 13e-3 promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Other than the proposed decrease in the number of authorized shares of Common Stock, this amendment is not intended to modify the rights of existing shareholders in any material respect.

If the Reverse Stock Split Proposal is approved by our shareholders and is effected, at the Board s discretion, between every two (2) to fifteen (15) outstanding shares of Common Stock would be combined and reclassified into one share of Common Stock. Additionally, if the Reverse Stock Split Proposal is approved by our shareholders and is effected, the number of authorized shares of Common Stock would be proportionally reduced by the Reverse Stock Split ratio, resulting in a decrease from 118,330,000 authorized shares of Common Stock to between approximately 59,165,000 shares of Common Stock and 7,888,666 shares of Common Stock.

The actual timing for implementation of the Reverse Stock Split would be determined by the Board based upon its evaluation as to if and when such action would be most advantageous to the Company and its shareholders. Notwithstanding approval of the Reverse Stock Split Proposal by our shareholders, the Board will have the sole authority to elect whether or not and when to amend our Charter to effect the Reverse Stock Split and corresponding reduction of authorized Common Stock. If the Reverse Stock Split Proposal is approved by our shareholders, the Board will make a determination as to whether effecting the Reverse Stock Split is in the best interests of the Company and our shareholders in light of, among other things, the Company s ability to maintain

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the listing of the Common Stock on the NYSE without effecting the Reverse Stock Split, the per share price of the shares of Common Stock immediately prior to the Reverse Stock Split and the expected stability of the per share price of the Common Stock following the Reverse Stock Split. If the Board determines that it is in the best interests of the Company and its shareholders to effect the Reverse Stock Split, it will determine the final ratio of the Reverse Stock Split. For additional information concerning the factors the Board will consider in deciding whether to effect the Reverse Stock Split, see Determination of the Reverse Stock Split Ratio and Board Discretion to Effect the Reverse Stock Split.

The text of the proposed amendment to the Company s Charter to effect the Reverse Stock Split and corresponding reduction of authorized Common Stock is included as Appendix A to this proxy statement (the Reverse Stock Split Charter Amendment). If the Reverse Stock Split Proposal is approved by the Company s shareholders, the Company will have the authority to file the Reverse Stock Split Charter Amendment with the Secretary of State of the State of Texas, which will become effective upon its filing; provided, however, that the Reverse Stock Split Charter Amendment is subject to revision to include such changes as may be required by the office of the Secretary of State of the State of Texas and as the Board deems necessary and advisable. The Board has determined that the amendment is advisable and in the best interests of the Company and its shareholders and has submitted the amendments for consideration by our shareholders at the Annual Meeting.

Reasons for the Reverse Stock Split

Our Common Stock is currently listed on the NYSE under the symbol WTI. The NYSE imposes certain minimum requirements on us for the continued listing of our Common Stock. Under NYSE rules, a listed company is below compliance standards if the average closing price of one of its listed securities falls below $1.00 per share over a consecutive 30 trading day period. The per share closing price of our Common Stock has fallen as low as $1.23 during 2016. The closing price per share of our Common Stock has been volatile and has decreased significantly as the price of oil and gas has fallen.

We believe that delisting from the NYSE could adversely affect the liquidity, marketability and price of our Common Stock, as well as affect our ability to raise capital or pursue strategic restructuring, refinancing or other transactions on acceptable terms, or at all. Delisting from the NYSE could also have other negative results, including the potential loss of confidence by institutional investors. We believe that the NYSE provides a broader market for our Common Stock than would the alternatives, such as the OTC Bulletin Board or the pink sheets. We believe that the Reverse Stock Split will increase the trading price of our Common Stock to a level high enough to satisfy the NYSE average minimum closing price requirement for continued listing, and that the Reverse Stock Split would be the most effective means available to avoid the delisting of our Common Stock.

