OIL STATES INTERNATIONAL, INC
Form DEF 14A
March 22, 2019
Table of Contents

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 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

CHECK THE APPROPRIATE BOX:

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

Oil States International, 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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
1) Title of each class of securities to which transaction applies:
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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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Table of Contents

2019 PROXY STATEMENT

Notice of Annual Meeting of Stockholders
To be held May 7, 2019

Table of Contents

OIL STATES INTERNATIONAL, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 7, 2019

To the Stockholders of Oil States International, Inc.:

You are invited to our 2019 Annual Meeting of Stockholders of Oil States International, Inc., a Delaware corporation (the “Company”), which will be held at the Two Allen Center, 1200 Smith Street, 12th Floor (Forum Room), Houston, Texas, 77002, on the 7th day of May, 2019 at 9:00 a.m. central daylight time (the “Annual Meeting”), for the following purposes:

1. To elect the two (2) Class III members of the Board of Directors named in the Proxy Statement to serve until the 2022 Annual Meeting of Stockholders (Item 1 - see page 13);
2. To conduct an advisory vote to approve executive compensation (Item 2 - see page 32);
3. To ratify the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2019 (Item 3 - see page 56); and
4. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Board of Directors unanimously recommends that you vote FOR Items 1, 2 and 3.

The Company has fixed the close of business on March 13, 2019 as the record date for determining stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. It is important that your shares be represented and voted at the meeting. Please complete, sign and return a proxy card, or use the telephone or internet voting systems.

A copy of the Company's 2018 Annual Report on Form 10-K accompanies this Notice and Proxy Statement and is available on the website listed below.

By Order of the Board of Directors

Sincerely,
William E. Maxwell
Corporate Secretary
Houston, Texas
March 22, 2019

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 7, 2019: A COPY OF THIS PROXY STATEMENT, PROXY VOTING CARD AND THE COMPANY’S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2018 ARE AVAILABLE AT HTTP://WWW.IR.OILSTATESINTL.COM/PROXY-MATERIALS

TABLE OF CONTENTS

Table of Contents

PROXY SUMMARY

This summary provides only a brief outline of selected information contained elsewhere in this Proxy Statement and does not provide a full and complete discussion of the information you should consider. Before voting on the items to be presented at the 2019 Annual Meeting of Stockholders (the "Annual Meeting"), you should review the entire Proxy Statement carefully. References to "Oil States," "we," "us," "our" and the "Company" mean Oil States International, Inc. and its consolidated subsidiaries, unless the context otherwise indicates or requires. For more complete information regarding our 2018 performance, please review the Company's 2018 Annual Report on Form 10-K (the "Form 10-K").

The Company's 2018 Annual Report on Form 10-K is being provided to stockholders together with this Proxy Statement and form of proxy beginning on March 22, 2019.

2019 ANNUAL MEETING OF STOCKHOLDERS

Time and Date: Tuesday, May 7, 2019, 9:00 a.m. (Central Daylight Time)
Location: Two Allen Center, 1200 Smith Street, 12th Floor (Forum Room), Houston, Texas 77002
Record Date: March 13, 2019

Agenda and Voting Recommendations

Item	Description	Board Recommendation	Page
1	Election of Directors	**FOR** each nominee	13
2	Advisory Vote on Executive Compensation	**FOR**	32
3	Ratification of Appointment of Independent Registered Public Accounting Firm	**FOR**	56

Voting Methods

If you are a stockholder of record, you may vote using one of the following options. In all cases, please have your proxy card in hand and follow the instructions.

IN PERSON	BY MAIL	BY PHONE	BY INTERNET
Attend the annual meeting in Houston, Texas	Follow the instructions to mark, sign and date your proxy card	Use any touch-tone telephone to transmit your voting instructions **1-800-652-VOTE(8683)**	Use the internet to transmit your voting instructions **www.investorvote.com/OIS**

The telephone and internet voting deadline for the Annual Meeting is 10:59 p.m. central daylight time on May 6, 2019. If you are a beneficial holder (e.g., you hold your shares in street name), you should follow the instructions in the voting instruction form provided by your broker or bank in order to vote.

ITEM 1

To elect two (2) Class III members of the Board of Directors named in this Proxy Statement to serve until the 2022 Annual Meeting of Stockholders.

The term of the three current Class III directors will expire at the Annual Meeting. Stephen A. Wells, a current Class III director, is not standing for re-election and will retire when his term expires at the Annual Meeting. As further described beginning on page 13 of this Proxy Statement, the Board of Directors is currently comprised of nine members. The nine members are divided into three classes having four members in Class I, two members in Class II and three members in Class III. Each class is elected for a term of three years, so that the term of one class of directors expires at each Annual Meeting of Stockholders.

The Board of Directors recommends that stockholders vote FOR the election of each of the Class III director nominees named below.

Table of Contents

PROXY SUMMARY

The Oil States Board of Directors

Set forth below are the names of, and certain information with respect to, the Company's directors, including the two nominees for election to the Class III positions on the Board of Directors as of March 22, 2019.

Name and Principal Occupation	Age	Director Since	Independent	Other Current Public Company Boards	Committees: Audit	Committees: Compensation	Committees: Nominating & Corporate Governance
Class III Directors (Nominees to Serve Until 2022)							
Darrell E. Hollek Former Executive Vice President, Operations, Anadarko Petroleum Corporation	62	2018	Yes	None	Member		Member
Robert L. Potter Chairman, Oil States International, Inc. Former President, FMC Technologies, Inc.	68	2017	Yes	None		Chair	Member
Class III Director (Retiring at End of Term Expiring in 2019)							
Stephen A. Wells Former Chairman, Oil States International, Inc. President, Wells Resources, Inc.	75	1996	Yes	None		Member	Chair
Class I Directors (Term Expiring in 2020)							
Lawrence R. Dickerson Former Director, President and Chief Executive Officer, Diamond Offshore Drilling, Inc.	66	2014	Yes	Murphy Oil Corporation Chairman, Great Lakes Dredge & Dock Corporation		Member	
Christopher T. Seaver Former Chairman and Chief Executive Officer, Hydril Company	70	2008	Yes	Exterran Corporation Chairman, McCoy Global Inc.	Member		
Cindy B. Taylor President and Chief Executive Officer, Oil States International, Inc.	57	2007	No	AT&T Inc.			
E. Joseph Wright Former Vice President and Chief Operating Officer, Concho Resources, Inc.	59	2018	Yes	Concho Resources, Inc.		Member	Member
Class II Directors (Term Expiring in 2021)							
S. James Nelson, Jr. Former Vice Chairman, Cal Dive International, Inc. (now Helix Energy Solutions Group, Inc.)	76	2004	Yes	ION Geophysical Corp. W&T Offshore, Inc.	Member		
William T. Van Kleef Former Executive Vice President and Chief Operating Officer, Tesoro Corporation	67	2006	Yes	Noble Energy, Inc.	Chair		

Table of Contents

PROXY SUMMARY

Corporate Governance

Oil States has corporate governance policies and guidelines that the Board of Directors believes are consistent with Oil States' values, and that promote the effective functioning of the Board, its committees and the Company. The Corporate Governance section of this Proxy Statement beginning on page 22 describes our governance framework, which includes the following:

Board and Governance Information

Size of Board	9	Board Risk Assessment Oversight	Yes
Number of Independent Directors	8	Code of Conduct for Directors, Officers and Employees	Yes
Separate Chair and CEO	Yes	Incentive Compensation Clawback Policy	Yes
Board Meetings Held in 2018	6	Stock Ownership Guidelines for Directors and Executive Officers	Yes
Independent Directors Meet in Executive Session	Yes	Anti-Hedging and Pledging Policies	Yes
Annual Board and Committee Evaluations	Yes	Financial Code of Ethics for Senior Officers	Yes

ITEM 2

To conduct an advisory vote to approve executive compensation.

The Board of Directors believes Oil States' executive compensation program closely links executive compensation to the execution of our strategy and accomplishment of our goals that coincide with stockholder objectives. We recommend that you review our Compensation Discussion and Analysis beginning on page 32, which explains in greater detail our executive compensation programs. While the outcome of this proposal is non-binding, the Board of Directors and Compensation Committee will consider the outcome of the vote when making future compensation decisions.

The Board of Directors recommends a vote FOR the adoption, on an advisory basis, of the resolution approving the compensation of our Named Executive Officers.

Table of Contents

PROXY SUMMARY

Our Compensation Philosophy

The Company's philosophy regarding the executive compensation program for our Named Executive Officers (together referred to as the "NEOs") and other senior managers has been to design a compensation package that provides competitive base salary levels and compensation incentives that (i) attract and retain individuals of outstanding ability in these key positions, (ii) recognize corporate performance relative to established goals and the performance of the Company relative to the performance of other companies of comparable size, complexity and quality and against budget goals, and (iii) support both the short-term and long-term strategic goals of the Company. The Company's compensation programs are designed to provide compensation that:

In order to further its pay-for-performance goal, the Compensation Committee has determined it appropriate to deliver a significant portion of executive compensation as at risk compensation, including both short- and long-term incentives. The following charts depict elements of the target compensation for the CEO and collectively for the other NEOs of the Company.

Reported versus Realized Values of Executive Compensation

The Compensation Committee is committed to targeting reasonable and competitive compensation for the NEOs. Because a significant portion of the NEOs' compensation is at risk (85% to 80% as shown above), the target values established may vary substantially from the actual pay that may be realized, particularly given the highly cyclical nature of the energy services industry.

"Reported compensation" is the total compensation that is reported in the summary compensation table of our Proxy Statement. "Realized compensation" for any given year is calculated by adding together: actual base salary paid, total annual non-equity incentive plan compensation paid, the value of service-based and performance-based restricted stock awards that vested during the year, if any, based on the closing price of the Company's common stock on the day of vesting, the value of any stock options that were exercised in that year based on the actual price of the Company's common stock at the time of exercise as compared to the grant date exercise price of the option, and the actual value of all other compensation earned in the year.

Table of Contents

PROXY SUMMARY

The following table summarizes reported compensation values for our CEO and collectively for the other NEOs, as compared to realized values for the years ended December 31, 2017 and 2018 (in thousands):

(1) This table is intended to provide supplemental information for compensation that has been reported within the Summary Compensation Table. It is not intended to substitute or replace any amounts reported within the Summary Compensation Table.

(2) Realized non-equity incentive plan compensation for the Company's CEO was approximately $1.1 million in 2017 and $0.5 million in 2018.

(3) Realized non-equity incentive plan compensation for the Company's other NEOs was approximately $1.6 million in 2017 and $1.0 million in 2018.

ITEM 3

To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2019.

As further detailed beginning on page 56, our Board of Directors has ratified our Audit Committee's appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2019, and, as a matter of good governance, we are seeking stockholder ratification of that appointment.

The Board of Directors recommends that stockholders vote "FOR" the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2019.

Table of Contents

SUSTAINABILITY

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Committed to being a good corporate citizen

"At Oil States, we endeavor to conduct ourselves with the highest ethical standards and integrity. We view it as our duty to protect the health and safety of our employees, while minimizing any negative impact to the environment. We strive to be inclusive and look to support our local communities in order to provide leadership, leave positive and lasting impressions and establish a sustainable corporate position for the longer-term."

- Cindy B. Taylor, *Chief Executive Officer*

Environmental

Corporate Commitment

The Company's commitment to environmental matters is an integral part of our culture and business practices. It's our policy to ensure the integrity of our processes and facilities so that our operations are protective of the environment. We strive to prevent releases to the atmosphere, land and water and employ waste reduction and minimization practices wherever possible. The Company participates in recycling programs globally.

Our facilities and operations are regulated with reporting obligations to various bodies and our environmental footprint is less significant than most industry participants. The Company recognizes the importance of environmental stewardship and strives to eliminate and/or minimize environmental impacts through applying common best practices to reduce waste, air emissions and releases to the environment.

Energy consumption and conservation is constantly evaluated and monitored at our operations. Examples of our best practices include monitoring vehicle fuel efficiency, adopting mileage consolidation or reduction strategies, use of alternative fuels for better efficiency and less impact to the environment, and use of lower energy consumption technology.

The Company's commitment to the environment is continuously evaluated for improvement by:

- Setting internal goals consistent with the International Standards Organization ("ISO");
- Employee awareness and training for continual improvement of our environmental management practices;
- Compliance management with all applicable federal, state, municipal, and international environmental laws and regulations; and
- Monitoring and evaluation for continuous improvement of current best practices employed to reduce Company and customer environmental impacts.

Divisional Strategies

Our Offshore/Manufactured Products segment utilizes the U.S. Environmental Protection Agency's Lean and Environment Toolkit in its manufacturing processes. As a result, we have reduced the amount of waste produced in our manufacturing processes. To help lower energy consumption, fluorescent lighting is being phased out and replaced with LED lighting. Our Health, Safety and Environmental ("HSE") programs are being managed to meet the Global Sustainability Standards Board Global Reporting Initiative 403 2016 standard. Both our Asia and United Kingdom locations maintain ISO 14001 and OHSAS 18001 management system certifications. This business segment also uses a vehicle monitoring telemetry system in its entire fleet.

Our Well Site Services segment vehicle policy focuses on improving vehicle fuel economy by requiring all Company vehicles to be equipped with telemetry systems. Further, personal use of Company vehicles is prohibited. Our vehicle telemetry systems monitor driving behaviors (such as speeding and hard acceleration) and collects data from vehicle engine control modules by capturing preventive maintenance compliance, engine diagnostics codes, and tire pressure (if available).

Our fleet services provider combined with a state of the art vehicle telemetry system accurately captures miles driven, fuel usage and emissions from our Well Site Services' vehicle fleet.

Table of Contents

SUSTAINABILITY

Our Downhole Technologies segment has achieved three consecutive years with zero findings during the ISO 9001:2015 Surveillance Audit. The segment's United Kingdom operations maintains ISO 45001 management system certification.

Safety

Oil States is committed to business conduct that actively promotes and protects the health and safety of its employees, contractors, business partners, visitors and the communities where we work. Specifically, we are committed to the following:

- The setting of global targets for continuous HSE improvement;
- Employee participation through safety committees, behavior-based observations, and employee Stop Work Authority amongst other aspects of our safety management system; and
- Global compliance with the Company's HSE management system, internationally-recognized/certified management systems and all applicable national, state, local and international HSE laws and regulations.

We are transparent in our communications about our HSE commitment to employees, contractors, vendors, suppliers and customers. We continually solicit input in improving our programs. Employee participation is a vital element in our success. Where existing laws and regulations are not adequate to ensure protection of human health, safety, and the environment, the Company will establish or follow more rigorous internal policies and procedures.

Social

Our Global Workforce

At Oil States, we cultivate a culture that focuses on our core values which embrace diversity as a key business strategy. Our operations are global and demands a diverse workforce, which gives us a competitive advantage and allows us to better understand and communicate with a diverse population of constituents. Our strong focus on innovation necessitates an equally strong focus on diversity which we believe creates diverse teams that can arrive at better solutions to problems.

Table of Contents

SUSTAINABILITY

Workforce Training and Development

Employee training, career development and retention are key to the Company s success. We offer a wide range of development opportunities, both non-technical and technical. A range of courses and programs primarily focus on building the capabilities of the Company to apply and develop our defined competencies. As well as leadership development, we also include training on our Corporate Code of Business Conduct and Ethics Policy and Anti-Bribery Policy. Safety training is also a primary focus.

The Company is highly involved in supporting industry along with local and national civic and charitable organizations. We believe that by taking leadership roles and giving back to our communities, we help support the sustainability of our local economies and in turn help ensure the longevity of our businesses.

Governance

Over the last two years, our Board of Directors has experienced healthy refreshment with the addition of three new directors who were appointed in connection with the resignation of two long standing directors. We are heavily focused on board diversity and are actively pursuing qualified candidates to expand in this area.

Table of Contents

ITEM 1: ELECTION OF DIRECTORS

The Board of Directors is currently comprised of nine members. The nine members are divided into three classes having four members in Class I, two members in Class II and three members in Class III. Each class is elected for a term of three years, so that the term of one class of directors expires at each Annual Meeting of Stockholders.

The term of the three current Class III directors will expire at the Annual Meeting. The term of the Class I directors will expire at the 2020 Annual Meeting of Stockholders, and the term of the Class II directors will expire at the 2021 Annual Meeting of Stockholders.

NOMINEES

Two directors are to be elected to serve as Class III directors at the Annual Meeting. Based on the recommendation of our Nominating & Corporate Governance Committee, the Board of Directors has nominated Darrell E. Hollek and Robert L. Potter to fill two of the three expiring Class III positions on the Board of Directors, to hold office for three-year terms expiring at the Annual Meeting of Stockholders in 2022, or until their respective successors have been duly elected and qualified, or until their earlier death, resignation or removal. Stephen A. Wells, a current Class III director, is not standing for re-election and will retire when his term expires at the Annual Meeting. Each of the director nominees, Messrs. Hollek and Potter, presently serve as Class III directors. Stockholder nominations will not be accepted for filling Board of Directors seats at the Annual Meeting because our bylaws require advance notice for such a nomination, the time for which has passed. Our Board of Directors has determined that Messrs. Hollek and Potter are “independent” as that term is defined by the applicable New York Stock Exchange (the “NYSE”) listing standards. See “ Director Independence” below for a discussion of director independence determinations. The proxy (unless otherwise directed, revoked or suspended) will be voted FOR the election of the two nominees for director.

There are no family relationships among executive officers and/or the directors of the Company.

VOTE REQUIRED

A plurality of votes cast is required for the election of directors. Both abstentions and broker non-votes will not have any effect on the outcome of voting on director elections. If any nominee should be unable to serve as a director, the shares represented by proxies will be voted for the election of a substitute nominated by the Board of Directors to replace such nominee.

DIRECTOR RESIGNATION POLICY

Our Corporate Governance Guidelines provide that in an uncontested election, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” such election (a “Majority Withheld Vote”) shall promptly tender his or her resignation for consideration by the Nominating & Corporate Governance Committee following certification of the stockholder vote.

The Nominating & Corporate Governance Committee shall promptly consider the resignation offer and make a recommendation to the Board of Directors as to whether the resignation should be accepted. In making this recommendation, the Nominating & Corporate Governance Committee will consider all factors deemed relevant by its members including, without limitation: (1) the underlying reasons why stockholders may have “withheld” votes for election from such director, if known; (2) the length of service and qualifications of the director whose resignation has been tendered; (3) the director’s past and potential future contributions to the Company; (4) the current mix of skills and attributes of directors on the Board; (5) whether, by accepting the resignation, the Company will no longer be in compliance with any applicable law, rule, regulation, or governing instrument; and (6) whether accepting the resignation would be in the best interests of the Company and its stockholders.

Any director who changes his or her employer or otherwise has a significant change in job responsibilities shall give written notice to the Nominating & Corporate Governance Committee, specifying the details, as soon as feasible. Any director who changes his or her employer or otherwise has a significant change in job responsibilities shall also proffer his or her resignation to the Board. The Board of Directors, through the Nominating & Corporate Governance Committee, shall review the matter in order to evaluate the continued appropriateness of such director’s membership on the Board and each applicable Board committee under these circumstances, taking into account all relevant factors and may accept or reject a proffered resignation.

The Board of Directors recommends that stockholders vote "FOR" the election of each of the director nominees.

Table of Contents

ITEM 1
NOMINEES AND DIRECTORS CONTINUING IN OFFICE

Set forth below are the names of, and certain information with respect to, the Company s directors, including the two nominees for election to the Class III positions on the Board of Directors as of March 22, 2019.

Nominees for Election for a Term Expiring in 2022 (Class III Directors)

DARRELL E. HOLLEK
Age: 62
Director since: June 2018

Oil States Board Committees:
Audit (as of October 2018)
Nominating & Corporate Governance (as of October 2018)

Other Current Public Directorships:
None

Mr. Hollek served as Executive Vice President, Operations of Anadarko Petroleum Corporation (Anadarko), an independent oil and natural gas exploration and production company with operations onshore and offshore the United States, and internationally in Africa and South America until he retired in 2017. His responsibilities included U.S. onshore exploration, production and midstream activities along with Gulf of Mexico and international operations. During his 38-year career at Anadarko, Mr. Hollek held a number of senior leadership positions, including Executive Vice President, U.S. Onshore Exploration and Production, Senior Vice President, Deepwater Americas Operations and Vice President of Gulf of Mexico and Worldwide Deepwater Operations. Mr. Hollek holds a Bachelor of Science degree in Mechanical Engineering from Texas A&M University.