In addition, we believe that the Reverse Stock Split and the anticipated increase in the per share price of our Common Stock could encourage increased investor interest in our Common Stock and promote greater liquidity for our shareholders. A greater price per share of our Common Stock could allow a broader range of institutions to invest in our Common Stock (namely, funds that are prohibited or discouraged from buying stocks with a price below a certain threshold), potentially increasing marketability, trading volume and liquidity of our Common Stock. Many institutional investors view stocks trading at low prices as unduly speculative in nature and, as a result, avoid investing in such stocks. We believe that the Reverse Stock Split will provide the Board flexibility to make our Common Stock a more attractive investment for these institutional investors, which we believe will enhance the liquidity for the holders of our Common Stock and may facilitate future sales of our Common Stock. The Reverse Stock Split could also increase interest in our Common Stock for analysts and brokers who may otherwise have policies that discourage or prohibit them in following or recommending companies with low stock prices. Additionally, because brokers commissions on transactions in low-priced stocks generally represent a higher percentage of the stock price than commissions on higher-priced stocks, the current average price per share of our Common Stock can result in individual shareholders paying transaction costs representing a higher percentage of their total share value than would be the case if the share price were substantially higher.

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Risks Associated with the Reverse Stock Split

The Reverse Stock Split May Not Increase the Price of our Common Stock over the Long-Term. As noted above, the principal purpose of the Reverse Stock Split is to maintain the per share market price of our Common Stock above the $1.00 per share minimum average closing price requirement under the NYSE rules. However, the effect of the Reverse Stock Split upon the market price of our Common Stock cannot be predicted with any certainty and we cannot assure you that the Reverse Stock Split will accomplish this objective for any meaningful period of time, or at all. While we expect that the reduction in the number of outstanding shares of Common Stock will proportionally increase the market price of our Common Stock, we cannot assure you that the Reverse Stock Split will increase the market price of our Common Stock by a multiple of the Reverse Stock Split ratio, or result in any permanent or sustained increase in the market price of our Common Stock. The market price of our Common Stock may be affected by other factors which may be unrelated to the number of shares outstanding, including the Company s business and financial performance, general market conditions, and prospects for future success.

The Reverse Stock Split May Decrease the Liquidity of our Common Stock. The Board believes that the Reverse Stock Split may result in an increase in the market price of our Common Stock, which could lead to increased interest in our Common Stock and possibly promote greater liquidity for our shareholders. However, the Reverse Stock Split will also reduce the total number of outstanding shares of Common Stock, which may lead to reduced trading and a smaller number of market makers for our Common Stock, particularly if the price per share of our Common Stock does not increase as a result of the Reverse Stock Split.

The Reverse Stock Split May Result in Some Shareholders Owning Odd Lots That May Be More Difficult to Sell or Require Greater Transaction Costs per Share to Sell. If the Reverse Stock Split is implemented, it will increase the number of shareholders who own odd lots of less than 100 shares of Common Stock. A purchase or sale of less than 100 shares of Common Stock (an odd lot transaction) may result in incrementally higher trading costs through certain brokers, particularly full service brokers. Therefore, those shareholders who own less than 100 shares of Common Stock following the Reverse Stock Split may be required to pay higher transaction costs if they sell their Common Stock.

The Reverse Stock Split May Lead to a Decrease in our Overall Market Capitalization. The Reverse Stock Split may be viewed negatively by the market and, consequently, could lead to a decrease in our overall market capitalization. If the per share market price of our Common Stock does not increase in proportion to the Reverse Stock Split ratio, then the value of our Company, as measured by our market capitalization, will be reduced. Additionally, any reduction in our market capitalization may be magnified as a result of the smaller number of total shares of Common Stock outstanding following the Reverse Stock Split.

Effects of the Reverse Stock Split

Effects of the Reverse Stock Split on Issued and Outstanding Shares. If the Reverse Stock Split is effected, it will reduce the total number of issued and outstanding shares of Common Stock by a Reverse Stock Split ratio within a range of one share of Common Stock for every two (2) to fifteen (15) shares of Common Stock (or any number in between) currently outstanding. Accordingly, each of our shareholders will own fewer shares of Common Stock as a result of the Reverse Stock Split. However, the Reverse Stock Split will affect all shareholders uniformly and will not affect any shareholder s percentage ownership interest in the Company, except to the extent that the Reverse Stock Split would result in any shareholder receiving a fractional share of Common Stock. The Company does not intend to issue fractional shares of Common Stock in the event that a shareholder owns a number of shares of Common Stock that is not evenly divisible by the Reverse Stock Split ratio. If the Reverse Stock Split is effected, shareholders who would otherwise hold fractional shares of Common Stock (or Incentive Plan awards with an underlying fractional share of Common Stock) as a result of the Reverse Stock Split will be entitled to receive cash (without interest or deduction) in lieu of such fractional shares from our transfer agent, upon receipt by our transfer agent of a properly completed and duly executed transmittal letter

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and, where shares are held in certificated form, the surrender of all old stock certificate(s), in an amount equal to the proceeds attributable to the sale of such fractional shares following the aggregation and sale by our transfer agent of all fractional shares of Common Stock otherwise issuable. Therefore, voting rights and other rights and preferences of the holders of Common Stock will not be affected by the Reverse Stock Split (other than as a result of the treatment of fractional shares of Common Stock). Common Stock issued pursuant to the Reverse Stock Split will remain fully paid and nonassessable, and the par value per share of Common Stock will remain $0.00001.

As of the Record Date, the Company had approximately 76,506,489 shares of Common Stock outstanding. For purposes of illustration, if the Reverse Stock Split is effected at a ratio of one to two, the number of issued and outstanding shares of Common Stock after the Reverse Stock Split would be approximately 38,253,244.

Effects of the Reverse Stock Split on Outstanding Equity Awards. If the Reverse Stock Split is effected, the terms of equity awards under the W&T Offshore, Inc. Long-Term Incentive Compensation Plan and the W&T Offshore, Inc. Amended and Restated Long-Term Incentive Compensation Plan (the Incentive Plans), including the per share exercise price of options and the number of shares issuable under outstanding awards, will be proportionally adjusted to the number of shares available under the Incentive Plans and to maintain the approximate economic value of such awards. The Compensation Committee must approve such adjustments and its determination as to what adjustments shall be made and the extent thereof shall be final, binding, and conclusive on all Incentive Plan participants. In addition, the total number of shares of Common Stock that may be the subject of future grants under the Incentive Plans will be adjusted and proportionately decreased as a result of the Reverse Stock Split. As of the Record Date, the Company had 1,209,493 remaining shares of Common Stock authorized for issuance under the Incentive Plans. For purposes of illustration, if the Reverse Stock Split is effected at a ratio of one to two, the number of remaining shares of Common Stock authorized for issuance under the Incentive Plans after the Reverse Stock Split would be approximately 604,746 (without giving effect to any increase resulting from the approval of Proposal 2). Additionally, a pre-Reverse Stock Split unvested restricted stock unit representing the right to receive 10,000 shares of Common Stock upon vesting would be converted into a post-Reverse Stock Split restricted stock unit representing the right to receive 5,000 shares of Common Stock upon vesting.

Effects of the Reverse Stock Split on Voting Rights. Proportionate voting rights and other rights of the holders of shares of Common Stock would not be affected by the Reverse Stock Split (other than as a result of the treatment of fractional shares of Common Stock). For example, a holder of 1% of the voting power of the outstanding Common Stock immediately prior to the effective time of the Reverse Stock Split would continue to hold 1% of the voting power of the outstanding Common Stock after the Reverse Stock Split.