Attributes, Skills and Experience

Executive Leadership Energy/Oilfield Services
Financial Experience International Operations

Table of Contents

ITEM 1

ROBERT L. POTTER

Independent Chairman: As of August 2018

Age: 68
Director since: 2017

Oil States Board Committees:
Compensation (Chair)
Nominating & Corporate Governance

Other Current Public Directorships:
None
Former Public Directorships:
Tidewater, Inc. (2013 – 2017)

Mr. Potter served as President of FMC Technologies, Inc. ("FMC"), a global provider of technology solutions for the energy industry, from August 2012 until November 2013 when he retired. Mr. Potter joined FMC in 1973 after his graduation from Rice University with a degree in Commerce. He served in a number of sales management roles in North America and overseas (Middle East, Europe, and Africa). Subsequently, he held numerous operations management roles responsible for multiple manufacturing facilities throughout North and South America. In 2001, Mr. Potter was appointed as Vice President of Energy Processing and a corporate officer following FMC Technologies split from FMC Corporation. In this role, Mr. Potter was responsible for multiple global businesses focused on downstream energy applications. In 2007, he was appointed Senior Vice President of Energy Processing and Global Surface Wellhead and then in 2010 to Executive Vice President of Energy Systems where he was responsible for FMC's upstream and downstream portfolio. Mr. Potter is a former chairman of the board for the Petroleum Equipment & Services Association and a former member of the board of directors of the National Ocean Industries Association. He is a current member of the Council of Overseers for the Jones Graduate School of Business at Rice University.

Attributes, Skills and Experience

Executive Leadership Energy/Oilfield Services Outside Board Experience
Financial Experience International Operations

Retiring at end of Term Expiring in 2019 (Class III Director)

STEPHEN A. WELLS

Independent Chairman: May 2006 to February 2016

Age: 75
Director since: 1996

Oil States Board Committees:
Compensation
Nominating & Corporate Governance (Chair)

Other Current Public Directorships:
None

Mr. Wells is the President of Wells Resources, Inc., a privately-owned oil, natural gas and ranching company, and has served in that position since 1983. From October 1993 to February 1996, he was Chief Executive Officer and a director of Coastwide Energy Services, Inc., a Gulf Coast marine terminal operator and from March 1992 to September 1994, served as Chief Executive Officer and a director of Grasso Corporation, an oil and gas production management services company.

Attributes, Skills and Experience

Executive Leadership	Energy/Oilfield Services	Past CEO
Financial Experience	International Operations	Outside Board Experience

Table of Contents

ITEM 1

Directors Continuing in Office

Class I Directors (Term Expiring in 2020)

LAWRENCE R. DICKERSON

Age: 66
Director since: 2014

Oil States Board Committees:
Compensation

Other Current Public Directorships:
Murphy Oil Corporation
Great Lakes Dredge & Dock Corporation
Former Public Directorships:
Hercules Offshore, Inc. (2015 - 2016)

Mr. Dickerson retired in March 2014 as President and Chief Executive Officer of Diamond Offshore Drilling, Inc., an offshore drilling company. During his 34-year career at Diamond, Mr. Dickerson held a number of senior positions, including Chief Operating Officer and Chief Financial Officer. He holds a B.B.A. from the University of Texas.

Attributes, Skills and Experience

Executive Leadership	Energy/Oilfield Services	Past CEO
High Level of Financial Experience	International Operations	Past CFO
Outside Board Experience		

CHRISTOPHER T. SEAVER

Age: 70
Director since: 2008

Oil States Board Committees:
Audit

Other Current Public Directorships:
Exterran Corporation
McCoy Global Inc.
Former Public Directorships:
Exterran Holdings, Inc. (2008 2015)

Mr. Seaver served as the President and Chief Executive Officer and a director of Hydril Company (Hydril), an oil and gas services company specializing in pressure control equipment and premium connections for tubing and casing, from February 1997 until Hydril was acquired in May 2007, at which point he retired. Mr. Seaver served as Chairman of Hydril from November 2006 to May 2007. From 1993 until 1997, Mr. Seaver served as President of Hydril. Mr. Seaver joined Hydril in 1985 and served as Executive Vice President in charge of Hydril s premium connection and pressure control businesses prior to February 1993. Prior to joining Hydril, Mr. Seaver was a corporate and securities attorney for Paul, Hastings, Janofsky & Walker, and was a Foreign Service Officer in the U.S. Department of State with postings in Kinshasa, Republic of Congo and Bogota, Colombia. He holds a B.A. in economics from Yale University, and M.B.A. and J.D. degrees from Stanford University.

Attributes, Skills and Experience

Executive Leadership	Energy/Oilfield Services	Past CEO
High Level of Financial Experience	International Operations	Outside Board Experience

Table of Contents

ITEM 1

CINDY B. TAYLOR

Age: 57
Director since: 2007

Oil States Board Committees:
None

Other Current Public Directorships:
AT&T Inc.
Former Public Directorships:
Tidewater Inc. (2008 - 2017)

Mrs. Taylor is the Chief Executive Officer and President of Oil States and is a member of the Company s Board of Directors. She has held these positions for 11 years since assuming the role in May 2007. From May 2006 until May 2007, Mrs. Taylor served as President and Chief Operating Officer of Oil States and served as Senior Vice President Chief Financial Officer and Treasurer prior to that. From August 1999 to May 2000, Mrs. Taylor was the Chief Financial Officer of L.E. Simmons & Associates, Incorporated. Mrs. Taylor served as the Vice President Controller of Cliffs Drilling Company from July 1992 to August 1999 and held various management positions with Ernst & Young LLP, a public accounting firm, from January 1984 to July 1992. She received a B.B.A. in Accounting from Texas A&M University and is a Certified Public Accountant.

Attributes, Skills and Experience

Executive Leadership	Energy/Oilfield Services	Present CEO
High Level of Financial Experience	International Operations	Past CFO
Outside Board Experience		

E. JOSEPH WRIGHT

Age: 59
Director since: May 2018

Oil States Board Committees:
Compensation (as of October 2018)
Nominating & Corporate Governance
(as of October 2018)

Other Current Public Directorships:
Concho Resources, Inc.

Mr. Wright retired from Concho Resources Inc. (Concho), an independent exploration and production company engaged in the acquisition, development and exploration of oil and natural gas properties, in January 2019 where he most recently served as Executive Vice President and Chief Operating Officer. He has served as a director of Concho since 2017. Since joining Concho from its formation in 2004, Mr. Wright held a variety of leadership positions, including

Senior Vice President and Chief Operating Officer and Vice President of Engineering and Operations. As Executive Vice President and Chief Operating Officer, he oversees Concho s drilling and completion programs, as well as its government, regulatory affairs and human resources functions. Prior to Concho, Mr. Wright was Vice President of Operations and Engineering of Concho Oil & Gas Corp. from its formation in 2001 until its sale in 2004. From 1997 to 2001, he was Vice President of Operations of Concho Resources Inc., a predecessor company to Concho. Mr. Wright has also worked in several operations, engineering and capital markets positions at Mewbourne Oil Company. He holds a Bachelor of Science degree in Petroleum Engineering from Texas A&M University.

Attributes, Skills and Experience

Executive Leadership Energy/Oilfield Services
Financial Experience Outside Board Experience

Table of Contents

ITEM 1

Class II Directors (Term Expiring in 2021)

S. JAMES NELSON, JR.

Age: 76
Director since: 2004

Oil States Board Committees:
Audit

Other Current Public Directorships:
ION Geophysical Corp.
W&T Offshore, Inc.
Former Public Directorships:
Cal Dive International, Inc. (1990 – 2004)
Quintana Maritime Ltd. (2005 - 2008)
Genesis Energy LP (2010 - 2012)

Mr. Nelson retired, after 15 years of service, from Cal Dive International, Inc. (now known as Helix Energy Solutions Group, Inc., a marine contractor and operator of offshore production facilities, where he was a founding stockholder and director from 1990 to 2004, Chief Financial Officer from 1990 to 2000, and Vice Chairman from 2000 to 2004. From 1985 to 1988, Mr. Nelson was Senior Vice President and Chief Financial Officer of Diversified Energies, Inc. From 1980 to 1985, Mr. Nelson served as 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 L.L.P., where, from 1976 to 1980, he was a partner serving on the firm's worldwide oil and gas industry team. Mr. Nelson received a Bachelor of Science in Accounting from Holy Cross College and an M.B.A. from Harvard University. Mr. Nelson is a Certified Public Accountant.

Attributes, Skills and Experience

Executive Leadership	Energy/Oilfield Services	Past CFO
High Level of Financial Experience	International Operations	Outside Board Experience

WILLIAM T. VAN KLEEF

Age: 67
Director since: 2006

Oil States Board Committees:
Audit (Chair)

Other Current Public Directorships:
Noble Energy, Inc.

Mr. Van Kleef served in executive management positions at Tesoro Corporation, an independent petroleum refining, logistics, and marketing company, ("Tesoro") from 1993 until he retired in March 2005, most recently serving as Tesoro's Executive Vice President and Chief Operating Officer. During his tenure at Tesoro, Mr. Van Kleef held various positions, including President, Tesoro Refining and Marketing, and Executive Vice President and Chief Financial Officer. Before joining Tesoro, Mr. Van Kleef, a Certified Public Accountant, served in various financial and accounting positions with Damson Oil from 1982 to 1991 most recently as Senior Vice President and Chief Financial Officer.

Attributes, Skills and Experience

Executive Leadership	Energy/Oilfield Services	Past CFO
High Level of Financial Experience	International Operations	Outside Board Experience

Table of Contents

ITEM 1

Executive Officers

The following profiles provide the relevant experience, age and tenure with the Company as of March 22, 2019 of our Chief Financial Officer and other executive officers of the Company. Information with respect to our Chief Executive Officer is included herein.

LLOYD A. HAJDIK

Executive Vice President, Chief Financial Officer & Treasurer
Age: 53

Mr. Hajdik joined the Company in December 2013. He has served as our Executive Vice President, Chief Financial Officer and Treasurer since May 2016 and as our Senior Vice President, Chief Financial Officer and Treasurer from December 2013 to May 2016. Prior to joining the Company, he served as the Chief Financial Officer of GR Energy Services, LLC, a privately-held oilfield services entity, from September to November 2013. From February 2004 to April 2013, Mr. Hajdik served in various financial management roles with Helix Energy Solutions Group, Inc. (“Helix”), most recently as Senior Vice President – Finance and Chief Accounting Officer. Prior to joining Helix, Mr. Hajdik served in a variety of accounting and finance related roles of increasing responsibility with Houstonbased companies, including NL Industries, Inc., Compaq Computer Corporation (now Hewlett Packard), Halliburton Company, Cliffs Drilling Company and Shell Oil Company. Mr. Hajdik was with Ernst & Young LLP in the audit practice from 1989 to 1995. He graduated Cum Laude with a B.B.A. from Texas State University and is a Certified Public Accountant and a member of the Texas Society of CPAs, the American Institute of Certified Public Accountants and Financial Executives

International.

CHRISTOPHER E. CRAGG

Executive Vice President, Operations
Age: 57

Mr. Cragg joined the Company in February 2001 as Vice President – Tubular. He has served as Executive Vice President, Operations of the Company since May 2016 and as Senior Vice President of Operations from May 2006 to May 2016. Mr. Cragg was Executive Vice President—Chief Financial Officer of Sooner, Inc., a predecessor of our Company, from December 1999 to February 2001. Mr. Cragg also served as President of Sooner from October 2003 until May 2006. From April 1994 to June 1999, he was Vice President and Controller of Ocean Energy, Inc., an independent oil and gas exploration and production company, and its predecessor companies. Mr. Cragg served as Manager—Internal

Audit with Cooper Industries, a manufacturer of diversified products, from April 1993 to April 1994 and as a senior manager with Price Waterhouse, a public accounting firm, from August 1983 to April 1993. Since 2008, Mr. Cragg has served as a director of Powell Industries, Inc., a company that manufactures and services electrical energy systems, and serves on the audit and compensation committees and, beginning in February 2011, as Chairman of the compensation committee. Mr. Cragg was elected to the Board of Trustees of Southwestern University in June 2015. Mr. Cragg is past Chairman of the Petroleum Equipment & Services Association and currently serves as a director. He graduated Cum Laude with a B.B.A. degree from Southwestern University and is a Certified Public Accountant.

Table of Contents

ITEM 1

LIAS J. "JEFF" STEEN

Executive Vice President, Human Resources & Legal
Age: 60

Mr. Steen joined the Company in June 2008. He has served as Executive Vice President, Human Resources and Legal since May 2016 and as Senior Vice President, Human Resources and Legal from February 2011 to May 2016. From June 2008 to February 2011, Mr. Steen served as Vice President, Human Resources and Legal. A native of Cuero, Texas, Mr. Steen has been involved in the energy service business in various capacities since 1978, starting his career as a petroleum landman. Mr. Steen spent 10 years with Camco International, Inc. as Assistant General Counsel and General Counsel. Following his tenure at Camco, Mr. Steen served for five years as the General Counsel for North America for Schlumberger Limited, and, from December 2002 to April 2008, he served as Vice President of Legal and Human Resources at Grant Prideco. Mr. Steen is a graduate of Texas A&M University with a B.S. in Agricultural Economics and received his Juris Doctor from South Texas College of Law Houston.

PHILIP S. "SCOTT" MOSES

Executive Vice President, Offshore/Manufactured Products
Age: 51

Mr. Moses joined the Company in August 1996. He has served as Executive Vice President of the Company and President, Offshore/ Manufactured Products segment since May 2016 and as Senior

Vice President of the Company and President, Offshore/Manufactured Products from July 2015 to May 2016. From February 2013 to July 2015, Mr. Moses served as Senior Vice President, Offshore/ Manufactured Products having responsibility over all U.S. and international locations within that business segment. From February 2011 to February 2013, he served as Senior Vice President, Engineering and Industrial Products, Offshore Products. Since joining the company immediately after attending college, Mr. Moses has held various engineering, project management and senior leadership roles engaged in product design, improving operational efficiencies, directing worldwide facility expansion efforts, and growing the company through R&D initiatives as well as integrating several key acquisitions. Mr. Moses holds a B.S. in Mechanical Engineering from Texas A&M University.

ITEM 1

BRIAN E. TAYLOR
Vice President, Controller and Chief Accounting Officer
Age: 56

Mr. Taylor joined the Company as Vice President, Controller and Chief Accounting Officer in September 2016. Prior to joining the Company, Mr. Taylor managed personal family investments from January 2015 to September 2016. From April 2012 to December 2014, Mr. Taylor served as Vice President and Chief Financial Officer of Conn's, Inc., a specialty retailer. Mr. Taylor served as Finance Integration Manager for Schlumberger Limited from September 2010 to April 2012, following its acquisition of Smith International, Inc. From

September 1999 through August 2010, he served in various financial management roles with Smith International, Inc., including Corporate Vice President and Controller. Mr. Taylor also served two years at Camco International, Inc. (also acquired by Schlumberger Limited) as its Director of Corporate Accounting and Worldwide Controller. He began his career at Arthur Andersen L.L.P., spending 10 years in its assurance practice. Mr. Taylor is a Certified Public Accountant and obtained a B.S. in Accounting from Louisiana State University.

Table of Contents

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE GUIDELINES

The Company has adopted corporate governance guidelines entitled “Corporate Governance Guidelines,” which are available at www.oilstatesintl.com by first clicking “Corporate Governance” and then “Corporate Governance Guidelines.” These guidelines were adopted by the Board of Directors so that the Board of Directors has the necessary authority and practices in place to make decisions that are independent from management, that the Board of Directors adequately performs its function as the overseer of management and to help ensure that the interests of the Board of Directors and management are aligned with the interests of the Company’s stockholders.

SELECTING OUR DIRECTORS

Our director nomination process for new Board of Directors members is as follows:

- The Nominating & Corporate Governance Committee, the Chairman of the Board, or another member of the Board identifies a need to add a new Board member who meets specific criteria or to fill a vacancy on the Board of Directors.
- The Nominating & Corporate Governance Committee initiates a search by working with staff support, seeking input from members of the Board and senior management and hiring a search firm, if deemed necessary.
- The Nominating & Corporate Governance Committee considers recommendations for nominees for directorships submitted by stockholders.
- The initial slate of candidates that will satisfy specific criteria and otherwise qualify for membership on the Board of Directors is identified and presented to the Nominating & Corporate Governance Committee.
- The Chairman of the Board and at least one member of the Nominating & Corporate Governance Committee interview prospective candidate(s).
- The full Board of Directors is kept informed of progress.
- The Nominating & Corporate Governance Committee offers other directors the opportunity to interview the candidate(s) and then meets to consider and approve the final candidate(s).
- The Nominating & Corporate Governance Committee seeks the endorsement of the Board of Directors of the final candidate(s).

The final candidate(s) are nominated by the Board of Directors or appointed to fill a vacancy (including a vacancy that results from the Board of Directors expanding the size of the Board).

To submit an informal candidate recommendation to the Nominating & Corporate Governance Committee, a stockholder should send a written request, as discussed below, to the attention of the Company’s Secretary at Oil States International, Inc., Three Allen Center, 333 Clay Street, Suite 4620, Houston, Texas 77002. A stockholder may make a nomination for election to our Board of Directors for the 2020 Annual Meeting of Stockholders by delivering proper notice to our Secretary at least 120 days prior to the first anniversary date of the 2019 Annual Meeting as more fully described below under Nominating & Corporate Governance Committee.

QUALIFICATIONS OF DIRECTORS

When identifying director nominees, the Nominating & Corporate Governance Committee will consider the following:

- the person’s reputation and integrity;
- the person’s qualifications to serve as an independent, disinterested, and non-employee or outside director;
- the person’s skills and business, government or other professional experience and acumen, bearing in mind the composition of the Board of Directors and the current state of the Company and the oilfield services industry generally at the time of determination;
- the number of other public companies for which the person serves as a director and the availability of the person’s time and commitment to the Company; and

the person's knowledge of areas and businesses in which the Company operates.

The Nominating & Corporate Governance Committee and the Board of Directors believe the above mentioned attributes, along with the leadership skills and other experience of its Board of Directors described below, provide the Company with the perspectives and judgment necessary to guide the Company's strategies and monitor their execution.

Table of Contents

CORPORATE GOVERNANCE

The following table notes the breadth and variety of business experience that each of our directors bring to the Company.

	Executive Leadership	Financial	Energy/ Oilfield Services	International Operations	Past or Present CEO	Past or Present CFO	Outside Board Experience
Lawrence R. Dickerson							
Darrell E. Hollek							
S. James Nelson, Jr.							
Robert L. Potter							
Christopher T. Seaver							
Cindy B. Taylor							
William T. Van Kleef							
Stephen A. Wells							
E. Joseph Wright							

In selecting nominees for the Board of Directors, the Nominating & Corporate Governance Committee considers, among other things, the diversity of the Board of Directors in terms of educational background, business and industry experience, and knowledge of different geographic markets and oilfield services and products. While the Board of Directors does not have a formal diversity policy in place to nominate diverse individuals for director, the Nominating & Corporate Governance Committee sees this as a priority and considers educational background, business and industry experience, gender, ethnicity and knowledge of different geographic markets and oilfield services and products in their selection process. In the case of current directors being considered for renomination, the Nominating & Corporate Governance Committee took into account the director’s history of attendance at Board of Directors and committee meetings, the director’s service as a member of the Board of Directors and the director’s preparation for and participation in such meetings.

DIRECTOR INDEPENDENCE

To qualify as “independent” under the NYSE listing standards, a director must meet objective criteria set forth in the NYSE listing standards, and the Board of Directors must affirmatively determine that the director has no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us) that would interfere with his or her exercise of independent judgment in carrying out his or her responsibilities as a director.

The Board of Directors reviews all direct or indirect business relationships between each director (including his or her immediate family) and our Company, as well as each director’s relationships with charitable organizations, to assess director independence as defined in the listing standards of the NYSE. The NYSE listing standards include a series of objective tests, such as the director is not an employee of our Company and has not engaged in various types of business dealings with our Company. In addition, as further required by the NYSE, the Board of Directors has made a subjective determination as to each independent director that no material relationships exist which, as determined by the Board of Directors, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director. When assessing the materiality of a director’s relationship with us, the Board of Directors considers the issue not merely from the standpoint of the director, but also from the standpoint of the persons or organizations with which the director has an affiliation.

The Board of Directors has determined that Messrs. Potter, Dickerson, Hollek, Nelson, Seaver, Van Kleef, Wells and Wright qualify as “independent” in accordance with NYSE listing standards. Cindy Taylor, our President and Chief Executive Officer is the only non-independent director. Prior to his departure from the Board of Directors in February 2018, Gary L. Rosenthal was determined to be independent and prior to his departure from the Board of Directors in August 2018, Mark G. Papa was determined to be independent.

ROLE AND RESPONSIBILITIES OF THE BOARD

Board of Directors Oversight of Enterprise Risk

Risk oversight is a responsibility of the Board of Directors. The Board of Directors utilizes an Enterprise Risk Management (“ERM”) process to assist in fulfilling its oversight responsibilities. Management and all employees are responsible for day-to-day risk management, and each year management conducts a comprehensive risk assessment of Oil States’ business. The risk assessment process is global in nature and is focused on four main areas: strategic risks, both internal and external, compliance, information technology, and operations. Information relevant to this risk assessment is obtained through surveys and/or interviews of key executives, business segment leaders, and other managers. This ERM process is designed to identify and assess the Company's

Table of Contents

CORPORATE GOVERNANCE

primary risks in these areas, including the potential magnitude of the risk, likelihood of the risk occurring, and the speed with which the risk could impact the Company, as wells as to identify steps to mitigate and manage each risk. The results of the risk assessment are reviewed on an annual basis with the Board of Directors and are integral to the Board of Directors and its committees' deliberations.

The Board of Directors has delegated responsibility for monitoring certain enterprise risks to its standing committees. The Audit Committee monitors and assesses risks related to financial reporting and related compliance matters. The Nominating & Corporate Governance Committee is responsible for monitoring risks related to compliance, business ethics and conflicts of interest, and governance. The Compensation Committee is responsible for review and assessment of the Company's compensation structure to ensure correlation of executive pay and performance objectives, and to maintain alignment of interests between executive management and the Company's stockholders.

Executive & Director Stock Ownership and Retention Guidelines

We have executive and director stock ownership guidelines, designed to align executive and director interests with stockholder interests. For a description of the guidelines applicable to our executive officers and directors, see "Compensation Discussion and Analysis – Executive Stock Ownership Guidelines."

Anti-Hedging and Pledging Policies

Our directors and officers are prohibited from purchasing financial instruments designed to hedge or offset against a decrease in the market value of the Company's stock, holding Company stock in margin accounts, or pledging Company securities as collateral for loans. These prohibitions apply to executives and management personnel who are in charge of business segments, divisions or key functions (such as operations, sales, administration, finance or accounting), and any other officer performing policy-making functions.

Incentive Compensation Clawback Policy

The Company adopted an incentive compensation clawback policy effective January 1, 2017. The policy provides the Company with the ability, in appropriate circumstances, to seek restitution of any performance-based compensation received by an employee as a result of such employee's fraud or misconduct, resulting in a material misstatement contained in the Company's financial statements, which results in a restatement of these financial statements.

The Board's Role in Stockholder Engagement

Stockholders or other interested parties may send communications, directly and confidentially, to the Board of Directors, to any committee of the Board of Directors, to non-management directors or to any director in particular by sending an envelope marked "confidential" to such person or persons c/o Oil States International, Inc., Three Allen Center, 333 Clay Street, Suite 4620, Houston, Texas 77002. Any such correspondence will be forwarded by the Secretary of the Company to the addressee without review by management.

Corporate Code of Business Conduct and Ethics

All directors, officers and employees of the Company must act ethically at all times and in accordance with the policies comprising the Company's ethics policy entitled "Corporate Code of Business Conduct and Ethics" ("Business Conduct and Ethics Code"). This policy is available at the Company's web site www.oilstatesintl.com by first clicking "Corporate Governance" and then "Corporate Code of Business Conduct and Ethics."

Ethical principles set forth in this policy include, among other principles, matters such as:

- Acting ethically with honesty and integrity
- Avoiding conflicts of interest
- Complying with disclosure and reporting obligations with full, fair, accurate, timely and understandable disclosures
- Complying with applicable laws, rules and regulations
- Acting in good faith, responsibly with due care, competence and diligence
- Promoting honest and ethical behavior by others
- Respecting confidentiality of information
- Responsibly using and maintaining assets and resources

All of our employees with computer access are required to complete online training on a regular basis which includes a review of the Business Conduct and Ethics Code policy and an acknowledgement that the employee has read and understands the policy. The Company has a Compliance Committee composed of key employees that meet periodically to assess efforts and processes to ensure compliance with laws and regulations to which the Company is subject.

Table of Contents

CORPORATE GOVERNANCE

Financial Code of Ethics for Senior Officers

The Company's Financial Code of Ethics for Senior Officers applies to the Chief Executive Officer, Chief Financial Officer, principal accounting officer, and other senior accounting and financial officers ("Senior Officers"). Senior Officers must also comply with the Business Conduct and Ethics Code. Each of these policies are available for review on the Company's website at www.oilstatesintl.com.

Policies and Procedures with Respect to Related Person Transactions and Conflicts of Interest and Related Person and Party Disclosures

Related Person Transaction Policies and Procedures

Pursuant to our written policy, we review all relationships and transactions in which we and any Company director, executive officer or stockholder holding more than 5% of our common stock, or any immediate family member of any such person, is a participant to determine whether any such person has a direct or indirect material interest. Our Corporate Secretary's office is primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether we or a related person has a direct or indirect material interest in the transaction.

We annually distribute a questionnaire to our executive officers and members of our Board of Directors requesting certain information regarding, among other things, their immediate family members, employment and beneficial ownership interests. This information is then reviewed for materiality and for potential related person transactions.

Additionally, the charter of our Nominating & Corporate Governance Committee requires that the members of such committee assess the independence of the non-management directors at least annually, including a requirement that it determine whether or not any such directors have a material relationship with us, either directly or indirectly, as defined therein and as further described above under "Director Independence."

As required under the rules of the Securities and Exchange Commission (the "SEC"), transactions in which we are a participant and in which a related person has a direct or indirect material interest are disclosed in our Proxy Statement.

All material related person transactions must be reviewed, evaluated or ratified by the Audit Committee of our Board of Directors. Any member of the Audit Committee who is a related person with respect to a transaction is recused from the review of the transaction.

Conflict of Interest Policies and Procedures

Our Business Conduct and Ethics Code prohibits conflicts of interest. Under the Business Conduct and Ethics Code, conflicts of interest occur when private or family interests interfere in any way, or even appear to interfere, with the interests of our Company. Our prohibition on conflicts of interest under the Business Conduct and Ethics Code includes transactions where a member of a director's or an employee's family or household, receives improper personal benefits as a result of the director's or the employee's position in the Company. Any waivers of these guidelines must be approved by the Nominating & Corporate Governance Committee of the Board of Directors.

We have multiple processes for reporting conflicts of interests. Under the Business Conduct and Ethics Code, all employees are required to report any actual or apparent conflict of interest, or potential conflict of interest, to their supervisors, managers or other appropriate personnel. Any transaction involving a director or executive officer, or any immediate family member of any such person, must be reported in writing as part of their quarterly representation letter. This information is then reviewed by disinterested members of our Nominating & Corporate Governance Committee, Audit Committee, our Board of Directors or our independent registered public accounting firm, as deemed appropriate, and discussed with management. As part of this review, the following factors are generally considered:

- the nature of the person's interest in a transaction;
- the material terms of the transaction, including, without limitation, the amount and type of the transaction;
- the importance of the transaction to the person;

- the importance of the transaction to us;
- whether the transaction would impair the judgment of a director or executive officer to act in the best interest of our Company;
- whether the transaction might affect the status of a director as independent under the independence standards of the NYSE; and
- any other matters deemed appropriate with respect to the particular transaction.

To establish restrictions with regard to corporate participation in the political system as imposed by law, the following guidelines are contained in our Business Conduct and Ethics Code:

- No funds, assets, or services of the Company will be used for political contributions, directly or indirectly, unless allowed by applicable foreign and U.S. law and approved in advance by the Board of Directors. There have been no such approvals required in the Company's history.
- Company contributions to support or oppose public referenda or similar ballot issues are only permitted with advance approval of the Board of Directors. There have been no such approvals required in the Company's history.
- Employees, if eligible under applicable foreign and U.S. law, may make political contributions through legally established Company sponsored and approved political action committees. Any such personal contribution is not a deductible expense for federal or other applicable income tax purposes and is not eligible for reimbursement by the Company as a business expense. To the extent permitted by law, the Company's resources may be used to establish and administer a political action committee or separate segregated fund. All proposed activities shall be submitted for the review of, and approval by, the Board of Directors prior to their implementation. There have been no such approvals required in the Company's history.

Table of Contents

CORPORATE GOVERNANCE
Related Person and Party Disclosure

Ron Hickerson and John Mundy (the brother-in-law and stepfather, respectively, of Philip S. Moses, an Executive Vice President of the Company) were employed by a subsidiary of the Company as a General Manager and Group Director-Finance, respectively, during 2018 and continue to be employed by us. These individuals are employed on an "at will" basis and compensated on the same basis as our other employees of similar function, seniority and responsibility without regard to their relationship with Philip S. Moses. These two individuals, none of whom resides with, is supported financially by, or is a direct report of Philip S. Moses, received aggregate compensation for services rendered in the above capacities totaling $394,459 during 2018.

GEODynamics, Inc. historically leased certain land and facilities from David Wesson, the president and chief executive officer of GEODynamics, Inc. In connection with the acquisition of GEODynamics, Inc. on January 12, 2018, the Company assumed these leases. Rent expense related to these leases for the year ended December 31, 2018 totaled $330 thousand. The Company exercised its option to purchase the most significant leased facility and associated land for approximately $5.4 million in September 2018.

BOARD STRUCTURE AND PROCESSES

Board of Directors Leadership

Since the Company's initial public offering in 2001, the Chairman of the Board and Chief Executive Officer roles have been split with the Chairman of the Board role being filled by a non-executive member of the Board of Directors. We believe the separation of these two positions leads to a strong independent leadership structure.

Board and Committee Self-Evaluation

As required by our Corporate Governance Guidelines, our Board of Directors conducts an annual self-evaluation to determine whether it and its committees are functioning effectively. In accordance with its charter, the Nominating & Corporate Governance Committee oversees the annual evaluations, solicits comments from all directors and reports annually to the Board of Directors with an assessment of the performance of the Board and its committees. This assessment is then discussed by the full Board of Directors in executive session in its consideration of any appropriate action or response that might strengthen director communications and the overall effectiveness of the Board of Directors and committee meetings.

Executive Sessions of the Board

Our Corporate Governance Guidelines provide that our non-employee directors shall meet separately in executive session at least annually. The director who presides at these sessions is the Chairman of the Board, assuming such person is a non-management director. Otherwise, the presiding director will be chosen by a vote of the non-management directors. In addition to the executive sessions of our non-management directors, our independent directors (as defined in the applicable NYSE listing standards) are required to meet in executive session at least annually. In the past year, our independent directors met in executive session four times. After his election in August 2018 to Chairman of the Board, Mr. Potter, who is an independent director, presided at these sessions. From January 2018 until his resignation in August 2018, Mr. Papa, who was also considered an independent director, presided at these sessions.

CORPORATE GOVERNANCE

COMMITTEES

Board Composition

The Board of Directors has established three standing committees: the Audit Committee, the Compensation Committee and the Nominating & Corporate Governance Committee.

Below is a summary of our committee structure and membership information as of March 22, 2019.

	Audit Committee	Compensation Committee	Nominating & Corporate Governance Committee
Lawrence R. Dickerson		Member	
Darrell E. Hollek	Member		Member
S. James Nelson, Jr.	Member		
Robert L. Potter		Chair	Member
Christopher T. Seaver	Member		
William T. Van Kleef	Chair		
Stephen A. Wells		Member	Chair
E. Joseph Wright		Member	Member

Financial Expert

Audit Committee

Chairman
Mr. Van Kleef

Committee Members
Mr. Hollek
Mr. Nelson
Mr. Seaver

Meetings Held in 2018: 6

The Audit Committee operates under a written charter as amended and restated by the Board of Directors effective May 8, 2018. A copy of the charter is available on our website, www.oilstatesintl. com, by first clicking “Corporate Governance” and then proceeding to the Committee Charters section.

Primary Responsibilities and Additional Information

Meets separately with representatives of the Company’s independent registered public accounting firm, the Company’s internal audit personnel and with representatives of senior management.

Reviews the general scope of audit coverage.

Evaluates the independence, qualifications, performance and compensation of the independent registered public accounting firm.

Oversees matters relating to internal control systems and other matters related to accounting and reporting functions.

Monitors our compliance with legal and regulatory financial requirements, including our compliance with the applicable reporting requirements established by the SEC and the requirements of Audit Committees as established by the NYSE.

Oversees certain aspects of our Ethics and Compliance Program relating to financial matters, books and records and accounting and as required by applicable statutes, rules and regulations.

Reviews and evaluates related party transactions.

The Board of Directors has determined each member of the Audit Committee is independent as defined in Section 10A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and applicable NYSE listing standards. The Board of Directors has determined that all of the members of the Audit Committee are financially literate and have accounting or related financial management expertise, each as required by the applicable NYSE listing standard. The Board of Directors has also determined that Messrs. Van Kleef, Nelson and Seaver each qualify as an audit committee financial expert under the applicable rules of the Exchange Act.

Table of Contents

CORPORATE GOVERNANCE

Compensation Committee

Chairman
Mr. Potter

Committee Members
Mr. Dickerson
Mr. Wells (retiring)
Mr. Wright

Meetings Held in 2018: 4

The Compensation Committee operates under a written charter as amended and restated by the Board of Directors effective May 10, 2016. A copy of the charter is available on our website, www.oilstatesintl. com, by first clicking "Corporate Governance" and then proceeding to the Committee Charters section.

Primary Responsibilities and Additional Information

Administers the Equity Participation Plan and makes recommendations to the full Board of Directors concerning all option grants, stock awards and performance-based awards to employees, including Named Executive Officers.

Reviews and makes recommendations to the Board of Directors with respect to the compensation of the Company's Chief Executive Officer and its other Named Executive Officers.

Monitors compensation and employee benefit policies.

Oversees our disclosures relating to compensation plans, policies and programs, including overseeing the preparation of the Compensation Discussion and Analysis included in this proxy statement.

Acts to retain or terminate any compensation consultant to be used to assist the Compensation Committee in the discharge of its responsibilities.

The Compensation Committee may form or delegate some or all of its authority to any one of its members or subcommittees when it deems appropriate, whether or not such delegation is specifically contemplated under any plan or program. In particular, the Compensation Committee may delegate the approval of award grants and other transactions and other responsibilities regarding the administration of compensatory programs to a subcommittee consisting solely of members of the Compensation Committee who are (1) "Non-Employee Directors" for the purposes of Rule 16b-3, and/or (2) "outside directors" for the purposes of Section 162(m).

The Compensation Committee has delegated certain authority to our Chief Executive Officer for the approval of long-term incentive awards to non-officer employees.

Reviews and assesses the succession plan for the Chief Executive and other members of executive management and reviews such plan with the Board of Directors periodically, but does so on at least an annual basis.

Compensation Committee Interlocks and Insider Participation. During 2018, the Company's Compensation Committee consisted of Messrs. Potter, Dickerson, Papa (until his resignation from the Board), Rosenthal (until his resignation from the Board), Wells and Wright, each of whom is (or was) an independent, non-employee director. There were no compensation committee interlock relationships nor any insider participation in compensation arrangements for the year ended December 31, 2018.

The Board of Directors has determined each member of the Compensation Committee is independent as defined in Section 10A of the Exchange Act and applicable NYSE listing standards.

CORPORATE GOVERNANCE

Nominating & Corporate Governance Committee

Chairman
Mr. Wells (retiring)

Committee Members
Mr. Hollek
Mr. Potter
Mr. Wright

Meetings Held in 2018: 6

The Nominating & Corporate Governance Committee operates under a written charter as amended and restated by the Board of Directors effective May 10, 2016. A copy of the charter is available on our website, www.oilstatesintl. com, by first clicking "Corporate Governance" and then proceeding to the Committee Charters section.

Primary Responsibilities and Additional Information

Makes proposals to the Board of Directors for candidates to be nominated by the Board of Directors to fill vacancies or for new directorship positions, if any, which may be created from time to time.

Considers suggestions from any source, particularly from stockholders, regarding possible candidates for director.

Considers and reviews the following for director nominees: the person's reputation and integrity; the person's qualifications as an independent, disinterested, non-employee or outside director; the person's skills and business, government or other professional experience and acumen, bearing in mind the composition of the Board of Directors and the current state of the Company and the oilfield services industry generally at the time of determination; the number of other public companies for which the person serves as a director and the availability of the person's time and commitment to the Company; and the person's knowledge of a major geographical area in which the Company operates or another area of the Company's operational environment. The Nominating & Corporate Governance Committee shall also consider the diversity of the Board of Directors, including the optimal enhancement of the current mix of educational backgrounds, business industry experience and knowledge of different geographic markets and oilfield services and products.

Leads the Board of Directors in its annual review of the performance of the Board of Directors and its committees.

Develops, reviews and recommends to the Board of Directors any changes to our Corporate Governance Guidelines, By-Laws and other applicable governance policies.

The Board of Directors has determined each member of the Nominating & Corporate Governance Committee is independent as defined in Section 10A of the Exchange Act and applicable NYSE listing standards.

To Submit an Informal Candidate Recommendation

To submit a recommendation to the committee, a stockholder should send a written request to the attention of the Company's Secretary at Oil States International, Inc., Three Allen Center, 333 Clay Street, Suite 4620, Houston, Texas 77002. The written request must include the nominee's name, contact information, biographical information and qualifications, as well as the nominee's written consent to serve, if elected. The request must also meet the other specific requirements set forth in our bylaws, including providing information regarding the number of shares of common stock beneficially owned by the person or group making the request, the period of time such person or group has owned those shares and the nature of any arrangement or agreement between the stockholder making a nomination and other parties with respect to the nomination. The request must be received by the Company no later than the 120th day prior to the first anniversary of the preceding year's Annual Meeting, or January 8, 2020, for the 2020 Annual Meeting of Stockholders. These procedures do not preclude a stockholder from making nominations in accordance with the process described below under "Stockholder Proposals."

BOARD AND COMMITTEE MEETINGS; ATTENDANCE

Each of the directors attended at least 80% of the meetings of the Board of Directors and the committees of the Board of Directors on which they served in 2018.

While we understand that scheduling conflicts may arise, we expect directors to make reasonable efforts to attend the Annual Meeting of Stockholders and all meetings of the Board of Directors and the committees on which they serve. In 2018, each of the directors attended the Annual Meeting of Stockholders.

Table of Contents

CORPORATE GOVERNANCE
DIRECTOR COMPENSATION

During 2018, our non-employee directors received:

- an annual retainer of $50,000 plus $2,000 for attendance at each Board of Directors or committee meeting;
- an additional fee of $17,500 for the chair of the Audit Committee;
- an additional fee of $10,000 for the chair of the Compensation Committee;
- an additional fee of $10,000 for the chair of the Nominating & Corporate Governance Committee;
- an additional fee of $100,000 for the Chairman of the Board of Directors, which is paid quarterly, 50% in cash and 50% in fully vested shares of Company stock;
- an additional fee of $10,000 for members of the Audit Committee;
- an additional fee of $5,000 for members of the Compensation Committee;
- an additional fee of $5,000 for members of the Nominating & Corporate Governance Committee; and
- an additional restricted stock award grant valued at $125,000 at the time of grant (discussed below).

Director cash compensation is paid at the end of each quarter.

To align the non-employee directors' compensation with the financial interests of our stockholders, a significant portion of their compensation is paid in the form of restricted stock awards. Newly elected or appointed non-employee directors receive restricted stock awards of the Company's common stock valued at $125,000 after their initial election or appointment. Non-employee directors generally receive additional restricted stock awards of the Company's common stock valued at $125,000 at each annual meeting of stockholders after which they continue to serve. The non-employee directors' restricted stock awards are valued on the award date based on the closing stock price on that date and vest on the earlier of one year from the date of grant or the date of the next annual meeting of stockholders.

Directors will be fully vested in all granted restricted stock and all outstanding stock options in the event of the occurrence of a "Change of Control."

Non-employee directors are subject to the Company's stock ownership and retention guidelines pursuant to which they are expected to retain restricted stock award shares remaining, after payment of applicable taxes, valued at five times the annual board retainer amount until retirement or until leaving the Board of Directors. Directors are required to achieve their ownership guideline within five years from inclusion in the program and continue to maintain and hold the level of stock ownership as long as they are directors of the Company. All directors were in compliance with the ownership guidelines as of December 31, 2018.

Stock that counts toward satisfaction of the stock ownership and retention guidelines includes:

- Company shares owned outright (i.e. open market purchases) by the director or his or her immediate family members residing in the same household;
- Shares owned indirectly by the director (e.g., by a spouse or other immediate family member or a trust for the benefit of the director or his or her family), whether held individually or jointly; and
- Time-based restricted stock granted to the director under the Company's long-term stock incentive plans.

All of our directors are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of our Board of Directors or committees and for other reasonable expenses related to the performance of their duties as directors, including attendance at pertinent continuing education programs and training.

The Company maintains a nonqualified deferred compensation plan (the "Deferred Compensation Plan") that permits eligible employees and directors to elect to defer all or a part of their cash compensation (base and/or incentives) from the Company until the termination of their status as an employee or director or in the event of a change of control. Directors who elect to participate in the Deferred Compensation Plan do not receive any matching contributions. Additional details regarding the Deferred Compensation Plan are contained within the sections below titled "Deferred Compensation" and "Nonqualified Deferred Compensation."

Non-employee director compensation levels are reviewed by the Compensation Committee each year, and resulting recommendations are presented to the Board of Directors for approval.