Effects of the Reverse Stock Split on Regulatory Matters. The Common Stock is currently registered under Section 12(b) of the Exchange Act and the Company is subject to the periodic reporting and other requirements of the Exchange Act. The Reverse Stock Split will not affect the registration of the Common Stock under the Exchange Act or the Company s obligation to publicly file financial and other information with the SEC. If the Reverse Stock Split is implemented, the Common Stock will continue to trade on the NYSE under the symbol WTI, subject to the Common Stock meeting the $1.00 minimum average closing price requirement of the NYSE and the Company maintaining compliance with the other listing requirements for its Common Stock on the NYSE.

Effects of the Authorized Share Reduction

If the Reverse Stock Split and the proportional reduction of the number of authorized shares of Common Stock are approved and effected, it will reduce the total number of shares of Common Stock that we are authorized to issue from 118,330,000 shares of Common Stock to between 59,165,000 and 7,888,666 shares of Common Stock. The decrease in the number of authorized shares of Common Stock would result in fewer shares authorized but unissued Common Stock being available for future issuance for various purposes, including

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raising capital or making acquisitions. However, we believe that if the Reverse Stock Split and the proportional reduction of the number of authorized shares of Common Stock are approved and effected, the amount of authorized but unissued shares of Common Stock will be sufficient for our future needs.

Treatment of Fractional Shares in the Reverse Stock Split

The Company does not intend to issue fractional shares of Common Stock in the event that a shareholder owns a number of shares of Common Stock that is not evenly divisible by the Reverse Stock Split ratio. If the Reverse Stock Split is effected, shareholders who would otherwise hold fractional shares of Common Stock (or Incentive Plan awards with an underlying fractional share of Common Stock) as a result of the Reverse Stock Split will be entitled to receive cash (without interest or deduction) in lieu of such fractional shares from our transfer agent, upon receipt by our transfer agent of a properly completed and duly executed transmittal letter and, where shares are held in certificated form, the surrender of all old stock certificate(s), in an amount equal to the proceeds attributable to the sale of such fractional shares following the aggregation and sale by our transfer agent of all fractional shares of Common Stock otherwise issuable.

Determination of the Reverse Stock Split Ratio

The Board believes that shareholder approval of a range of potential Reverse Stock Split ratios is in the best interests of our Company and shareholders because it is not possible to predict market conditions at the time the Reverse Stock Split would be implemented. We believe that a range of Reverse Stock Split ratios provides us with the most flexibility to achieve the desired results of the Reverse Stock Split. The Reverse Stock Split ratio to be selected by our Board will be within a range of one share of Common Stock for every two (2) to fifteen (15) shares of Common Stock (or any number in between) currently outstanding.

The selection of the specific Reverse Stock Split ratio will be based on several factors, including, among other things:

- the per share price of our Common Stock immediately prior to the Reverse Stock Split;
- the expected stability of the per share price of our Common Stock following the Reverse Stock Split;
- our ability to maintain the listing of our Common Stock on the NYSE;
- the likelihood that the Reverse Stock Split will result in increased marketability and liquidity of our Common Stock;
- prevailing market conditions;
- general economic conditions in our industry; and
- our market capitalization before and after the Reverse Stock Split.

We believe that granting our Board the authority to set the ratio for the Reverse Stock Split is essential because it allows us to take these factors into consideration and to react to changing market conditions. If the Board chooses to implement the Reverse Stock Split, the Company will make a public announcement regarding the determination of the Reverse Stock Split ratio.

Board Discretion to Effect the Reverse Stock Split

If the Reverse Stock Split Proposal is approved by our shareholders, the Reverse Stock Split will only be effected upon a determination by the Board, in its sole discretion, that filing the Charter amendment to effect the Reverse Stock Split is in the best interests of the Company and its shareholders. This determination by the Board will be based upon a variety of factors, including those discussed under Determination of the

Reverse Stock Split Ratio above. We expect that the primary focus of the Board in determining whether or not to file the Reverse Stock Split Amendment will be whether we can maintain the listing of our Common Stock on the NYSE without effecting the Reverse Stock Split.