The table below summarizes the compensation paid by the Company to non-employee directors for the fiscal year ended December 31, 2018.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (6)(7)	Total ($)
Lawrence R. Dickerson	75,000	125,013	200,013
Darrell E. Hollek (1)	39,287	124,985	164,272
S. James Nelson, Jr.	82,000	125,013	207,013
Mark G. Papa (2)	90,359	155,162	245,521
Robert L. Potter (3)	118,973	144,845	263,818
Gary L. Rosenthal (4)	10,067	—	10,067
Christopher T. Seaver	80,000	125,013	205,013
William T. Van Kleef	91,500	125,013	216,513
Stephen A. Wells	97,000	125,013	222,013
E. Joseph Wright (5)	38,270	124,997	163,267

(1) Mr. Hollek was appointed to the Board of Directors in June 2018 and as a member of the Audit Committee and Nominating & Corporate Governance Committee in October 2018. Accordingly, his compensation has been pro-rated.

Table of Contents

CORPORATE GOVERNANCE

(2) Mr. Papa resigned from the Board of Directors, Compensation Committee and Nominating & Corporate Governance Committee effective August 7, 2018. Accordingly, his compensation has been pro-rated. In connection with Mr. Papa's resignation, the Board of Directors approved the acceleration of Mr. Papa's 3,425 shares of common stock that were previously scheduled to vest on the day preceding the Annual Meeting.

(3) Mr. Potter was appointed as Mr. Papa's successor to the Chairman of the Board on August 7, 2018, and his compensation has also been pro-rated accordingly.

(4) Mr. Rosenthal resigned from the Board of Directors and the Compensation Committee effective February 6, 2018. Accordingly, his compensation has been pro-rated. In connection with Mr. Rosenthal's resignation, the Board of Directors approved the acceleration of Mr. Rosenthal's previously reported award of 4,318 shares of common stock that were previously scheduled to vest on the day preceding the Company's 2018 annual meeting of stockholders but it is not included since it was disclosed as of the grant date and previously included in the 2017 Director Compensation Table.

(5) Mr. Wright was appointed to the Board of Directors in May 2018 and as a member of the Compensation Committee and Nominating & Corporate Governance Committee in October 2018. Accordingly, his compensation has been pro-rated.

(6) The amounts in the "Stock Awards" column reflect the aggregate grant date fair value of restricted stock awards granted in 2018 calculated in accordance with FASB ASC Topic 718—Stock Compensation. Please see Note 11 to our consolidated financial statements included in our Form 10-K for information regarding the assumptions relied upon for this calculation. Pursuant to FASB ASC Topic 718—Stock Compensation, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts reflect our future accounting expense for these awards, and do not necessarily correspond to the actual value that will be realized by the directors.

(7) The grant date fair values of the restricted stock awards with respect to the year ended December 31, 2018 were as follows:

Name	Grant Date	Stock Awards #	Grant Date Fair Value ($)
Lawrence R. Dickerson	May 8, 2018	3,425	125,013
Darrell E. Hollek	June 7, 2018	3,571	124,985
S. James Nelson, Jr.	May 8, 2018	3,425	125,013
Mark. G. Papa	March 31, 2018(a)	477	12,497
	May 8, 2018	3,425	125,013
	June 30, 2018(a)	389	12,487
	August 7, 2018(a)	157	5,165
Robert L. Potter	May 8, 2018	3,425	125,013
	September 30, 2018(b)	221	7,337
	December 31, 2018(b)	875	12,495
Christopher T. Seaver	May 8, 2018	3,425	125,013
William T. Van Kleef	May 8, 2018	3,425	125,013
Stephen A. Wells	May 8, 2018	3,425	125,013
E. Joseph Wright	May 31, 2018	3,531	124,997

(a) Mr. Papa's stock award total includes $30,149 of the Company's stock issued as part of his fees as Chairman of the Board of Directors for 2018.

(b) Mr. Potter's stock award total includes $19,832 of the Company's stock issued as part of his fees as Chairman of the Board of Directors for 2018.

As of December 31, 2018, the aggregate number of unvested restricted stock awards held by non-employee directors were as follows:

Name	Stock Awards #
Lawrence R. Dickerson	3,425
Darrell E. Hollek	3,571
S. James Nelson, Jr.	3,425
Robert L. Potter	3,425
Christopher T. Seaver	3,425
William T. Van Kleef	3,425
Stephen A. Wells	3,425
E. Joseph Wright	3,531

Table of Contents

ITEM 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Company is asking that you vote for approval of the compensation of our Named Executive Officers as disclosed in this Proxy Statement.

Section 14A of the Exchange Act requires us to provide an advisory stockholder vote, at least every three years, to approve the compensation of our Named Executive Officers, as such compensation is disclosed pursuant to the disclosure rules of the SEC. The Company currently provides stockholders with this opportunity annually, and plans to continue to do so. Accordingly, we are providing our stockholders with the opportunity to cast an advisory vote on the compensation of our Named Executive Officers as disclosed in this Proxy Statement, including under "Compensation Discussion and Analysis." The last advisory stockholder vote on frequency was submitted at the Company's 2018 Annual Meeting, and the advisory stockholder vote on frequency is required to be submitted to stockholders every three years.

As discussed in greater detail in the "Compensation Discussion and Analysis," the Company's executive compensation programs are designed to:

- Attract, motivate, reward and retain key employees and executive talent required to achieve corporate strategic plans;
- Reinforce the relationship between strong individual performance of executives and business results;
- Align the interests of executives with the long-term interests of stockholders; and
- Provide a compensation program that neither promotes overly conservative actions or excessive risk taking.

Our compensation program is designed to reward executives for long-term strategic management and the enhancement of stockholder value. The Compensation Committee believes this approach closely links the compensation of the Company's executives to the execution of the Company's strategy and the accomplishment of Company goals that coincide with stockholder objectives.

For the reasons expressed above, the Compensation Committee and the Board of Directors believe that these policies and practices are aligned with the interests of our stockholders and reward our executives for their performance.

We are therefore requesting your non-binding vote on the following resolution:

"RESOLVED, that the compensation paid to the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED."

Vote Required

Approval requires the affirmative vote of holders of a majority of the shares present and entitled to vote at the Annual Meeting. For purposes of the advisory vote on executive compensation, broker non-votes are not counted as votes with respect to the proposal and, therefore, will not affect the outcome of the vote on this proposal, and abstentions will have the same effect as a vote against the proposal.

The Board of Directors recommends a vote "FOR" the adoption, on an advisory basis, of the resolution approving the compensation of our Named Executive Officers.

Note: The Company is providing this advisory vote as required pursuant to Section 14A of the Exchange Act (15 U.S.C. 78n-1). The stockholder vote will not be binding on the Company, the Board of Directors or the Compensation Committee, and it will not be construed as overruling any decision by the Company, the Board of Directors or the Compensation Committee or creating or implying any change to, or additional, fiduciary duties for the Company, the Board of Directors or the Compensation Committee. Nevertheless, the Compensation Committee will consider the outcome of the vote when evaluating the Company's compensation practices.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides information about the compensation objectives and policies for our principal executive officer, our principal financial officer, and our three other most highly compensated executive officers (collectively our "Named Executive Officers") during the last completed fiscal year, and is intended to place in perspective the information contained in the executive compensation tables that follow this discussion. Throughout this discussion, the following individuals are referred to as our Named Executive Officers and are included in the Summary Compensation Table which follows:

- Cindy B. Taylor—President & Chief Executive Officer
- Lloyd A. Hajdik—Executive Vice President, Chief Financial Officer & Treasurer
- Christopher E. Cragg—Executive Vice President, Operations
- Lias J. "Jeff" Steen—Executive Vice President, Human Resources & Legal
- Philip S. "Scott" Moses—Executive Vice President, Offshore / Manufactured Products

The Compensation Committee of the Board of Directors provides overall guidance to the Company's executive compensation program and administers incentive compensation plans.

The executive compensation program includes three primary elements which are largely performance oriented and, taken together, constitute a balanced method of establishing total compensation for the Company's executive officers. The three major elements consist of a) base salary, b) annual incentive compensation, and c) long-term incentive awards.

Executive Total Compensation Philosophy

The Company's philosophy regarding the executive compensation program for our Named Executive Officers and other senior managers has been to design a compensation package that provides competitive base salary levels and compensation incentives that (i) attract and retain individuals of outstanding ability in these key positions, (ii) recognize corporate performance relative to established goals and the performance of the Company relative to the performance of other companies of comparable size, complexity and quality and against budget goals and (iii) support both the short-term and long-term strategic goals of the Company. The Compensation Committee believes this approach closely links the compensation of the Company's executives to the execution of the Company's strategy and the accomplishment of Company goals that coincide with stockholder objectives.

Compensation Program Objectives

- Attract, motivate, reward and retain key employees and executive talent required to achieve corporate strategic plans;
- Reinforce the relationship between strong individual performance of executives and business results;
- Align the interests of executives with the long-term interests of stockholders; and
- Design a compensation program that neither promotes overly conservative actions or excessive risk taking.

The compensation program is designed to reward executives for long-term strategic management and the enhancement of stockholder value.

2018 Advisory Vote on Executive Compensation

In 2018, a majority of stockholders expressed their preference for an advisory vote on executive compensation occurring every year, and we have implemented their recommendation.

At our 2018 Annual Meeting of Stockholders, our stockholders expressed their continued support for the compensation program for our Named Executive Officers by approving the non-binding advisory vote on our executive compensation. A total of 97% of the votes cast supported our executive compensation policies and practices for our Named Executive Officers during 2018. In reviewing our executive compensation program, our Compensation Committee considered the results of last year's advisory vote on executive compensation and the support expressed by stockholders in their overall assessment of our programs. Our Compensation Committee elected to apply similar principles in determining the types and amounts of compensation to be paid to our Named Executive Officers.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Alignment with Stockholders

The energy industry as a whole has experienced extreme cyclicality over the past five years due to volatility in underlying commodity prices, particularly that of crude oil. Marginal changes in the supply of and demand for those commodities can have a significant impact on the prices received. Technology advances in the U.S. onshore shale plays have disrupted global commodity markets with approximately 60% of recent global crude oil production growth coming from U.S. shale play resources. Material crude oil production increases have had a damaging impact on commodity prices. As customers receive lower prices for the sales of their commodities, customer capital investments decline materially putting downward pressure on energy service company financial results.

Given this backdrop, our financial results and our returns to stockholders have suffered over the past three years. Total realized compensation as compared to total reported compensation of our Named Executive Officers has also declined significantly over this period.

Our Compensation Committee is very sensitive to market conditions and stockholder returns. However, the Compensation Committee also strives to balance the need to retain qualified executives in an industry that is performing at low levels relative to other industries so that stockholder returns can be maximized over the longer term.

Compensation Comparisons Relative to Market

The Compensation Committee establishes executive compensation primarily based on a review of the executive's performance and compensation history and takes into account corporate performance and stockholder returns. In the exercise of its duties, the Compensation Committee periodically evaluates the Company's executive compensation against that of comparable companies; however, the Compensation Committee does not set percentile goals against comparison data for purposes of determining executive compensation levels. The Compensation Committee considers the market to consist of both the oilfield services industry and geographic markets in which the Company competes for executive talent. Compensation data is periodically obtained for a selected peer group approved by the Compensation Committee (the "peer group") as well as for industry companies of comparable size and business complexity. For the 2018 compensation analysis, the Company used the following peer group companies (which is the same as the peer group the Company used for 2017 compensation analysis):

Archrock, Inc.;
Bristow Group, Inc.;
Carbo Ceramics, Inc.;
Core Laboratories N.V.;
Dril-Quip, Inc.;
Forum Energy Technologies, Inc.;
Frank's International N.V.;
Helix Energy Solutions Group, Inc.;
Helmerich & Payne, Inc.;
Key Energy Services, Inc.;
McDermott International, Inc.;
Oceaneering International, Inc.;
Patterson-UTI Energy Inc.;
RPC, Inc.;
Superior Energy Services, Inc.; and
Tidewater, Inc.

In selecting comparison companies, the Compensation Committee considered various factors including each company's participation in the energy services sector as well as market capitalization, annual revenues, business complexity, profitability, returns on equity and assets, the number of divisions/segments, countries in which they operate and total number of employees. The selected peer companies change from time to time to ensure their continued appropriateness for comparative purposes.

The Compensation Committee reviews the compensation programs for comparable positions at similar corporations with which the Company competes for executive talent, and also considers relative internal equity within its executive pay structure. This approach allows the Compensation Committee to respond to changing business conditions and to manage salaries and incentives more evenly over an individual’s career.

In evaluating the peer group and other comparison data for compensation purposes, the Compensation Committee neither bases its decisions on quantitative relative weights of various factors, nor follows mathematical formulas. Rather, the Compensation Committee exercises judgment after considering the factors it deems relevant.

COMPENSATION DISCUSSION AND ANALYSIS

In October 2018, the Compensation Committee engaged Meridian Compensation Partners (the Consultant) to assess the reasonableness of the peer group of companies used for comparison purposes. In the review conducted for the Compensation Committee in 2018, the Consultant recommended a list of 13 publicly traded companies as the peer group for comparison purposes (collectively, the 2019 Peer Group). The 2019 Peer Group is comprised of 10 of the 16 companies utilized as the peer group in 2018, reflecting the removal of Bristow Group, Inc., Carbo Ceramics, Inc., McDermott International, Inc., Patterson-UTI Energy Inc., and Tidewater, Inc. due to comparability issues, and the addition of Exterran Corporation and Newpark Resources, Inc. The Consultant identified the 25th, 50th and 75th percentiles for base salary and annual incentive cash compensation and long-term incentive compensation at target values and, individually and in the aggregate, for the comparable position and pay of each of the Named Executive Officers, information disclosed in relevant filings with the SEC by the companies comprising the 2019 Peer Group. The Consultant provided this and other information to the Compensation Committee at the Compensation Committee s regularly scheduled meetings in the fourth quarter of 2018. In December 2018, the Compensation Committee approved the following changes to the Company s peer group for 2019 compensation planning purposes.

Compensation Practices as They Relate to Risk Management

Our compensation policies and practices are designed to provide rewards for short-term and long-term performance, both on an individual basis and at the entity level. In general, optimal financial and operational performance, particularly in a competitive business, requires some degree of risk-taking. Our compensation strategies are designed to encourage company growth and appropriate risk taking but not to encourage excessive risk taking. We also attempt to design the compensation program for our larger general employee population so that it does not inappropriately incentivize our employees to take unnecessary risks in their day to day activities. We recognize, however, that there are trade-offs and that it can be difficult in specific situations to maintain the appropriate balance. As such, we continue to evaluate our programs with a goal of preventing them from becoming materially imbalanced one way or the other.

Our compensation arrangements contain certain design elements that are intended to minimize the incentive for taking unwarranted risk to achieve short-term, unsustainable results. Those elements include a maximum amount that can be earned under the annual incentive cash compensation and performance-based stock and cash award programs.

In combination with our risk management practices, we do not believe that risks arising from our compensation policies and practices for our employees, including our Named Executive Officers, are reasonably likely to have a material adverse effect on us.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Elements of Compensation

In order to further its pay-for-performance goal, the Compensation Committee has determined it appropriate to deliver a significant portion of executive compensation in the form of equity based compensation with a large portion of compensation that was at risk and tied to corporate performance. The following charts depict elements of the target compensation for the CEO and, collectively, for the other NEOs of the Company during 2018. Approximately 85 percent of the compensation delivered to our CEO and 80 percent delivered to our other NEOs was at risk, demonstrating management s alignment with stockholder objectives.

When designing these incentives, the Compensation Committee employs selected performance metrics to ensure a strong link between executive compensation and performance. Metrics such as EBITDA, return on invested capital and relative stock price performance have been used in the past to align compensation to Company performance.

As shown in the target compensation mix charts above for 2018, base salaries were 15% of the target compensation mix for the CEO and an average of 20% for our other Named Executive Officers. Short-term cash incentives represented 16% of the target compensation mix for the CEO and the average for our other Named Executive Officers was 15%, while long-term equity and performance-based incentives were 69% and 65%, respectively. In terms of 2018 grant date fair value awarded under our long-term incentive program, 33% was awarded in the form of performance-based awards and 67% was awarded in the form of restricted stock awards to our CEO and our other Named Executive Officers (see page 46) with the exception of Mr. Steen, who received 100% restricted stock awards.

Base Salary was frozen from February 2014 to February 2018 for the CEO in response to the broad energy downturn that began in the second half of 2014.

No performance-based stock was earned for the three-year period ended December 31, 2017 (awards granted in 2015) as the level of after-tax return on capital (ROIC) achieved was below threshold due to severe energy industry downturn. The performance-based awards for the three-year performance period ended December 31, 2018 (awards granted in 2016) which was based on relative total stockholder return (TSR) achieved 125% of the target level.

An explanation of the individual pay elements of our executive officer compensation program and the impact of performance on each element is summarized below. We believe that the greatest pay opportunities should exist for executives who demonstrate high levels of performance over a sustained period of time.

Reported versus Realized Values of Executive Compensation

The Compensation Committee is committed to targeting reasonable and competitive compensation for the NEOs. Because a significant portion of the NEOs compensation is at risk (85% to 80% for 2018 as shown above), the target values established may vary substantially from the actual pay that may be realized.

Reported compensation is the total compensation that is reported in the summary compensation table of our Proxy Statement. Realized compensation for any given year is calculated by adding together: actual base salary paid, total annual non-equity incentive plan compensation paid, the value of service-based and performance-based restricted stock awards that vested during the year based on the closing price of the Company s common stock on the day of vesting, the value of any stock options that were exercised in that year based on the actual price of the Company s common stock at the time of exercise, if any, as compare"right">5.38% 07/01/38 2,000 2,282,780

Series 2011 A, Power System RB(d)

5.00% 07/01/22 9,200 11,197,596

Series 2011 A, Water System RB

5.25% 07/01/39 2,000 2,264,720

Series 2012 A, Water System RB(d)

5.00%	07/01/43	5,250	5,981,850

Series 2013 B, Waterworks RB

5.00%	07/01/27	3,000	3,600,420

Subseries 2006 A-1, Water System RB (INS AMBAC)[b]

5.00%	07/01/36	1,000	1,055,420

Subseries 2007 A-1, Power System RB (INS AMBAC)[b]

5.00%	07/01/39	1,500	1,639,785

Subseries 2008 A-1, Power System RB[d]

5.25%	07/01/38	8,200	9,206,468

Los Angeles (City of); Series 2012 B, Ref. Sub. Wastewater System RB[d]

5.00%	06/01/32	10,000	11,571,200

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Interest Rate	Maturity Date	Principal Amount (000)	Value
California (continued)				
Los Angeles (County of) Metropolitan Transportation Authority (Proposition A);				
Series 2005, First Tier RB(e)(f)	5.00%	07/01/15	$ 2,050	$ 2,084,542
Series 2005, First Tier RB (INS AMBAC)(b)	5.00%	07/01/35	400	406,792
Los Angeles Community College District (Election of 2003); Series 2008 F-1, Unlimited Tax GO Bonds(d)(e)(f)	5.00%	08/01/18	8,000	9,120,640
Los Angeles County Schools Regionalized Business Services Corp. (Los Angeles County Schools Pooled Financing Program); Series 1999 A, CAB COP (INS AMBAC)(b)(c)	0.00%	08/01/26	1,200	819,612
Los Angeles Unified School District (Election of 2002); Series 2009 D, Unlimited Tax GO Bonds	5.00%	01/01/34	2,000	2,271,200
Los Angeles Unified School District (Election of 2004);				
Series 2005 E, Unlimited Tax GO Bonds(e)(f)	5.00%	07/01/15	620	630,472
Series 2006 F, Unlimited Tax GO Bonds(e)(f)	5.00%	07/01/16	2,000	2,127,840
Series 2009 I, Unlimited Tax GO Bonds (INS AGC)(b)	5.00%	01/01/34	5,950	6,756,820
M-S-R Energy Authority; Series 2009 B, Gas RB	6.13%	11/01/29	1,500	1,924,830
Marin (County of) Water District Financing Authority; Series 2012 A, Sub. Lien RB	5.00%	07/01/44	4,495	5,077,147
Menifee Union School District (Election of 2008); Series 2009 C, Unlimited Tax CAB GO Bonds (INS AGC)(b)(c)	0.00%	08/01/34	850	368,407
Milpitas (City of) Redevelopment Agency (Redevelopment Area No. 1); Series 2003, Tax Allocation RB (INS NATL)(b)	5.00%	09/01/22	5,000	5,017,650
Modesto (City of) (Community Center Refinancing); Series 1993 A, COP (INS-AMBAC)(b)	5.00%	11/01/23	5,000	5,269,100
Montebello Unified School District (Election of 2004); Series 2009 A-1, Unlimited Tax GO Bonds (INS AGC)(b)	5.25%	08/01/34	1,000	1,111,110
Moorpark Unified School District (Election of 2008); Series 2009 A, Unlimited Tax CAB GO Bonds (INS AGC)(b)(c)	0.00%	08/01/31	2,000	1,012,000
Moreland School District (Crossover); Series 2006 C, Ref. Unlimited Tax CAB GO Bonds (INS AMBAC)(b)(c)	0.00%	08/01/29	1,250	713,438
Morongo Band of Mission Indians (The) (Enterprise Casino);				
Series 2008 B, RB(h)	5.50%	03/01/18	860	940,401
Series 2008 B, RB(h)	6.50%	03/01/28	2,175	2,476,672
Murrieta (City of) Public Financing Authority;				
Series 2012, Ref. Special Tax RB	5.00%	09/01/25	975	1,112,056
Series 2012, Ref. Special Tax RB	5.00%	09/01/26	1,000	1,130,010
Murrieta Valley Unified School District Public Financing Authority (Election of 2006); Series 2008, Unlimited Tax CAB GO Bonds (INS AGM)(b)(c)	0.00%	09/01/31	6,670	3,459,996
National City (City of) Community Development Commission (National City Redevelopment);				