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Effective Time of the Reverse Stock Split

If the Reverse Stock Split Proposal is approved by our shareholders, the Reverse Stock Split would become effective, if at all, when the Reverse Stock Split Amendment is accepted and recorded by the office of the Secretary of State of the State of Texas. However, notwithstanding approval of the Reverse Stock Split Proposal by our shareholders, the Board will have the sole authority to elect whether or not and when to amend our Charter to effect the Reverse Stock Split.

Exchange of Stock Certificates

If the Reverse Stock Split is effected, each certificate representing pre-Reverse Stock Split Common Stock will be deemed for all corporate purposes to evidence ownership of post-Reverse Stock Split Common Stock at the effective time of the Reverse Stock Split. As soon as practicable after the effective time of the Reverse Stock Split, the Transfer Agent will mail a letter of transmittal to the Company s shareholders containing instructions on how a shareholder should surrender its, his or her certificate(s) representing pre-Reverse Stock Split Common Stock to the Transfer Agent in exchange for certificate(s) representing post-Reverse Stock Split Common Stock. No certificate(s) representing post-Reverse Stock Split Common Stock will be issued to a shareholder, and no cash in lieu of a fractional share of Common Stock will be received, until such shareholder has surrendered all certificate(s) representing pre-Reverse Stock Split Common Stock, together with a properly completed and executed letter of transmittal, to the Transfer Agent. No shareholder will be required to pay a transfer or other fee to exchange its, his or her certificate(s) representing pre-Reverse Stock Split Common Stock for certificate(s) representing post-Reverse Stock Split Common Stock registered in the same name.

Shareholders who hold uncertificated shares of Common Stock electronically in book-entry form will have their holdings electronically adjusted by the Transfer Agent (and, for beneficial owners, by their brokers or banks that hold in street name for their benefit, as the case may be) to give effect to the Reverse Stock Split. If any certificate(s) or book-entry statement(s) representing pre-Reverse Stock Split Common Stock to be exchanged contain a restrictive legend or notation, as applicable, the certificate(s) or book-entry statement(s) representing post-Reverse Stock Split Common Stock will contain the same restrictive legend or notation.

Any shareholder whose share certificate(s) representing pre-Reverse Stock Split Common Stock has been lost, stolen or destroyed will only be issued post-Reverse Stock Split Common Stock after complying with the requirements that the Company and the Transfer Agent customarily apply in connection with lost, stolen or destroyed certificates.

SHAREHOLDERS SHOULD NOT DESTROY SHARE CERTIFICATES REPRESENTING PRE-REVERSE STOCK SPLIT COMMON STOCK AND SHOULD NOT SUBMIT ANY STOCK CERTIFICATES REPRESENTING PRE-REVERSE STOCK SPLIT COMMON STOCK UNTIL THEY ARE REQUESTED TO DO SO.

Accounting Treatment of the Reverse Stock Split

If the Reverse Stock Split is effected, the par value per share of our Common Stock will remain unchanged at $0.00001. Accordingly, on the effective date of the Reverse Stock Split, the stated capital on the Company s consolidated balance sheet attributable to our shares of Common Stock will be reduced in proportion to the size of the Reverse Stock Split ratio and the additional paid-in-capital account will be increased by the amount by which the stated capital is reduced. Our shareholders equity, in the aggregate, will remain unchanged. Per share net income or loss will be increased because there will be fewer shares of Common Stock outstanding. The Common Stock held in treasury will be reduced in proportion to the Reverse Stock Split Ratio. The Company does not anticipate that any other accounting consequences, including changes to the amount of stock-based compensation expense to be recognized in any period, will arise as a result of the Reverse Stock Split.