Series 2004 A, Tax Allocation RB (INS AMBAC)[h]	5.50%	08/01/32	1,730	1,733,339
Series 2011, Tax Allocation RB	7.00%	08/01/32	750	954,308
Needles (City of) Public Utility Authority (Utility System Acquisition); Series 1997 A, RB	6.50%	02/01/22	1,525	1,525,564
Northern California Power Agency (Hydroelectric No. 1); Series 2012, Ref. RB	5.00%	07/01/32	1,700	1,927,358
Norwalk-La Mirada Unified School District; Series 2005 B, Unlimited Tax CAB GO Bonds (INS AGM)[h](c)	0.00%	08/01/29	6,000	3,639,540
Oak Grove School District (Election of 2008); Series 2009 A, Unlimited Tax CAB GO Bonds[c]	0.00%	08/01/28	670	421,303
Oakland (Port of); Series 2012 P, Ref. Sr. Lien RB[g]	5.00%	05/01/28	3,000	3,415,230
Orange (County of) Community Facilities District (No. 2004-1 Ladera Ranch);				
Series 2014 A, Ref. Special Tax RB	5.00%	08/15/33	1,000	1,127,570
Series 2014 A, Ref. Special Tax RB	5.00%	08/15/34	1,000	1,125,690
Orange (County of) Sanitation District; Series 2007 B, COP[e](f)	5.00%	02/01/17	1,000	1,087,390
Orange (County); Series 2009 A, Airport RB	5.00%	07/01/31	1,000	1,134,260
Oxnard Union High School District; Series 2001 A, Ref. Unlimited Tax GO Bonds (INS NATL)[h]	6.20%	08/01/30	1,000	1,093,550
Palm Springs (City of) (Palm Springs International Airport);				
Series 2006, Ref. Sub. Airport Passenger Facility Charge RB[g]	5.45%	07/01/20	250	253,325
Series 2006, Ref. Sub. Airport Passenger Facility Charge RB[g]	5.55%	07/01/28	425	427,550
Series 2008, Ref. Sub. Airport Passenger Facility Charge RB[g]	6.00%	07/01/18	205	208,315
Series 2008, Ref. Sub. Airport Passenger Facility Charge RB[g]	6.40%	07/01/23	250	254,023
Series 2008, Ref. Sub. Airport Passenger Facility Charge RB[g]	6.50%	07/01/27	445	452,000

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Interest Rate	Maturity Date	Principal Amount (000)	Value
California (continued)				
Palomar Pomerado Health; Series 2009, COP	6.75%	11/01/39	$ 3,000	$ 3,329,670
Perris (City of) Public Financing Authority (Perris Valley Vistas IA 3); Series 2008 B, Local Agency Special Tax RB	6.63%	09/01/38	1,925	2,002,154
Perris (City of) Public Financing Authority;				
Series 2002 A, Tax Allocation RB (INS NATL)[b]	5.00%	10/01/31	1,000	1,003,530
Series 2006, Tax Allocation RB	5.35%	10/01/36	4,350	4,356,177
Pico Rivera (City of) Water Authority (Water System); Series 1999 A, RB (INS NATL)[b]	5.50%	05/01/19	1,000	1,080,650
Planada Elementary School District (Election of 2008); Series 2009 B, Unlimited Tax CAB GO Bonds (INS AGC)[b][c]	0.00%	07/01/49	8,440	1,629,764
Poway (City of) Redevelopment Agency (Paguay Redevelopment); Series 2003 A, Tax Allocation RB (INS NATL)[b]	5.25%	06/15/23	7,390	7,419,338
Rancho Cordova (City of) Community Facilities District No. 2003-1 (Sunridge Anatolia);				
Series 2012, Ref. Special Tax RB	5.00%	09/01/32	1,425	1,525,562
Series 2012, Ref. Special Tax RB	5.00%	09/01/37	1,500	1,591,485
Redding (City of); Series 2008 A, Electric System Revenue COP (INS-AGM)[b]	5.00%	06/01/27	725	812,964
Redlands (City of) Redevelopment Agency; Series 1998 A, Ref. Tax Allocation RB (INS NATL)[b]	4.75%	08/01/21	3,400	3,405,474
Regents of the University of California;				
Series 2009 E, Medical Center Pooled RB	5.50%	05/15/27	2,500	2,777,925
Series 2009 O, General RB[d]	5.25%	05/15/39	7,500	8,586,750
Series 2009 O, General RB	5.25%	05/15/39	1,500	1,717,350
Series 2009 Q, General RB[d][i]	5.00%	05/15/34	9,080	9,921,988
Series 2013 AI, General RB[d]	5.00%	05/15/38	6,000	6,891,420
Richmond (City of) Joint Powers Financing Authority (Point Potrero); Series 2009 A, Lease RB	6.25%	07/01/24	2,000	2,385,940
Riverside (City of);				
Series 2008 B, Water RB (INS AGM)[b]	5.00%	10/01/33	1,000	1,110,240
Series 2008 D, Electric RB (INS AGM)[b]	5.00%	10/01/28	2,085	2,344,666
Riverside (County of) Transportation Commission;				
Series 2010 A, Limited Sales Tax RB	5.00%	06/01/32	2,000	2,319,840
Series 2013 A, Limited Sales Tax RB	5.25%	06/01/24	2,000	2,510,520
Riverside Community College District (Election 2004); Series 2007 C, Unlimited Tax GO Bonds (INS AGM)[b][d]	5.00%	08/01/32	5,000	5,468,400
RNR School Financing Authority (Community Facilities District No. 92-1); Series 2006 A, Special Tax RB (INS AMBAC)[b]	5.00%	09/01/36	2,000	2,097,920
Roseville Joint Union High School District; Series 1995 B, Unlimited Tax CAB GO Bonds (INS NATL)[b][c]	0.00%	06/01/20	1,650	1,431,969
	5.75%	12/01/22	180	180,315

Sacramento (City of) Financing Authority (Solid Waste & Redevelopment); Series 1999, Capital Improvement RB (INS AMBAC)[b]				
Sacramento (City of) Municipal Utility District;				
Series 2008 U, Electric RB (INS AGM)[b](d)	5.00%	08/15/24	4,960	5,637,586
Series 2008 U, Electric RB (INS AGM)[b]	5.00%	08/15/24	1,000	1,136,610
Series 2008 U, Electric RB (INS AGM)[b](d)	5.00%	08/15/26	10,000	11,333,100
Series 2011 X, Ref. Electric RB	5.00%	08/15/27	2,850	3,337,977
Sacramento (County of) Sanitation Districts Financing Authority (Sacramento Regional County Sanitation District); Series 2011 A, Ref. RB	5.00%	12/01/26	1,500	1,805,370
Sacramento (County of);				
Series 2008 A, Sr. Airport System RB (INS-AGM)[b]	5.00%	07/01/32	1,000	1,105,980
Series 2010, Sr. Airport System RB	5.00%	07/01/40	5,000	5,633,850
San Bernardino Community College District (Election of 2002); Series 2006 C, Unlimited Tax GO Bonds (INS AGM)[b]	5.00%	08/01/31	2,225	2,362,705
San Diego (City of) Public Facilities Financing Authority (Capital Improvement); Series 2012 A, Lease RB	5.00%	04/15/37	3,000	3,349,950
San Diego (City of) Public Facilities Financing Authority;				
Series 2009 B, Water RB	5.38%	08/01/34	5,000	5,822,100
Subseries 2012 A, Ref. Water RB	5.00%	08/01/32	5,000	5,747,450
San Diego (City of) Redevelopment Agency (Centre City Redevelopment); Series 1999 A, RB	6.40%	09/01/25	2,175	2,185,309

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Interest Rate	Maturity Date	Principal Amount (000)	Value
California (continued)				
San Diego (County of) Regional Airport Authority;				
Series 2010 A, Sub. RB	5.00%	07/01/34	$ 4,880	$ 5,523,721
Series 2010 A, Sub. RB	5.00%	07/01/40	2,500	2,795,900
San Diego (County of) Regional Transportation Commission; Series 2014 A, Sales & Use Tax RB	5.00%	04/01/48	7,020	8,099,887
San Diego (County of) Water Authority; Series 2008 A, COP (INS AGM)[b]	5.00%	05/01/28	2,080	2,320,198
San Diego Community College District (Election of 2002); Series 2009, Unlimited Tax GO Bonds[d]	5.25%	08/01/33	5,000	5,783,850
San Dimas (City of) Redevelopment Agency (Creative Growth); Series 1998 A, Tax Allocation RB (INS AGM)[b]	5.00%	09/01/16	235	235,942
San Francisco (City & County of) Airport Commission (San Francisco International Airport);				
Series 2010 F, Second Series RB	5.00%	05/01/40	4,000	4,412,320
Series 2011 C, Ref. Second Series RB[g]	5.00%	05/01/23	3,000	3,482,100
Series 2011 F, Ref. Second Series RB[g]	5.00%	05/01/25	5,000	5,753,550
Series 2011 G, Second Series RB	5.25%	05/01/28	3,000	3,474,420
San Francisco (City & County of) Airport Commission (San Francisco International Airport-SFO Fuel Co. LLC); Series 2000 A, Special Facilities Lease RB (INS AGM)[b][g]	6.13%	01/01/27	1,660	1,667,653
San Francisco (City & County of) Public Utilities Commission (Water System Improvement Program); Subseries 2011 A, Water RB[d]	5.00%	11/01/36	6,300	7,255,395
San Francisco (City & County of) Redevelopment Financing Authority (Mission Bay North Redevelopment);				
Series 2011 C, Tax Allocation RB	6.50%	08/01/27	400	494,312
Series 2011 C, Tax Allocation RB	6.75%	08/01/33	500	613,115
San Francisco (City & County of) Successor Agency to the Redevelopment Agency (Mission Bay South Redevelopment);				
Series 2014 A, Tax Allocation RB	5.00%	08/01/26	220	255,633
Series 2014 A, Tax Allocation RB	5.00%	08/01/28	370	422,370
Series 2014 A, Tax Allocation RB	5.00%	08/01/29	450	511,146
Series 2014 A, Tax Allocation RB	5.00%	08/01/32	785	883,541
Series 2014 A, Tax Allocation RB	5.00%	08/01/33	375	420,469
Series 2014 A, Tax Allocation RB	5.00%	08/01/43	1,000	1,109,370
San Francisco (City & County of) Successor Agency to the Redevelopment Agency Community Facilities District No. 6 (Mission Bay South Public Improvements); Series 2013 A, Ref. Special Tax RB	5.00%	08/01/33	1,635	1,833,031
San Francisco (City of) Bay Area Rapid Transit District (Election of 2004); Series 2013 C, Unlimited Tax GO Bonds[d]	5.00%	08/01/37	5,000	5,845,150
San Francisco (City of) Bay Area Rapid Transit District;				
Series 2010, Ref. RB	5.00%	07/01/28	1,000	1,163,730
Series 2012 A, RB	5.00%	07/01/36	9,000	10,241,820

San Francisco (City of) Utilities Commission; Series 2012, Water RB	5.00%	11/01/36	5,000	5,700,150
San Jose (City of) Financing Authority (Civic Center); Series 2013 A, Ref. RB	5.00%	06/01/39	5,000	5,718,800
San Jose Evergreen Community College District (Election of 2004); Series 2008 B, Unlimited Tax CAB GO Bonds (INS AGM)[b][c]	0.00%	09/01/32	1,000	523,990
San Luis Obispo (County of) Financing Authority (Lopez Dam Improvement); Series 2011 A, Ref. RB (INS AGM)[b]	5.00%	08/01/30	2,500	2,801,125
San Pablo (City of) Successor Agency to the Redevelopment Agency; Series 2014 A, Ref. Tax Allocation RB (INS AGM)[b]	5.00%	06/15/31	1,460	1,676,211
Sanger Unified School District; Series 1999, Ref. Unlimited Tax GO Bonds (INS NATL)[b]	5.60%	08/01/23	2,000	2,263,960
Santa Ana Unified School District (Financing Project); Series 1999, CAB COP (INS AGM)[b][c]	0.00%	04/01/36	1,000	414,830
Santa Clara (County of) Financing Authority (Multiple Facilities); Series 2008 L, Ref. Lease RB[d]	5.25%	05/15/36	10,000	11,113,800
Santa Clara Valley Transportation Authority (2000-Measure A); Series 2007 A, Ref. Sales Tax RB[e][f]	5.00%	04/01/17	1,680	1,834,174
Santa Margarita Water District (Community Facilities District No. 2013-1);				
Series 2013, Special Tax RB	5.63%	09/01/36	2,000	2,302,000
Series 2013, Special Tax RB	5.63%	09/01/43	3,000	3,433,260
Santa Margarita/Dana Point Authority (Santa Margarita Water District Improvement Districts No. 2, 3 & 4); Series 2009 A, RB	5.13%	08/01/38	1,500	1,683,900
Sierra View Local Health Care District; Series 2007, RB	5.25%	07/01/32	2,000	2,120,660

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Interest Rate	Maturity Date	Principal Amount (000)	Value
California (continued)				
Simi Valley Unified School District (Election of 2004);				
Series 2007 C, Unlimited Tax CAB GO Bonds (INS AGM)(b)(c)	0.00%	08/01/28	$ 1,520	$ 955,791
Series 2007 C, Unlimited Tax CAB GO Bonds (INS AGM)(b)(c)	0.00%	08/01/29	5,000	3,011,550
Series 2007 C, Unlimited Tax CAB GO Bonds (INS AGM)(b)(c)	0.00%	08/01/30	1,210	666,287
South Orange (County of) Public Financing Authority (Ladera Ranch);				
Series 2014 A, Ref. Sr. Lien Special Tax RB	5.00%	08/15/28	750	864,518
Series 2014 A, Ref. Sr. Lien Special Tax RB	5.00%	08/15/29	900	1,033,137
Series 2014 A, Ref. Sr. Lien Special Tax RB	5.00%	08/15/30	1,000	1,142,160
Series 2014 A, Ref. Sr. Lien Special Tax RB	5.00%	08/15/32	1,680	1,908,127
Series 2014 A, Ref. Sr. Lien Special Tax RB	5.00%	08/15/33	1,000	1,131,990
South Orange (County of) Public Financing Authority; Series 1999, Special Assessment RB (INS AGM)(b)	5.80%	09/02/18	3,305	3,398,763
South Tahoe Joint Powers Financing Authority (South Tahoe Redevelopment Project Area No. 1); Series 2005 A, Ref. RB (INS AMBAC)(b)	5.00%	10/01/28	2,250	2,266,627
Southern California Metropolitan Water District; Series 2009 B, Ref. RB(d)	5.00%	07/01/27	7,825	9,056,264
Southern California Public Power Authority (Milford Wind Corridor Phase II);				
Series 2011 1, RB(d)	5.25%	07/01/31	2,850	3,339,060
Series 2011-1, RB(d)	5.25%	07/01/29	2,850	3,370,382
Tejon Ranch Public Facilities Financing Authority Community Facilities District No. 2008-1 (Tejon Industrial Complex Public Improvements East); Series 2012 B, Special Tax RB	5.25%	09/01/42	1,500	1,567,094
Turlock (City of) (Emanuel Medical Center, Inc.);				
Series 2007 A, Health Facility Revenue COP(e)(f)	5.13%	10/15/17	1,000	1,116,720
Series 2007 B, Health Facility Revenue COP(e)(f)	5.13%	10/15/17	1,000	1,116,720
Tustin (City of) Public Financing Authority; Series 2011 A, Water RB	5.00%	04/01/36	3,500	3,934,840
Twin Rivers Unified School District (Election of 2006); Series 2008, Unlimited Tax GO Bonds (INS AGM)(b)	5.00%	08/01/23	1,000	1,127,830
Vernon (City of); Series 2009 A, Electric System RB	5.13%	08/01/21	3,000	3,392,730
Vista Unified School District (Election of 2002); Series 2007 C, Unlimited Tax GO Bonds (INS AGM)(b)(d)	5.00%	08/01/28	2,185	2,388,161
West Basin Municipal Water District; Series 2008 B, Ref. COP (INS AGC)(b)	5.00%	08/01/27	1,640	1,852,003
West Contra Costa Unified School District; Series 2005, Unlimited Tax CAB GO Bonds (INS NATL)(b)(c)	0.00%	08/01/25	5,000	3,571,550
	0.00%	08/01/32	9,370	4,498,443

William S. Hart Union High School District (Election of 2008); Series 2009 A, Unlimited Tax CAB GO Bonds(c)				
Yosemite Community College District (Election of 2004);				
Series 2008 C, Unlimited Tax CAB GO Bonds (INS AGM)(b)(c)	0.00%	08/01/22	2,655	2,197,650
Series 2008 C, Unlimited Tax GO Bonds (INS AGM)(b)(d)	5.00%	08/01/32	16,000	18,043,840
				971,486,155
Guam 3.39%				
Guam (Territory of) (Section 30);				
Series 2009 A, Limited Obligation RB	5.38%	12/01/24	3,150	3,514,613
Series 2009 A, Limited Obligation RB	5.63%	12/01/29	595	660,158
Guam (Territory of) International Airport Authority; Series 2013 C, General RB(g)	6.38%	10/01/43	3,000	3,571,470
Guam (Territory of) Power Authority;				
Series 2012 A, Ref. RB (INS AGM)(b)	5.00%	10/01/26	2,500	2,944,000
Series 2012 A, Ref. RB (INS AGM)(b)	5.00%	10/01/27	1,500	1,752,525
Series 2012 A, Ref. RB (INS AGM)(b)	5.00%	10/01/30	4,000	4,618,880
Guam (Territory of) Waterworks Authority; Series 2014 A, Ref. Water & Wastewater System RB	5.00%	07/01/35	1,800	2,013,534
Guam (Territory of); Series 2011 A, Business Privilege Tax RB	5.25%	01/01/36	3,000	3,355,650
				22,430,830
Puerto Rico 1.81%				
Puerto Rico (Commonwealth of) Public Buildings Authority; Series 2002 D, RB(e)(f)	5.45%	07/01/17	2,200	2,448,292
Puerto Rico (Commonwealth of); Series 2014 A, Unlimited Tax GO Bonds	8.00%	07/01/35	2,230	1,863,522
Puerto Rico Sales Tax Financing Corp.;				
Series 2011 C, RB	5.00%	08/01/40	3,930	2,812,622
Series 2011 C, RB	5.25%	08/01/40	6,555	4,823,169
				11,947,605

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Interest Rate	Maturity Date	Principal Amount (000)	Value
Virgin Islands 1.74%				
Virgin Islands (Government of) Port Authority; Series 2014 B, Ref. Marine RB	5.00%	09/01/44	$ 1,720	$ 1,894,993
Virgin Islands (Government of) Public Finance Authority (Matching Fund Loan Note Diageo); Series 2009 A, Sub. RB	6.63%	10/01/29	2,965	3,387,423
Virgin Islands (Government of) Public Finance Authority (Matching Fund Loan Note);				
Series 2010 A, Sr. Lien RB	5.00%	10/01/25	1,000	1,126,960
Series 2010 A, Sr. Lien RB	5.00%	10/01/29	3,000	3,295,470
Series 2012 A, RB[h]	4.00%	10/01/22	1,760	1,843,213
				11,548,059
TOTAL INVESTMENTS[j] 153.67% (Cost $920,054,077)				1,017,412,649
FLOATING RATE NOTE OBLIGATIONS (26.44)%				
Notes with interest and fee rates ranging from 0.54% to 0.80% at 02/28/15 and contractual maturities of collateral ranging from 07/01/22 to 08/15/51 (See Note 1J)[k]				(175,050,000)
VARIABLE RATE MUNI TERM PREFERRED SHARES (28.44)%				(188,280,934)
OTHER ASSETS LESS LIABILITIES 1.21%				8,003,969
NET ASSETS APPLICABLE TO COMMON SHARES 100.00%				$ 662,085,684

Investment Abbreviations:

AGC	Assured Guaranty Corp.
AGM	Assured Guaranty Municipal Corp.
AMBAC	American Municipal Bond Assurance Corp.
CAB	Capital Appreciation Bonds
CEP	Credit Enhancement Provider
COP	Certificates of Participation
FGIC	Financial Guaranty Insurance Co.
FHA	Federal Housing Administration
GO	General Obligation
IDR	Industrial Development Revenue Bonds
INS	Insurer
MFH	Multi-Family Housing
NATL	National Public Finance Guarantee Corp.
RB	Revenue Bonds
Ref.	Refunding
RN	Revenue Notes
Sr.	Senior
Sub.	Subordinated

Notes to Schedule of Investments:

[(a)] Calculated as a percentage of net assets. Amounts in excess of 100% are due to the Trust s use of leverage.

[(b)] Principal and/or interest payments are secured by the bond insurance company listed.

[(c)] Zero coupon bond issued at a discount.

[(d)] Underlying security related to TOB Trusts entered into by the Trust. See Note 1J.

[(e)] Advance refunded; secured by an escrow fund of U.S. Government obligations or other highly rated collateral.

[(f)] Security has an irrevocable call by the issuer or mandatory put by the holder. Maturity date reflects such call or put.

[(g)] Security subject to the alternative minimum tax.

[(h)] Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended (the 1933 Act). The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at February 28, 2015 was $21,227,938, which represented 3.21% of the Trust s Net Assets.

[(i)] Security is subject to a shortfall agreement which may require the Trust to pay amounts to a counterparty in the event of a significant decline in the market value of the security underlying the TOB Trusts. In case of a shortfall, the maximum potential amount of payments the Trust could ultimately be required to make under the agreement is $6,050,000. However, such shortfall payment would be reduced by the proceeds from the sale of the security underlying the TOB Trusts.

[(j)] This table provides a listing of those entities that have either issued, guaranteed, backed or otherwise enhanced the credit quality of more than 5% of the securities held in the portfolio. In instances where the entity has guaranteed, backed or otherwise enhanced the credit quality of a security, it is not primarily responsible for the issuer s obligations but may be called upon to satisfy the issuer s obligations.

Entity	**Percentage**
Assured Guaranty Municipal Corp.	10.2%

[(k)] Floating rate note obligations related to securities held. The interest and fee rates shown reflect the rates in effect at February 28, 2015. At February 28, 2015, the Trust s investments with a value of $313,489,395 are held by TOB Trusts and serve as collateral for the $175,050,000 in the floating rate note obligations outstanding at that date.

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Assets and Liabilities

February 28, 2015

Assets:	
Investments, at value (Cost $920,054,077)	$ 1,017,412,649
Receivable for:	
Investments sold	3,249,075
Interest	11,371,150
Investment for trustee deferred compensation and retirement plans	36,962
Deferred offering costs	17,643
Total assets	1,032,087,479
Liabilities:	
Floating rate note obligations	175,050,000
Variable rate muni term preferred shares ($0.01 par value, 1,883 shares issued with liquidation preference of $100,000 per share)	188,280,934
Payable for:	
Investments purchased	1,713,435
Amount due custodian	4,491,226
Dividends	68,116
Accrued fees to affiliates	22,133
Accrued interest expenses	142,076
Accrued trustees and officers fees and benefits	3,047
Accrued other operating expenses	76,547
Trustee deferred compensation and retirement plans	154,281
Total liabilities	370,001,795
Net assets applicable to common shares	$ 662,085,684
Net assets applicable to common shares consist of:	
Shares of beneficial interest common shares	$ 654,438,098
Undistributed net investment income	2,341,842
Undistributed net realized gain (loss)	(92,052,828)
Net unrealized appreciation	97,358,572
	$ 662,085,684
Common shares outstanding, no par value, with an unlimited number of common shares authorized:	
Common shares outstanding	47,856,921
Net asset value per common share	$ 13.83
Market value per common share	$ 13.20

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Operations

For the year ended February 28, 2015

Investment income:	
Interest	$ 44,660,185
Expenses:	
Advisory fees	5,555,720
Administrative services fees	153,545
Custodian fees	20,469
Interest, facilities and maintenance fees	3,327,325
Transfer agent fees	55,846
Trustees and officers fees and benefits	59,820
Other	415,792
Total expenses	9,588,517
Less: Fees waived	(2,776,979)
Net expenses	6,811,538
Net investment income	37,848,647
Realized and unrealized gain (loss) from:	
Net realized gain (loss) from investment securities	(118,584)
Change in net unrealized appreciation of investment securities	45,886,434
Net realized and unrealized gain	45,767,850
Net increase in net assets from operations applicable to common shares	$ 83,616,497

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Changes in Net Assets

For the years ended February 28, 2015 and 2014

	2015	2014
Operations:		
Net investment income	$ 37,848,647	$ 38,197,986
Net realized gain (loss)	(118,584)	(5,954,115)
Change in net unrealized appreciation (depreciation)	45,886,434	(40,365,990)
Net increase (decrease) in net assets resulting from operations	83,616,497	(8,122,119)
Distribution to shareholders from net investment income	(37,902,682)	(37,902,723)
Net increase (decrease) in net assets applicable to common shares	45,713,815	(46,024,842)
Net assets applicable to common shares:		
Beginning of year	616,371,869	662,396,711
End of year (includes undistributed net investment income of $2,341,842 and $2,231,516, respectively)	$ 662,085,684	$ 616,371,869

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Cash Flows

For the year ended February 28, 2015

Cash provided by operating activities:	
Net increase in net assets resulting from operations applicable to common shares	$ 83,616,497
Adjustments to reconcile the change in net assets applicable to common shares from operations to net cash provided by operating activities:	
Purchases of investments	(90,898,087)
Proceeds from sales of short-term investments, net	5,000,000
Proceeds from sales of investments	84,083,740
Amortization of premium and deferred offering costs	3,193,665
Accretion of discount	(2,356,466)
Increase in receivables and other assets	(172,439)
Decrease in accrued expenses and other payables	(12,453)
Net realized loss from investment securities	118,584
Net change in unrealized appreciation on investment securities	(45,886,434)
Net cash provided by operating activities	36,686,607
Cash provided by (used in) financing activities:	
Dividends paid to common shareholders from net investment income	(37,834,566)
Increase in payable for amount due custodian	2,432,959
Net payments for floating rate note obligations	(1,285,000)
Net cash provided by (used in) financing activities	(36,686,607)
Cash and cash equivalents at beginning of period	
Cash and cash equivalents at end of period	$
Supplemental disclosure of cash flow information:	
Cash paid during the period for interest, facilities and maintenance fees	$ 3,249,554

Notes to Financial Statements

February 28, 2015

NOTE 1 Significant Accounting Policies

Invesco California Value Municipal Income Trust (the Trust) is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed-end management investment company.

The Trust s investment objective is to seek to provide common shareholders with a high level of current income exempt from federal and California income taxes, consistent with preservation of capital. The Trust will invest substantially all of its assets in California municipal securities rated investment grade at the time of investment.

The following is a summary of the significant accounting policies followed by the Trust in the preparation of its financial statements.

A. Security Valuations Securities, including restricted securities, are valued according to the following policy. Securities are fair valued using an evaluated quote provided by an independent pricing service approved by the Board of Trustees. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate (for unlisted equities), yield (for debt obligations), quality, type of issue, coupon rate (for debt obligations), maturity (for debt obligations), individual trading characteristics and other market data. Debt obligations are subject to interest rate and credit risks. In addition, all debt obligations involve some risk of default with respect to interest and/or principal payments.

Securities for which market quotations either are not readily available or became unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust s officers following procedures approved by the Board of Trustees. Some of the factors which may be considered in determining fair value are fundamental analytical data relating to the investment; the nature and duration of any restrictions on transferability or disposition; trading in similar securities by the same issuer or comparable companies; relevant political, economic or issuer specific news; and other relevant factors under the circumstances.

The Trust may invest in securities that are subject to interest rate risk, meaning the risk that the prices will generally fall as interest rates rise and, conversely, the prices will generally rise as interest rates fall. Specific securities differ in their sensitivity to changes in interest rates depending on their individual characteristics. Changes in interest rates may result in increased market volatility, which may affect the value and/or liquidity of certain of the Trust s investments.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer s assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

B. Securities Transactions and Investment Income Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income (net of withholding tax, if any) is recorded on the accrual basis from settlement date. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date. Bond premiums and discounts are amortized and/or accreted for financial reporting purposes.

The Trust may periodically participate in litigation related to Trust investments. As such, the Trust may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain (loss) for investments no longer held and as unrealized gain (loss) for investments still held.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Trust s net asset value and, accordingly, they reduce the Trust s total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and Statement of Changes in Net Assets, or the net investment income per share and ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Trust and the investment adviser.

C. Country Determination For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer s securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

D. Distributions The Trust declares and pays monthly dividends from net investment income to common shareholders. Distributions from net realized capital gain, if any, are generally declared and paid annually and are distributed on a pro rata basis to common and preferred shareholders.

E. Federal Income Taxes The Trust intends to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), necessary to qualify as a regulated investment company and to distribute substantially all of the Trust s taxable earnings to shareholders. As such, the Trust will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.

The Trust recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Trust s uncertain tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

In addition, the Trust intends to invest in such municipal securities to allow it to qualify to pay shareholders exempt dividends , as defined in the Internal Revenue Code.

The Trust files tax returns in the U.S. Federal jurisdiction and certain other jurisdictions. Generally, the Trust is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

F. **Interest, Facilities and Maintenance Fees** Interest, Facilities and Maintenance Fees include interest and related borrowing costs such as commitment fees, rating and bank agent fees and other expenses associated with lines of credit and Variable Rate Muni Term Preferred Shares (VMTP Shares), and interest and administrative expenses related to establishing and maintaining floating rate note obligations, if any.

G. **Accounting Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including estimates and assumptions related to taxation. Actual results could differ from those estimates by a significant amount. In addition, the Trust monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.

H. **Indemnifications** Under the Trust s organizational documents, each Trustee, officer, employee or other agent of the Trust is indemnified against certain liabilities that may arise out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts, including the Trust s servicing agreements, that contain a variety of indemnification clauses. The Trust s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.

I. **Cash and Cash Equivalents** For the purposes of the Statement of Cash Flows, the Trust defines Cash and Cash Equivalents as cash (including foreign currency), money market funds and other investments held in lieu of cash and excludes investments made with cash collateral received.

J. **Floating Rate Note Obligations** The Trust invests in inverse floating rate securities, such as Tender Option Bonds (TOBs), for investment purposes and to enhance the yield of the Trust. Such securities may be purchased in the secondary market without first owning an underlying bond but generally are created through the sale of fixed rate bonds by the Trust to special purpose trusts established by a broker dealer or by the Trust (TOB Trusts) in exchange for cash and residual interests in the TOB Trusts assets and cash flows, which are in the form of inverse floating rate securities. The TOB Trusts finance the purchases of the fixed rate bonds by issuing floating rate notes to third parties and allowing the Trust to retain residual interests in the bonds. The floating rate notes issued by the TOB Trusts have interest rates that reset weekly and the floating rate note holders have the option to tender their notes to the TOB Trusts for redemption at par at each reset date. The residual interests held by the Trust (inverse floating rate securities) include the right of the Trust (1) to cause the holders of the floating rate notes to tender their notes at par at the next interest rate reset date, and (2) to transfer the municipal bond from the TOB Trust to the Trust, thereby collapsing the TOB Trust. Inverse floating rate securities tend to underperform the market for fixed rate bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable.

The Trust generally invests in inverse floating rate securities that include embedded leverage, thus exposing the Trust to greater risks and increased costs. The primary risks associated with inverse floating rate securities are varying degrees of liquidity and decreases in the value of such securities in response to changes in interest rates to a greater extent than fixed rate securities having similar credit quality, redemption provisions and maturity, which may cause the Trust s net asset value to be more volatile than if it had not invested in inverse floating rate securities. In certain instances, the short-term floating rate notes created by the TOB Trust may not be able to be sold to third parties or, in the case of holders tendering (or putting) such notes for repayment of principal, may not be able to be remarketed to third parties. In such cases, the TOB Trust holding the fixed rate bonds may be collapsed with the entity that contributed the fixed rate bonds to the TOB Trust. In the case where a TOB Trust is collapsed with the Trust, the Trust will be required to repay the principal amount of the tendered securities, which may require the Trust to sell other portfolio holdings to raise cash to meet that obligation. The Trust could therefore be required to sell other portfolio holdings at a disadvantageous time or price to raise cash to meet this obligation, which risk will be heightened during times of market volatility, illiquidity or uncertainty. The embedded leverage in the TOB Trust could cause the Trust to lose more money than the value of the asset it has contributed to the TOB Trust and greater levels of leverage create the potential for greater losses.

The Trust accounts for the transfer of fixed rate bonds to the TOB Trusts as secured borrowings, with the securities transferred remaining in the Trust s investment assets, and the related floating rate notes reflected as Trust liabilities under the caption *Floating rate note obligations* on the Statement of Assets and Liabilities. The Trust records the interest income from the fixed rate bonds under the caption *Interest* and records the expenses related to floating rate obligations and any administrative expenses of the TOB Trusts as a component of *Interest, facilities and maintenance fees* on the Statement of Operations.

Recently published final rules implementing section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule) prohibit banking entities from engaging in proprietary trading of certain instruments and limit such entities investments in, and relationships with, covered funds. These rules may preclude banking entities from sponsoring and/or providing services for existing TOB Trust programs. The Trust expects to utilize a Volcker Rule-compliant TOB structure that is substantially similar to the current structure where the residual holder, such as the Trust, would serve as sponsor of the TOB Trust. There currently can be no assurances however, that the Trust s TOB Trusts can be restructured this way or that alternative forms of leverage will be available to the Trust in order to maintain current levels of leverage. Any alternative forms of leverage may be less advantageous to the Trust, and may adversely affect the Trust s net asset value, distribution rate and ability to achieve its investment objective. The ultimate impact of these rules on the TOBs market and the municipal market generally is not yet certain.

TOBs are presently classified as private placement securities. Private placement securities are subject to restrictions on resale because they have not been registered under the Securities Act of 1933, as amended (the 1933 Act), or are otherwise not readily marketable. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. Although atypical, these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid by the Trust or less than what may be considered the fair value of such securities.

K. Other Risks The value of, payment of interest on, repayment of principal for and the ability to sell a municipal security may be affected by constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives and the economics of the regions in which the issuers are located.

Since many municipal securities are issued to finance similar projects, especially those relating to education, health care, transportation and utilities, conditions in those sectors can affect the overall municipal securities market and a Trust s investments in municipal securities.

There is some risk that a portion or all of the interest received from certain tax-free municipal securities could become taxable as a result of determinations by the Internal Revenue Service.

NOTE 2 Advisory Fees and Other Fees Paid to Affiliates

The Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the Adviser or Invesco). Under the terms of the investment advisory agreement, the Trust pays an advisory fee to the Adviser based on the annual rate of 0.55% of the Trust s average daily managed assets. Managed assets for this purpose means the Trust s net assets, plus assets attributable to outstanding preferred shares and the amount of any borrowings incurred for the purpose of leverage (whether or not such borrowed amounts are reflected in the Trust s financial statements for purposes of GAAP).

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the Affiliated Sub-Advisers) the Adviser, not the Trust, may pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide(s) discretionary investment management services to the Trust based on the percentage of assets allocated to such Affiliated Sub-Adviser(s).

Effective September 1, 2014, the Adviser has voluntarily agreed to waive advisory fees and/or reimburse expenses to the extent necessary to limit the Trust s expenses (excluding certain items discussed below) to 0.52%. Prior to September 1, 2014, the fee waiver agreement was a contractual arrangement that could not be terminated during its term. In determining the Adviser s obligation to waive advisory fees and/or reimburse expenses, the following expenses are not taken into account, and could cause the Trust s expenses to exceed the limit reflected above: (1) interest, facilities and maintenance fees; (2) taxes; (3) dividend expense on short sales; (4) extraordinary or non-routine items, including litigation expenses; and (5) expenses that the Trust has incurred but did not actually pay because of an expense offset arrangement. This agreement may be discontinued at any time without notice to shareholders.

For the year ended February 28, 2015, the Adviser waived advisory fees of $2,776,979.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Trust has agreed to pay Invesco for certain administrative costs incurred in providing accounting services to the Trust. For the year ended February 28, 2015, expenses incurred under this agreement are shown in the Statement of Operations as *Administrative services fees*.

Certain officers and trustees of the Trust are officers and directors of Invesco.

NOTE 3 Additional Valuation Information

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment s assigned level:

Level 1 Prices are determined using quoted prices in an active market for identical assets.

Level 2 Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3 Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Trust s own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

As of February 28, 2015, all of the securities in this Trust were valued based on Level 2 inputs (see the Schedule of Investments for security categories). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

NOTE 4 Trustees and Officers Fees and Benefits

Trustees and Officers Fees and Benefits include amounts accrued by the Trust to pay remuneration to certain Trustees and Officers of the Trust. Effective August 29, 2014, Trustees have the option to defer compensation payable by the Trust, and *Trustees and Officers Fees and Benefits* includes amounts accrued by the Trust to fund such deferred compensation amounts.

During the year ended February 28, 2015, the Trust paid legal fees of $57,284 for services rendered by Skadden, Arps, Slate, Meagher & Flom LLP as counsel to the Trust. A former trustee of the Trust is Of Counsel of Skadden, Arps, Slate, Meagher & Flom LLP. Effective August 29, 2014, Skadden, Arps, Slate, Meagher & Flom LLP is no longer counsel to the Trust.

NOTE 5 Cash Balances and Borrowings

The Trust is permitted to temporarily carry a negative or overdrawn balance in its account with State Street Bank and Trust Company, the custodian bank. Such balances, if any at period end, are shown in the Statement of Assets and Liabilities under the payable caption *Amount due custodian*. To compensate the custodian bank for such overdrafts, the overdrawn Trust may either (1) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (2) compensate by paying the custodian bank at a rate agreed upon by the custodian bank and Invesco, not to exceed the contractually agreed upon rate.

Inverse floating rate obligations resulting from the transfer of bonds to TOB Trusts are accounted for as secured borrowings. The average floating rate notes outstanding and average annual interest and fee rate related to inverse floating rate note obligations during the year ended February 28, 2015 were $176,856,154 and 0.67%, respectively.

NOTE 6 Distributions to Shareholders and Tax Components of Net Assets

Tax Character of Distributions to Shareholders Paid During the Fiscal Years Ended February 28, 2015 and 2014:

	2015	2014
Ordinary income tax-exempt	$ 37,902,682	$ 37,902,723
Ordinary income tax-exempt VMTP Shares	2,054,276	2,131,814
Total distributions	$ 39,956,958	$ 40,034,537

Tax Components of Net Assets at Period-End:

	2015
Undistributed ordinary income	$ 966,146
Net unrealized appreciation investments	94,925,223
Temporary book/tax differences	(151,308)
Capital loss carryforward	(88,092,475)
Shares of beneficial interest	654,438,098
Total net assets	$ 662,085,684

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is due to differences in the timing of recognition of gains and losses on investments for tax and book purposes. The Trust s net unrealized appreciation difference is attributable primarily to TOBs and book to tax accretion differences.

The temporary book/tax differences are a result of timing differences between book and tax recognition of income and/or expenses. The Trust s temporary book/tax differences are the result of the trustee deferral of compensation and retirement plan benefits.

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Trust to utilize. Capital losses generated in years beginning after December 22, 2010 can be carried forward for an unlimited period, whereas previous losses expire in eight tax years. Capital losses with an expiration period may not be used to offset capital gains until all net capital losses without an expiration date have been utilized. Capital loss carryforwards with no expiration date will retain their character as either short-term or long-term capital losses instead of as short-term capital losses as under prior law. The ability to utilize capital loss carryforward in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Trust has a capital loss carryforward as of February 28, 2015, which expires as follows:

Capital Loss Carryforward*

Expiration	Short-Term	Long-Term	Total
February 29, 2016	$ 28,598,088	$	$ 28,598,088
February 28, 2017	33,297,240		33,297,240
February 28, 2018	6,860,536		6,860,536
February 28, 2019	3,798,339		3,798,339
Not subject to expiration	4,635,445	10,902,827	15,538,272
	$ 77,189,648	$ 10,902,827	$ 88,092,475

* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code and may be further limited depending upon a variety of factors, including the realization of net unrealized gains or losses as of the date of any reorganization.

NOTE 7 Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Trust during the year ended February 28, 2015 was $82,858,800 and $86,757,733, respectively. Cost of investments on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed federal income tax reporting period-end.

Unrealized Appreciation (Depreciation) of Investment Securities on a Tax Basis

Aggregate unrealized appreciation of investment securities	$ 98,722,890
Aggregate unrealized (depreciation) of investment securities	(3,797,667)
Net unrealized appreciation of investment securities	$ 94,925,223

Cost of investments for tax purposes is $922,487,426.