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Material U.S. Federal Income Tax Consequences of the Reverse Stock Split

The following discussion summarizes certain U.S. federal income tax consequences of the Reverse Stock Split to holders of our Common Stock. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated thereunder and judicial authority and administrative interpretations, all as of the date of this document, and all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. We cannot assure holders that the Internal Revenue Service, or IRS, will not challenge one or more of the tax consequences described in this discussion, and we have not obtained, nor do we intend to obtain a ruling from the IRS or an opinion of counsel with respect to the U.S. federal income tax consequences of the Reverse Stock Split of our Common Stock.

This discussion is limited to holders who hold pre-Reverse Stock Split shares of our Common Stock and will hold post-Reverse Stock Split shares of Common Stock as capital assets (generally, property held for investment). This discussion does not address any U.S. federal tax considerations other than U.S. federal income tax considerations (such as estate and gift tax considerations), the Medicare tax on net investment income or the tax considerations arising under the laws of any foreign, state, local or other jurisdiction or any income tax treaty. In addition, this discussion does not address all tax considerations that may be important to a particular holder in light of the holder s circumstances, or to certain categories of investors that may be subject to special rules, including, but not limited to:

- banks, insurance companies or other financial institutions;
- tax-exempt or governmental organizations;
- pension or other employee benefit plans;
- dealers in securities or foreign currencies or traders in securities that use the mark-to-market method of accounting for U.S. federal income tax purposes;
- persons subject to the alternative minimum tax;
- U.S. persons whose functional currency is not the U.S. dollar;
- former U.S. citizens or long-term residents of the United States;
- real estate investment trusts or regulated investment companies; and
- persons that hold pre-Reverse Stock Split shares of our Common Stock or will hold post-Reverse Stock Split shares of our Common Stock as part of a straddle, appreciated financial position, synthetic security, hedge, conversion transaction or other integrated investment or risk reduction transaction.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds pre-Reverse Stock Split shares of our Common Stock or will hold post-Reverse Stock Split shares of our Common Stock, the U.S. federal income tax treatment of a partner of the partnership generally will depend upon the status of the partner and the activities of the partnership and upon certain determinations made at the partner level. Partners in partnerships holding our Common Stock are urged to consult their own tax advisors about the U.S. federal income tax consequences of the Reverse Stock Split.

EACH HOLDER OF OUR COMMON STOCK IS URGED TO CONSULT ITS OWN TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT.

U.S. Holders

For purposes of this discussion, U.S. Holder means a beneficial owner of our Common Stock that, for U.S. federal income tax purposes, is or is treated as:

an individual citizen or resident of the United States;

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a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States any state thereof or the District of Columbia;

an estate whose income is subject to U.S. federal income tax regardless of its source; or

a trust (i) the administration of which is subject to the primary supervision of a U.S. court and that has one or more United States persons that have the authority to control all substantial decisions of the trust or (ii) that has made a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

The Reverse Stock Split should be treated as a recapitalization for U.S. federal income tax purposes. Therefore, except as described below with respect to cash received in lieu of a fractional share, no gain or loss will be recognized by a U.S. Holder upon the receipt of a reduced number of shares of our Common Stock as a result of the Reverse Stock Split. The U.S. Holder s aggregate tax basis in the post-Reverse Stock Split shares of Common Stock should equal the aggregate tax basis of the shares of Common Stock surrendered (excluding the portion of the tax basis that is allocable to any fractional share) and its holding period in the post-Reverse Stock Split shares of Common Stock should include the holding period for the shares of Common Stock surrendered. A U.S. Holder that holds shares of Common Stock with differing bases or holding periods should consult its tax advisor with regard to identifying the bases or holding periods of the particular shares of Common Stock received in the Reverse Stock Split.

A U.S. Holder that receives cash in lieu of a fractional share of Common Stock should recognize capital gain or loss equal to the difference between the amount of cash received and the portion of the U.S. Holder s tax basis in its Common Stock that is allocable to the fractional share.

U.S. Information Reporting and Backup Withholding Tax.