NOTE 8 Reclassification of Permanent Differences

Primarily as a result of differing book/tax treatment of expired capital loss carryforward, on February 28, 2015, undistributed net investment income was increased by $164,361, undistributed net realized gain (loss) was increased by $3,181,879 and shares of beneficial interest was decreased by $3,346,240. This reclassification had no effect on the net assets of the Trust.

NOTE 9 Common Shares of Beneficial Interest

Transactions in common shares of beneficial interest were as follows:

	February 28, 2015	February 28, 2014
Beginning shares	47,856,921	47,856,921
Shares issued through dividend reinvestment		
Ending shares	47,856,921	47,856,921

The Trust may, when appropriate, purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase.

NOTE 10 Variable Rate Muni Term Preferred Shares

On May 15, 2012, the Trust issued 1,160 Series 2015/6-VCV VMTP Shares, with a liquidation preference of $100,000 per share, pursuant to an offering exempt from registration under the 1933 Act. Proceeds from the issuance of VMTP Shares on May 15, 2012 were used to redeem all of the Trust s outstanding Auction Rate Preferred Shares (ARPS). In addition, the Trust issued 723 Series 2015/6-VCV VMTP Shares in connection with reorganization of the Invesco California Quality Municipal Securities into the Trust with a liquidation preference of $100,000 per share. VMTP Shares are a floating-rate form of preferred shares with a mandatory redemption date. On December 31, 2014, the Trust extended the term of the VMTP Shares and is required to redeem all outstanding VMTP Shares on December 31, 2017, unless earlier redeemed, repurchased or extended. VMTP Shares are subject to optional and mandatory redemption in certain circumstances. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends and a redemption premium, if any. On or prior to the redemption date, the Trust will be required to segregate assets having a value equal to 110% of the redemption amount.

The Trust incurred costs in connection with the issuance of the VMTP Shares. These costs were recorded as a deferred charge and are being amortized over the original 3 year life of the VMTP Shares. Amortization of these costs is included in Interest, facilities and maintenance fees on the Statement of Operations and the unamortized balance is included in Deferred offering costs on the Statement of Assets and Liabilities.

Dividends paid on the VMTP Shares (which are treated as interest expense for financial reporting purposes) are declared daily and paid monthly. The initial rate for dividends was equal to the sum of 1.10% per annum plus the Securities Industry and Financial Markets Association Municipal Swap Index (the SIFMA Index). Effective December 31, 2014, subsequent rates are determined based upon changes in the SIFMA Index and take into account a ratings spread of 1.00% to 4.00% which is based on the long term preferred share ratings assigned to the VMTP Shares by a ratings agency. The average aggregate liquidation preference outstanding and the average annualized dividend rate of the VMTP Shares during the year ended February 28, 2015 were $188,300,000 and 1.09%, respectively.

The Trust utilizes the VMTP Shares as leverage in order to enhance the yield of its common shareholders. The primary risk associated with VMTP Shares is exposing the net asset value of the common shares and total return to increased volatility if the value of the Trust decreases while the value of the VMTP Shares remain unchanged. Fluctuations in the dividend rates on the VMTP Shares can also impact the Trust s yield or its distributions to common shareholders. The Trust is subject to certain restrictions relating to the VMTP Shares, such as maintaining certain asset coverage and leverage ratio requirements. Failure to comply with these restrictions could preclude the Trust from declaring any distributions to common shareholders or purchasing common shares and/or could trigger the mandatory redemption of VMTP Shares at liquidation preference.

The liquidation preference of VMTP Shares, which are considered debt of the Trust for financial reporting purposes, is recorded as a liability under the caption *Variable rate muni term preferred shares* on the Statement of Assets and Liabilities. Unpaid dividends on VMTP Shares are recognized as *Accrued interest expense* on the Statement of Assets and Liabilities. Dividends paid on VMTP Shares are recognized as a component of *Interest, facilities and maintenance fees* on the Statement of Operations.

NOTE 11 Dividends

The Trust declared the following dividends to common shareholders from net investment income subsequent to February 28, 2015:

Declaration Date	Amount per Share	Record Date	Payable Date
March 2, 2015	$ 0.0660	March 13, 2015	March 31, 2015
April 1, 2015	$ 0.0660	April 13, 2015	April 30, 2015

NOTE 12 Financial Highlights

The following schedule presents financial highlights for a common share of the Fund outstanding throughout the periods indicated.

	Years ended February 28,			Year ended February 29,	Four months ended February 28,	Year ended October 31,
	2015	**2014**	**2013**	**2012**	**2011**	**2010**
Net asset value per common share, beginning of period	$ 12.88	$ 13.84	$ 13.23	$ 10.96	$ 12.72	$ 11.78
Net investment income[(a)]	0.79	0.80	0.80	0.91	0.32	0.98
Net gains (losses) on securities (both realized and unrealized)	0.95	(0.97)	0.67	2.28	(1.77)	0.89
Distributions paid to preferred shareholders from Net investment income	N/A	N/A	(0.00)	(0.01)	(0.01)	(0.02)
Total from investment operations	1.74	(0.17)	1.47	3.18	(1.46)	1.85
Less; dividends paid to common shareholders from net investment income	(0.79)	(0.79)	(0.86)	(0.91)	(0.30)	(0.91)
Net asset value per common share, end of period	$ 13.83	$ 12.88	$ 13.84	$ 13.23	$ 10.96	$ 12.72
Market value per common share, end of period	$ 13.20	$ 11.80	$ 13.88	$ 14.01	$ 11.21	$ 13.02
Total return at net asset value[(b)]	14.37%	(0.42)%	11.43%	30.26%	(11.47)%	16.33%
Total return at market value[(c)]	19.16%	(9.04)%	5.53%	34.87%	(11.54)%	16.70%
Net assets applicable to common shares, end of period (000 s omitted)	$ 662,086	$ 616,372	$ 662,397	$ 293,012	$ 242,336	$ 280,950
	8%	18%	9%	20%	4%	12%

Portfolio turnover rate(d)						
Ratios/supplemental data based on average net assets applicable to common shares:						
Ratio of expenses:						
With fee waivers and/or expense reimbursements	1.05%(e)	1.07%	1.32%	1.35%(f)	1.40%(f)(g)(k)	1.36%(f)
With fee waivers and/or expense reimbursements excluding interest, facilities and maintenance fees(h)	0.53%(e)	0.53%	0.70%	1.05%(f)	1.05%(f)(g)(k)	1.12%(f)
Without fee waivers and/or expense reimbursements	1.48%(e)	1.55%	1.65%	1.41%(f)	1.43%(f)(g)(k)	1.46%(f)
Ratio of net investment income before preferred share dividends	5.86%(e)	6.31%	5.88%	7.60%	8.66%(g)(k)	8.03%
Preferred share dividends	N/A	N/A	0.02%	0.12%	0.22%(k)	
Ratio of net investment income after preferred share dividends	5.86%(e)	6.31%	5.86%	7.48%	8.44%(g)(k)	7.83%
Senior securities:						
Total amount of preferred shares outstanding (000 s omitted)(i)	$ 188,300	$ 188,300	$ 188,300	$ 116,000	$ 130,000	$ 130,000
Asset coverage per preferred share(i)(j)	$ 451,602	$ 427,264	$ 451,646	$ 88,149	$ 71,603	$ 79,032
Liquidating preference per preferred share(i)	$ 100,000	$ 100,000	$ 100,000	$ 25,000	$ 25,000	$ 25,000

(a) Calculated using average shares outstanding.

(b) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Not annualized for periods less than one year, if applicable.

(c) Total return assumes an investment at the common share market price at the beginning of the period indicated, reinvestment of all distributions for the period in accordance with the Trust s dividend reinvestment plan, and sale of all shares at the closing common share market price at the end of the period indicated. Not annualized for periods less than one year, if applicable.

(d) Portfolio turnover is calculated at the fund level and is not annualized for periods less than one year, if applicable. For the year ended February 28, 2013, the portfolio turnover calculation excludes the value of securities purchased and sold of $366,840,986 and $13,626,947, respectively, in the effort to realign the Trust s portfolio holdings after the reorganization of the Invesco California Municipal Income Trust, Invesco California Municipal Securities and Invesco California Quality Municipal Securities into the Trust.

Portfolio turnover is calculated at the fund level and is not annualized for periods less than one year, if applicable.

(e) Ratios are based on average daily net assets applicable to common shares (000 s omitted) of $645,849.

(f) Ratios do not reflect the effect of dividend payments to preferred shareholders

(g) Ratio includes an adjustment for a change in accounting estimate for professional fees during the period. Ratios excluding this adjustment would have been higher by 0.05%.

(h) For the year ended October 31, 2010, ratio does not exclude facilities and maintenance fees.

(i) For the years ended February 29, 2012 and prior, amounts are based on ARPS outstanding.

(j) Calculated by subtracting the Trust s total liabilities (not including preferred shares) from the Trust s total assets and dividing this by preferred shares outstanding.

(k) Annualized.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Invesco California Value Municipal Income Trust:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Invesco California Value Municipal Income Trust (hereafter referred to as the Trust) at February 28, 2015, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Trust s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at February 28, 2015 by correspondence with the custodian and brokers, and the application of alternative auditing procedures where confirmations of security purchases have not been received, provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas

April 27, 2015

Tax Information

Form 1099-DIV, Form 1042-S and other year end tax information provide shareholders with actual calendar year amounts that should be included in their tax returns. Shareholders should consult their tax advisors.

The following distribution information is being provided as required by the Internal Revenue Code or to meet a specific state s requirement.

The Trust designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended February 28, 2015:

Federal and State Income Tax	
Qualified Dividend Income*	0%
Corporate Dividends Received Deduction*	0%
U.S. Treasury Obligations	0%
Tax-Exempt Interest Dividends*	100%

* The above percentages are based on ordinary income dividends paid to shareholders during the Trust s fiscal year.

Trustees and Officers

The address of each trustee and officer is 1555 Peachtree Street, N.E., Atlanta, Georgia 30309. Generally, each trustee serves for a three year term or until his or her successor has been duly elected and qualified, and each officer serves for a one year term or until his or her successor has been duly elected and qualified. Column two below includes length of time served with predecessor entities, if any.

Name, Year of Birth and Position(s) Held with the Trust	**Trustee and/ or Officer Since**	**Principal Occupation(s) During Past 5 Years**	**Number of Funds in Fund Complex Overseen by Trustee**	**Other Directorship(s) Held by Trustee During Past 5 Years**
Interested Trustees				
Martin L. Flanagan[1] 1960 Trustee	2014	Executive Director, Chief Executive Officer and President, Invesco Ltd. (ultimate parent of Invesco and a global investment management firm); Advisor to the Board, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Trustee, The Invesco Funds; Vice Chair, Investment Company Institute; and Member of Executive Board, SMU Cox School of Business Formerly: Chairman and Chief Executive Officer, Invesco Advisers, Inc. (registered investment adviser); Director, Chairman, Chief Executive Officer and President, IVZ Inc. (holding company), INVESCO Group Services, Inc. (service provider) and Invesco North American Holdings, Inc. (holding company); Director, Chief Executive Officer and President, Invesco Holding Company Limited (parent of Invesco and a global investment management firm); Director, Invesco Ltd.; Chairman, Investment Company Institute and President, Co-Chief Executive	144	None

		Officer, Co-President, Chief Operating Officer and Chief Financial Officer, Franklin Resources, Inc. (global investment management organization).		
Philip A. Taylor[2] 1954 Trustee, President and Principal Executive Officer	2014	Head of North American Retail and Senior Managing Director, Invesco Ltd.; Director, Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Director, Chairman, Chief Executive Officer and President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.) (financial services holding company); Director and President, INVESCO Funds Group, Inc. (registered investment adviser and registered transfer agent); Director and Chairman, Invesco Investment Services, Inc. (formerly known as Invesco Aim Investment Services, Inc.) (registered transfer agent) and IVZ Distributors, Inc. (formerly known as INVESCO Distributors, Inc.) (registered broker dealer); Director, President and Chairman, Invesco Inc. (holding company), Invesco Canada Holdings Inc. (holding company), Trimark Investments Ltd./Placements Trimark Ltèe and Invesco Financial Services Ltd/Services Financiers Invesco Ltèe; Chief Executive Officer, Invesco Corporate Class Inc. (corporate mutual fund company) and Invesco Canada Fund Inc. (corporate mutual fund company); Director, Chairman and Chief Executive Officer, Invesco Canada Ltd. (formerly known as Invesco Trimark Ltd./Invesco Trimark Ltèe) (registered investment adviser and registered transfer agent); Trustee, President and Principal Executive Officer, The Invesco Funds (other than AIM Treasurer s Series Trust (Invesco	144	None

	Treasurer s Series Trust) and Short-Term Investments Trust); Trustee and Executive Vice President, The Invesco Funds (AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust) and Short-Term Investments Trust only); Director, Invesco Investment Advisers LLC (formerly known as Van Kampen Asset Management); Director, Chief Executive Officer and President, Van Kampen Exchange Corp.	
	Formerly: Director and Chairman, Van Kampen Investor Services Inc.; Director, Chief Executive Officer and President, 1371 Preferred Inc. (holding company) and Van Kampen Investments Inc.; Director and President, AIM GP Canada Inc. (general partner for limited partnerships) and Van Kampen Advisors, Inc.; Director and Chief Executive Officer, Invesco Trimark Dealer Inc. (registered broker dealer); Director, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.) (registered broker dealer); Manager, Invesco PowerShares Capital Management LLC; Director, Chief Executive Officer and President, Invesco Advisers, Inc.; Director, Chairman, Chief Executive Officer and President, Invesco Aim Capital Management, Inc.; President, Invesco Trimark Dealer Inc. and Invesco Trimark Ltd./Invesco Trimark Ltèe; Director and President, AIM Trimark Corporate Class Inc. and AIM Trimark Canada Fund Inc.; Senior Managing Director, Invesco Holding Company Limited; Director and Chairman, Fund Management Company (former registered broker dealer); President and Principal Executive Officer, The Invesco Funds (AIM	

		Treasurer s Series Trust (Invesco Treasurer s Series Trust), and Short-Term Investments Trust only); President, AIM Trimark Global Fund Inc. and AIM Trimark Canada Fund Inc.		
Independent Trustees				
Bruce L. Crockett 1944 Trustee and Chair	2014	Chairman, Crockett Technologies Associates (technology consulting company) Formerly: Director, Captaris (unified messaging provider); Director, President and Chief Executive Officer, COMSAT Corporation; Chairman, Board of Governors of INTELSAT (international communications company); ACE Limited (insurance company); Independent Directors Council and Investment Company Institute	144	ALPS (Attorneys Liability Protection Society) (insurance company) and Globe Specialty Metals, Inc. (metallurgical company)

[1] Mr. Flanagan is considered an interested person (within the meaning of Section 2(a)(19) of the 1940 Act) of the Trust because he is an officer of the Adviser to the Trust, and an officer and a director of Invesco Ltd., ultimate parent of the Adviser.

[2] Mr. Taylor is considered an interested person (within the meaning of Section 2(a)(19) of the 1940 Act) of the Trust because he is an officer and a director of the Adviser.

Trustees and Officers (continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Directorship(s) Held by Trustee During Past 5 Years
Independent Trustees (continued)				
David C. Arch 1945 Trustee	1993	Chairman of Blistex Inc., a consumer health care products manufacturer	144	Board member of the Illinois Manufacturers Association; Member of the Board of Visitors, Institute for the Humanities, University of Michigan; Member of the Audit Committee of the Edward-Elmhurst Hospital
James T. Bunch 1942 Trustee	2014	Managing Member, Grumman Hill Group LLC (family office/private equity investments) Formerly: Founder, Green Manning & Bunch Ltd. (investment banking firm) (1988-2010); Executive Committee, United States Golf Association; and Director, Policy Studies, Inc. and Van Gilder Insurance Corporation	144	Chairman, Board of Governors, Western Golf Association; Chairman, Evans Scholars Foundation; and Vice Chair, Denver Film Society
Rodney F. Dammeyer 1940 Trustee	2014	Chairman of CAC,LLC, (private company offering capital investment and management advisory services) Formerly: Prior to 2001, Managing Partner at Equity Group Corporate Investments; Prior to 1995, Chief Executive Officer of Itel Corporation (formerly Anixter International); Prior to 1985, experience includes Senior Vice President and Chief Financial Officer of Household International,	144	Director of Quidel Corporation and Stericycle, Inc.

			Inc., Executive Vice President and Chief Financial Officer of Northwest Industries, Inc. and Partner of Arthur Andersen & Co.; From 1987 to 2010, Director/Trustee of investment companies in the Van Kampen Funds complex		
Albert R. Dowden Trustee	1941	2014	Director of a number of public and private business corporations, including the Boss Group, Ltd. (private investment and management); Nature s Sunshine Products, Inc. and Reich & Tang Funds (5 portfolios) (registered investment company) Formerly: Director, Homeowners of America Holding Corporation/Homeowners of America Insurance Company (property casualty company); Director, Continental Energy Services, LLC (oil and gas pipeline service); Director, CompuDyne Corporation (provider of product and services to the public security market) and Director, Annuity and Life Re (Holdings), Ltd. (reinsurance company); Director, President and Chief Executive Officer, Volvo Group North America, Inc.; Senior Vice President, AB Volvo; Director of various public and private corporations; Chairman, DHJ Media, Inc.; Director, Magellan Insurance Company; and Director, The Hertz Corporation, Genmar Corporation (boat manufacturer), National Media Corporation; Advisory Board of Rotary Power International (designer, manufacturer, and seller of rotary power engines); and Chairman, Cortland Trust, Inc. (registered investment company)	144	Director of: Nature s Sunshine Products, Inc., Reich & Tang Funds, Homeowners of America Holding Corporation/ Homeowners of America Insurance Company, the Boss Group
Jack M. Fields	1952	2014	Chief Executive Officer, Twenty First Century Group, Inc.	144	Insperity, Inc. (formerly known as Administaff)

Trustee			(government affairs company); Owner and Chief Executive Officer, Dos Angeles Ranch, L.P. (cattle, hunting, corporate entertainment); and Discovery Global Education Fund (non-profit) Formerly: Chief Executive Officer, Texana Timber LP (sustainable forestry company); Director of Cross Timbers Quail Research Ranch (non-profit); and member of the U.S. House of Representatives		
Prema Mathai-Davis Trustee	1950	2014	Retired. Formerly: Chief Executive Officer, YWCA of the U.S.A.	144	None
Larry Soll Trustee	1942	2014	Retired. Formerly: Chairman, Chief Executive Officer and President, Synergen Corp. (a biotechnology company)	144	None
Hugo F. Sonnenschein Trustee	1940	1994	President Emeritus and Honorary Trustee of the University of Chicago and the Adam Smith Distinguished Service Professor in the Department of Economics at the University of Chicago. Prior to 2000, President of the University of Chicago	144	Trustee of the University of Rochester and a member of its investment committee; Member of the National Academy of Sciences and the American Philosophical Society; Fellow of the American Academy of Arts and Sciences

Trustees and Officers (continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Directorship(s) Held by Trustee During Past 5 Years
Independent Trustees (continued)				
Raymond Stickel, Jr. 1944 Trustee	2014	Retired. Formerly: Director, Mainstay VP Series Funds, Inc. (25 portfolios) and Partner, Deloitte & Touche	144	None
Suzanne H. Woolsey 1941 Trustee	2003	Chief Executive Officer of Woolsey Partners LLC	144	Emeritus Chair of the Board of Trustees of the Institute for Defense Analyses; Trustee of Colorado College; Trustee of California Institute of Technology; Prior to 2014, Director of Fluor Corp.; Prior to 2010, Trustee of the German Marshall Fund of the United States; Prior to 2010 Trustee of the Rocky Mountain Institute
Other Officers				
Russell C. Burk 1958 Senior Vice President and Senior Officer	2014	Senior Vice President and Senior Officer, The Invesco Funds	N/A	N/A
John M. Zerr 1962 Senior Vice President, Chief Legal Officer and Secretary	2010	Director, Senior Vice President, Secretary and General Counsel, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.) and Van Kampen Exchange Corp.; Senior Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Senior Vice President and Secretary, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Vice President and Secretary, Invesco Investment	N/A	N/A

	Services, Inc. (formerly known as Invesco Aim Investment Services, Inc.) and IVZ Distributors, Inc. (formerly known as INVESCO Distributors, Inc.); Director and Vice President, INVESCO Funds Group, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The Invesco Funds; Managing Director, Invesco PowerShares Capital Management LLC; Director, Secretary and General Counsel, Invesco Investment Advisers LLC (formerly known as Van Kampen Asset Management); Secretary and General Counsel, Invesco Capital Markets, Inc. (formerly known as Van Kampen Funds Inc.) and Chief Legal Officer, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust, PowerShares Actively Managed Exchange-Traded Fund Trust, and PowerShares Actively Managed Exchange-Traded Commodity Fund Trust Formerly: Director and Vice President, Van Kampen Advisors Inc.; Director, Vice President, Secretary and General Counsel, Van Kampen Investor Services Inc.; Director, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Senior Vice President, General Counsel and Secretary, Invesco Aim Advisers, Inc. and Van Kampen Investments Inc.; Director, Vice President and Secretary, Fund Management Company; Director, Senior Vice President, Secretary, General Counsel and Vice President, Invesco Aim Capital Management, Inc.; Chief Operating Officer and General Counsel, Liberty Ridge Capital, Inc. (an investment adviser); Vice	