Information returns generally will be required to be filed with the IRS with respect to the receipt of cash in lieu of a fractional share of our Common Stock pursuant to the Reverse Stock Split unless the U.S. Holder is an exempt recipient and, if requested, certifies as to such status. U.S. Holders may be subject to backup withholding at the applicable rate on the payment of cash if they fail to provide their taxpayer identification numbers in the manner required or otherwise fail to comply with applicable backup withholding tax rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against a U.S. Holder s U.S. federal income tax liability, provided the required information is properly furnished to the IRS on a timely basis.

Non-U.S. Holders

For purposes of this discussion, a Non-U.S. Holder means a beneficial owner of shares of our Common Stock that is an individual, corporation, estate or trust that is not a U.S. Holder.

Subject to the discussion in the next paragraph, a Non-U.S. Holder that receives solely a reduced number of shares of our Common Stock as a result of the Reverse Stock Split generally will not recognize any gain or loss. A Non-U.S. Holder that receives cash in lieu of a fractional share pursuant to the Reverse Stock Split will not be subject to U.S. federal income tax on any gain recognized on the disposition of such fractional share unless (a) the gain is effectively connected with the conduct of a trade or business in the United States (and, if an income tax treaty applies, is attributable to a Non-U.S. Holder s permanent establishment in the United States) (b) with respect to a Non-U.S. Holder who is an individual, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year the Reverse Stock Split occurs and certain other conditions are met, or (c) our Common Stock constitutes a United States real property interest by reason of our status as a United States real property holding corporation (USRPHC) for U.S. federal income tax purposes.

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Generally, a U.S. corporation is a USRPHC if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We believe that we currently are a USRPHC and that our Common Stock should be treated as regularly traded on an established securities market (within the meaning of applicable Treasury regulations). Assuming our Common Stock is treated as regularly traded on an established securities market, only a non-U.S. holder that actually or constructively owns, or owned at any time during the shorter of the five-year period ending on the date of the Reverse Stock Split or the non-U.S. holder s holding period for the Common Stock, more than 5% of our Common Stock (a 5% shareholder) will be taxable on gain recognized on the receipt of cash in lieu of a fractional share. In addition, a Non-U.S. Holder that is a 5% shareholder will be required to satisfy certain IRS filing requirements in order to avoid recognizing taxable gain, if any, on the receipt of a reduced number of shares of our Common Stock pursuant to the Reverse Stock Split, notwithstanding the treatment of the Reverse Stock Split as a recapitalization.

Non-U.S. Holders that may be treated as 5% shareholders are strongly encouraged to consult their tax advisors regarding the tax consequences to them of the Reverse Stock Split, how to satisfy the applicable IRS filing requirements and the consequences to them of failing to satisfy those filing requirements.

U.S. Information Reporting and Backup Withholding Tax.

In general, information reporting and backup withholding will not apply to the payment of cash in lieu of a fractional share of our Common Stock to a Non-U.S. Holder pursuant to the Reverse Stock Split if the Non-U.S. Holder certifies under penalties of perjury that it is a Non-U.S. Holder (generally on IRS Form W-8BEN or IRS Form W-8BEN-E) and the applicable withholding agent does not have actual knowledge or reason to know to the contrary. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or allowed as a credit against the Non-U.S. Holder s U.S. federal income tax liability, if any, provided that certain required information is timely furnished to the IRS.

Vote Required

Pursuant to the Texas Business Organizations Code, approval of the Reverse Stock Split Proposal requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of Common Stock entitled to vote on the subject matter at the Annual Meeting.

Recommendation of the Board

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF AN AMENDMENT TO OUR CHARTER TO EFFECT, AT THE DISCRETION OF OUR BOARD, (A) A REVERSE STOCK SPLIT WITH RESPECT TO THE COMPANY S ISSUED AND OUTSTANDING SHARES OF COMMON STOCK, PAR VALUE $0.00001, THAT WILL REDUCE THE NUMBER OF SHARES OF OUTSTANDING COMMON STOCK IN ACCORDANCE WITH A RATIO TO BE DETERMINED BY THE BOARD WITHIN A RANGE OF ONE SHARE OF COMMON STOCK FOR EVERY TWO (2) TO FIFTEEN (15) SHARES OF COMMON STOCK (OR ANY NUMBER IN BETWEEN) CURRENTLY OUTSTANDING; AND (B) A REDUCTION OF THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK BY A CORRESPONDING PROPORTION.

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CORPORATE GOVERNANCE

Corporate Governance Guidelines; Code of Business Conduct and Ethics

A complete copy of the Company s corporate governance guidelines, which the Board reviews at least annually, is posted on the Company s website at *www.wtoffshore.com* and is available in print to any shareholder who requests it. The Board has adopted a Code of Business Conduct and Ethics that applies to all employees, officers and directors. A complete copy of the Code of Business Conduct and Ethics is posted on the Company s website at *www.wtoffshore.com* and is available in print to any shareholder who requests it. Because Tracy W. Krohn, the Company s Chairman and Chief Executive Officer, controls approximately 52.35% of the outstanding shares of Common Stock, the Company is a controlled company under NYSE Corporate Governance Rules. Accordingly, the Company is not required to maintain a (i) majority of independent directors on the Board, (ii) Nominating and Corporate Governance Committee composed entirely of independent directors or (iii) Compensation Committee composed entirely of independent directors. Notwithstanding these exemptions, all of the directors on the Board, besides Mr. Krohn, are independent. In addition, the Company requires that the Compensation Committee of the Board consist entirely of independent directors, as is more fully discussed under the heading Standing Committees of the Board below.

Independence

After reviewing the qualifications of our current directors and nominees, and any relationships they may have with the Company that might affect their independence, the Board has determined that each director and nominee, other than Mr. Krohn, is independent as that concept is defined by the NYSE s Listed Company Manual. In making the determinations of director independence, the Board considered the relationships described below.

Mr. Stanley serves as a trustee for the Krohn Children Trust No. 1 (the Children Trust), a trust which was set up by Mr. Krohn for the benefit of his children. Mr. Stanley earns $400 in annual compensation for serving as trustee of the Children Trust. The Children Trust does not currently hold any shares of W&T Common Stock. In addition, Mr. Stanley serves on the investment committee for the Tracy and Laurie Krohn Educational Trust of 2012 (the Educational Trust), a trust which was set up by Mr. Krohn for the benefit of his and his wife s grandchildren and other descendants. Mr. Stanley currently receives no compensation for serving on the investment committee of the Educational Trust and the Educational Trust does not currently hold any shares of W&T Common Stock.

Board Leadership Structure

Tracy W. Krohn serves as the Company s Chairman and Chief Executive Officer and controls approximately 52.35% of the outstanding shares of Common Stock. The Board believes its leadership structure is justified by the efficiencies of having the Chief Executive Officer also serve in the role of Chairman of the Board, as well as due to Mr. Krohn s role in founding the Company and his continued significant ownership interest in the Company.

Notwithstanding the Company s status as a controlled company under the NYSE s rules and the Company s ability to rely on certain exemptions discussed above in Corporate Governance Guidelines; Code of Business Conduct and Ethics, the Company complies with a number of the more strict NYSE governance standards, including having a majority of independent directors on the Board and having a Compensation Committee comprised solely of independent directors.

Standing Committees of the Board

The Board has three standing committees the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Audit Committee was established in accordance with

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the NYSE rules and regulations and meets the requirements of Section 3(a)(58)(A) of the Exchange Act. As discussed above, the Company is a controlled company within the meaning of the rules of the NYSE, and, accordingly, is not required to maintain an independent Compensation Committee or an independent Nominating and Corporate Governance Committee. The Company believes, however, that it is in its best interests to have the Compensation Committee consist entirely of independent directors. As such, the Company s Compensation Committee Charter adopted by the Board requires all members to be independent.

Audit Committee

Messrs. Nelson, Israe