		President and Secretary, PBHG Funds (an investment company) and PBHG Insurance Series Fund (an investment company); Chief Operating Officer, General Counsel and Secretary, Old Mutual Investment Partners (a broker-dealer); General Counsel and Secretary, Old Mutual Fund Services (an administrator) and Old Mutual Shareholder Services (a shareholder servicing center); Executive Vice President, General Counsel and Secretary, Old Mutual Capital, Inc. (an investment adviser); and Vice President and Secretary, Old Mutual Advisors Funds (an investment company)		
Sheri Morris 1964 Vice President, Treasurer and Principal Financial Officer	2010	Vice President, Treasurer and Principal Financial Officer, The Invesco Funds; Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); and Vice President, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust, PowerShares Actively Managed Exchange-Traded Fund Trust, and PowerShares Actively Managed Exchange-Traded Commodity Fund Trust Formerly: Vice President, Invesco Aim Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; Assistant Vice President and Assistant Treasurer, The Invesco Funds and Assistant Vice President, Invesco Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; and Treasurer, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund	N/A	N/A

	Trust II, PowerShares India Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Fund Trust	

T-3 **Invesco California Value Municipal Income Trust**

Trustees and Officers (continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Directorship(s) Held by Trustee During Past 5 Years
Other Officers (continued)				
Karen Dunn Kelley 1960 Vice President	2010	Senior Managing Director, Investments, Invesco Ltd.; Director, Co-President, Co-Chief Executive Officer, and Co-Chairman, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Chairman, Invesco Senior Secured Management, Inc.; Senior Vice President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.); Executive Vice President, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Invesco Mortgage Capital Inc. and Invesco Management Company Limited; Vice President, The Invesco Funds (other than AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust) and Short-Term Investments Trust); and President and Principal Executive Officer, The Invesco Funds (AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust) and Short-Term Investments Trust only) Formerly: Director and President, INVESCO Asset Management (Bermuda) Ltd., Director, INVESCO Global Asset Management Limited and INVESCO Management S.A.;	N/A	N/A

		Senior Vice President, Van Kampen Investments Inc. and Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director of Cash Management and Senior Vice President, Invesco Advisers, Inc. and Invesco Aim Capital Management, Inc.; Director and President, Fund Management Company; Chief Cash Management Officer, Director of Cash Management, Senior Vice President, and Managing Director, Invesco Aim Capital Management, Inc.; Director of Cash Management, Senior Vice President, and Vice President, Invesco Advisers, Inc. and The Invesco Funds (AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust), and Short-Term Investments Trust only)		
Crissie M. Wisdom 1969 Anti-Money Laundering Compliance Officer	2013	Anti-Money Laundering Compliance Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser), Invesco Capital Markets, Inc. (formerly known as Van Kampen Funds Inc.), Invesco Distributors, Inc., Invesco Investment Services, Inc., Invesco Management Group, Inc., Van Kampen Exchange Corp., The Invesco Funds, and PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust, PowerShares Actively Managed Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Commodity Fund Trust; Anti-Money Laundering Compliance Officer and Bank Secrecy Act Officer,	N/A	N/A

		INVESCO National Trust Company and Invesco Trust Company; and Fraud Prevention Manager and Controls and Risk Analysis Manager for Invesco Investment Services, Inc.		
Todd L. Spillane 1958 Chief Compliance Officer	2014	Senior Vice President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.) and Van Kampen Exchange Corp.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Chief Compliance Officer, The Invesco Funds; Vice President, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.) and Invesco Investment Services, Inc. (formerly known as Invesco Aim Investment Services, Inc.) Formerly: Chief Compliance Officer, Invesco Funds (Chicago); Senior Vice President, Van Kampen Investments Inc.; Senior Vice President and Chief Compliance Officer, Invesco Aim Advisers, Inc. and Invesco Aim Capital Management, Inc.; Chief Compliance Officer, INVESCO Private Capital Investments, Inc. (holding company), Invesco Private Capital, Inc. (registered investment adviser), Invesco Global Asset Management (N.A.), Inc., Invesco Senior Secured Management, Inc. (registered investment adviser), Van Kampen Investor Services Inc., PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust and PowerShares Actively Managed	N/A	N/A

	Exchange-Traded Fund Trust; and Vice President, Invesco Aim Capital Management, Inc. and Fund Management Company	

of the Trust	Investment Adviser	Auditors	Custodian
eachtree Street, N.E.	Invesco Advisers, Inc.	PricewaterhouseCoopers LLP	State Street Bank and Trust Co
, GA 30309	1555 Peachtree Street, N.E. Atlanta, GA 30309	1000 Louisiana St., Suite 5800	225 Franklin Street
		Houston, TX 77002-5678	Boston, MA 02110-2801

el to the Trust	Transfer Agent
ey Ronon Stevens & Young, LLP Market Street, Suite 2600 elphia, PA 19103-7018	Computershare Trust Company, N.A. 250 Royall Street Canton, MA 02021

Correspondence information

Send general correspondence to Computershare Trust Company, N.A., P.O.Box 30170, College Station, TX 77842-3170.

Trust holdings and proxy voting information

The Trust provides a complete list of its holdings four times in each fiscal year, at the quarter ends. For the second and fourth quarters, the lists appear in the Trust s semiannual and annual reports to shareholders. For the first and third quarters, the Trust files the lists with the Securities and Exchange Commission (SEC) on Form N-Q. The most recent list of portfolio holdings is available at invesco.com/us. Shareholders can also look up the Trust s Forms N-Q on the SEC website at sec.gov. Copies of the Trust s Forms N-Q may be reviewed and copied at the SEC Public Reference Room in Washington, D.C. You can obtain information on the operation of the Public Reference Room, including information about duplicating fee charges, by calling 202 551 8090 or 800 732 0330, or by electronic request at the following email address: publicinfo@sec.gov. The SEC file number for the Trust is shown below.

A description of the policies and procedures that the Trust uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, from our Client Services department at 800 341 2929 or at invesco.com/proxyguidelines. The information is also available on the SEC website, sec.gov.

Information regarding how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 is available at invesco.com/proxysearch. In addition, this information is available on the SEC website at sec.gov.

SEC file number: 811-07404 VK-CE-CAVMI-AR-1

ITEM 2. CODE OF ETHICS.

There were no amendments to the Code of Ethics (the Code) that applies to the Registrant s Principal Executive Officer (PEO) and Principal Financial Officer (PFO) during the period covered by the report. The Registrant did not grant any waivers, including implicit waivers, from any provisions of the Code to the PEO or PFO during the period covered by this report.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Trustees has determined that the Registrant has at least one audit committee financial expert serving on its Audit Committee. The Audit Committee financial experts are David C. Arch, James T. Bunch, Bruce L. Crockett, Rod F. Dammeyer, Larry Soll and Raymond Stickel, Jr. David C. Arch, James T. Bunch, Bruce L. Crockett, Rod F. Dammeyer, Larry Soll, and Raymond Stickel, Jr. are independent within the meaning of that term as used in Form N-CSR.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) to (d)

Fees Billed by Principal Accountant Related to the Registrant

PWC billed the Registrant aggregate fees for services rendered to the Registrant for the last two fiscal years as follows:

	Fees Billed for Services Rendered to the Registrant for fiscal year end 2/28/2015	(e)(2) Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 2/28/2015 Pursuant to Waiver of Pre-Approval Requirement[1]	Fees Billed for Services Rendered to the Registrant for fiscal year end 2/28/2014	(e)(2) Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 2/28/2014 Pursuant to Waiver of Pre-Approval Requirement[1]
Audit Fees	$ 40,900	N/A	$ 39,100	N/A
Audit-Related Fees	$ 0	0%	$ 0	0%
Tax Fees[2]	$ 7,043	0%	$ 35,415	0%
All Other Fees[3]	$ 0	0%	$ 1,923	0%
Total Fees	$ 47,943	0%	$ 76,438	0%

(g) PWC billed the Registrant aggregate non-audit fees of $7,043 for the fiscal year ended 2015, and $37,338 for the fiscal year ended 2014, for non-audit services rendered to the Registrant.

(1) With respect to the provision of non-audit services, the pre-approval requirement is waived pursuant to a de minimis exception if (i) such services were not recognized as non-audit services by the Registrant at the time of engagement, (ii) the aggregate amount of all such services provided is no more than 5% of the aggregate audit and non-audit fee574,00s paid by the Registrant to PWC during a fiscal year; and (iii) such services are promptly brought to the attention of the Registrant s Audit Committee and approved by the Registrant s Audit Committee prior to the completion of the audit.

(2) Tax fees for the fiscal year end February 28, 2015 includes fees billed for reviewing tax returns. Tax fees for the fiscal year end February 28, 2014 includes fees billed for reviewing tax returns and consultation services.

(3) All other fees for the fiscal year end February 28, 2014 includes fees billed for completing professional services related to benchmark analysis.

Fees Billed by PWC Related to Invesco and Invesco Affiliates

PWC billed Invesco Advisers, Inc. (Invesco), the Registrant s adviser, and any entity controlling, controlled by or under common control with Invesco that provides ongoing services to the Registrant (Invesco Affiliates) aggregate fees for pre-approved non-audit services rendered to Invesco and Invesco Affiliates for the last two fiscal years as follows:

	Fees Billed for Non-Audit Services Rendered to Invesco and Invesco Affiliates for fiscal year end 2/28/2015 That Were Required to be Pre-Approved by the Registrant s Audit Committee	(e)(2) Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 2/28/2015 Pursuant to Waiver of Pre-Approval Requirement(1)	Fees Billed for Non-Audit Services Rendered to Invesco and Invesco Affiliates for fiscal year end 2/28/2014 That Were Required to be Pre-Approved by the Registrant s Audit Committee	(e)(2) Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 2/28/2014 Pursuant to Waiver of Pre-Approval Requirement(1)
Audit-Related Fees	$ 574,000	0%	$ 574,000	0%
Tax Fees	$ 0	0%	$ 0	0%
All Other Fees	$ 0	0%	$ 0	0%
Total Fees(2)	$ 574,000	0%	$ 574,000	0%

(1) With respect to the provision of non-audit services, the pre-approval requirement is waived pursuant to a de minimis exception if (i) such services were not recognized as non-audit services by the Registrant at the time of engagement, (ii) the aggregate amount of all such services provided is no more than 5% of the aggregate audit and non-audit fees paid by the Registrant, Invesco and Invesco Affiliates to PWC during a fiscal year; and (iii) such services are promptly brought to the attention of the Registrant s Audit Committee and approved by the Registrant s Audit Committee prior to the completion of the audit.

(2) Audit-Related fees for the year end 2015 include fees billed related to reviewing controls at a service organization.

(g) Including the fees for services not required to be pre-approved by the registrant s audit committee, PWC billed Invesco and Invesco Affiliates aggregate non-audit fees of $4,009,694 for the fiscal year ended February 28, 2015, and $1,645,309 for the fiscal year ended February 28, 2014, for non-audit services rendered to Invesco and Invesco Affiliates.

(h) The Audit Committee also has considered whether the provision of non-audit services that were rendered to Invesco and Invesco Affiliates that were not required to be pre-approved pursuant to SEC regulations, if any, is compatible with maintaining PWC s independence. To the extent that such services were provided, the Audit Committee determined that the provision of such services is compatible with PWC maintaining independence with respect to the Registrant.

(f) Not applicable.

(e)(1)

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES

POLICIES AND PROCEDURES

As adopted by the Audit Committees of

the Invesco Funds (the Funds)

Last Amended May 4, 2010

Statement of Principles

Under the Sarbanes-Oxley Act of 2002 and rules adopted by the Securities and Exchange Commission (SEC) (Rules), the Audit Committees of the Funds (the Audit Committees) Board of Trustees (the Board) are responsible for the appointment, compensation and oversight of the work of independent accountants (an Auditor). As part of this responsibility and to assure that the Auditor s independence is not impaired, the Audit Committees pre-approve the audit and non-audit services provided to the Funds by each Auditor, as well as all non-audit services provided by the Auditor to the Funds investment adviser and to affiliates of the adviser that provide ongoing services to the Funds (Service Affiliates) if the services directly impact the Funds operations or financial reporting. The SEC Rules also specify the types of services that an Auditor may not provide to its audit client. The following policies and procedures comply with the requirements for pre-approval and provide a mechanism by which management of the Funds may request and secure pre-approval of audit and non-audit services in an orderly manner with minimal disruption to normal business operations.

Proposed services either may be pre-approved without consideration of specific case-by-case services by the Audit Committees (general pre-approval) or require the specific pre-approval of the Audit Committees (specific pre-approval). As set forth in these policies and procedures, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committees. Additionally, any fees exceeding 110% of estimated pre-approved fee levels provided at the time the service was pre-approved will also require specific approval by the Audit Committees before payment is made. The Audit Committees will also consider the impact of additional fees on the Auditor s independence when determining whether to approve any additional fees for previously pre-approved services.

The Audit Committees will annually review and generally pre-approve the services that may be provided by each Auditor without obtaining specific pre-approval from the Audit Committee generally on an annual basis. The term of any general pre-approval runs from the date of such pre-approval through September 30th of the following year, unless the Audit Committees consider a different period and state otherwise. The Audit Committees will add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The purpose of these policies and procedures is to set forth the guidelines to assist the Audit Committees in fulfilling their responsibilities.

Delegation

The Audit Committees may from time to time delegate pre-approval authority to one or more of its members who are Independent Trustees. All decisions to pre-approve a service by a delegated member shall be reported to the Audit Committees at the next quarterly meeting.

Audit Services

The annual audit services engagement terms will be subject to specific pre-approval of the Audit Committees. Audit services include the annual financial statement audit and other procedures such as tax provision work that is required to be performed by the independent auditor to be able to form an opinion on the Funds financial statements. The Audit Committees will obtain, review and consider sufficient information concerning the proposed Auditor to make a reasonable evaluation of the Auditor s qualifications and independence.

In addition to the annual Audit services engagement, the Audit Committees may grant either general or specific pre-approval of other audit services, which are those services that only the independent auditor reasonably can provide. Other Audit services may include services such as issuing consents for the inclusion of audited financial statements with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

Non-Audit Services

The Audit Committees may provide either general or specific pre-approval of any non-audit services to the Funds and its Service Affiliates if the Audit Committees believe that the provision of the service will not impair the independence of the Auditor, is consistent with the SEC s Rules on auditor independence, and otherwise conforms to the Audit Committees general principles and policies as set forth herein.

Audit-Related Services

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund s financial statements or that are traditionally performed by the independent auditor. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters not classified as Audit services ; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; and agreed-upon procedures related to mergers, compliance with ratings agency requirements and interfund lending activities.

Tax Services

Tax services include, but are not limited to, the review and signing of the Funds federal tax returns, the review of required distributions by the Funds and consultations regarding tax matters such as the tax treatment of new investments or the impact of new regulations. The Audit Committees will scrutinize carefully the retention of the Auditor in connection with a transaction initially recommended by the Auditor, the major business purpose of which may be tax avoidance or the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committees will consult with the Funds Treasurer (or his or her designee) and may consult with outside counsel or advisors as necessary to ensure the consistency of Tax services rendered by the Auditor with the foregoing policy.

No Auditor shall represent any Fund or any Service Affiliate before a tax court, district court or federal court of claims.

Under rules adopted by the Public Company Accounting Oversight Board and approved by the SEC, in connection with seeking Audit Committees pre-approval of permissible Tax services, the Auditor shall:

1. Describe in writing to the Audit Committees, which writing may be in the form of the proposed engagement letter:

    a. The scope of the service, the fee structure for the engagement, and any side letter or amendment to the engagement letter, or any other agreement between the Auditor and the Fund, relating to the service; and

    b. Any compensation arrangement or other agreement, such as a referral agreement, a referral fee or fee-sharing arrangement, between the Auditor and any person (other than the Fund) with respect to the promoting, marketing, or recommending of a transaction covered by the service;

2. Discuss with the Audit Committees the potential effects of the services on the independence of the Auditor; and

3. Document the substance of its discussion with the Audit Committees.

All Other Auditor Services

The Audit Committees may pre-approve non-audit services classified as All other services that are not categorically prohibited by the SEC, as listed in Exhibit 1 to this policy.

Pre-Approval Fee Levels or Established Amounts

Pre-approval of estimated fees or established amounts for services to be provided by the Auditor under general or specific pre-approval policies will be set periodically by the Audit Committees. Any proposed fees exceeding 110% of the maximum estimated pre-approved fees or established amounts for pre-approved audit and non-audit services will be reported to the Audit Committees at the quarterly Audit Committees meeting and will require specific approval by the Audit Committees before payment is made. The Audit Committees will always factor in the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services and in determining whether to approve any additional fees exceeding 110% of the maximum pre-approved fees or established amounts for previously pre-approved services.

Procedures

Generally on an annual basis, Invesco Advisers, Inc. (Invesco) will submit to the Audit Committees for general pre-approval, a list of non-audit services that the Funds or Service Affiliates of the Funds may request from the Auditor. The list will describe the non-audit services in reasonable detail and will include an estimated range of fees and such other information as the Audit Committee may request.

Each request for services to be provided by the Auditor under the general pre-approval of the Audit Committees will be submitted to the Funds Treasurer (or his or her designee) and must include a detailed description of the services to be rendered. The Treasurer or his or her designee will ensure that such services are included within the list of services that have received the general pre-approval of the Audit Committees. The Audit Committees will be informed at the next quarterly scheduled Audit Committees meeting of any such services for which the Auditor rendered an invoice and whether such services and fees had been pre-approved and if so, by what means.

Each request to provide services that require specific approval by the Audit Committees shall be submitted to the Audit Committees jointly by the Fund s Treasurer or his or her designee and the Auditor, and must include a joint statement that, in their view, such request is consistent with the policies and procedures and the SEC Rules.

Each request to provide tax services under either the general or specific pre-approval of the Audit Committees will describe in writing: (i) the scope of the service, the fee structure for the engagement, and any side letter or amendment to the engagement letter, or any other agreement between the Auditor and the audit client, relating to the service; and (ii) any compensation arrangement or other agreement between the Auditor and any person (other than the audit client) with respect to the promoting, marketing, or recommending of a transaction covered by the service. The Auditor will discuss with the Audit Committees the potential effects of the services on the Auditor s independence and will document the substance of the discussion.

Non-audit services pursuant to the *de minimis* exception provided by the SEC Rules will be promptly brought to the attention of the Audit Committees for approval, including documentation that each of the conditions for this exception, as set forth in the SEC Rules, has been satisfied.

On at least an annual basis, the Auditor will prepare a summary of all the services provided to any entity in the investment company complex as defined in section 2-01(f)(14) of Regulation S-X in sufficient detail as to the nature of the engagement and the fees associated with those services.

The Audit Committees have designated the Funds Treasurer to monitor the performance of all services provided by the Auditor and to ensure such services are in compliance with these policies and procedures. The Funds Treasurer will report to the Audit Committees on a periodic basis as to the results of such monitoring. Both the Funds Treasurer and management of Invesco will immediately report to the chairman of the Audit Committees any breach of these policies and procedures that comes to the attention of the Funds Treasurer or senior management of Invesco.

Exhibit 1 to Pre-Approval of Audit and Non-Audit Services Policies and Procedures

Conditionally Prohibited Non-Audit Services (not prohibited if the Fund can reasonably conclude that the results of the service would not be subject to audit procedures in connection with the audit of the Fund s financial statements)

- **Bookkeeping or other services related to the accounting records or financial statements of the audit client**
- **Financial information systems design and implementation**
- **Appraisal or valuation services, fairness opinions, or contribution-in-kind reports**
- **Actuarial services**
- **Internal audit outsourcing services**

Categorically Prohibited Non-Audit Services

- **Management functions**
- **Human resources**
- **Broker-dealer, investment adviser, or investment banking services**
- **Legal services**
- **Expert services unrelated to the audit**
- **Any service or product provided for a contingent fee or a commission**
- **Services related to marketing, planning, or opining in favor of the tax treatment of confidential transactions or aggressive tax position transactions, a significant purpose of which is tax avoidance**
- **Tax services for persons in financial reporting oversight roles at the Fund**

Any other service that the Public Company Oversight Board determines by regulation is impermissible.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

(a) The registrant has a separately-designed standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. Members of the audit committee are: David C. Arch, James T. Bunch, Bruce L. Crockett, Rod F. Dammeyer, Larry Soll, Raymond Stickel, Jr. and Suzanne H. Woolsey.

(b) Not applicable.

ITEM 6. SCHEDULE OF INVESTMENTS.

Investments in securities of unaffiliated issuers is included as part of the reports to stockholders filed under Item 1 of this Form.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

I.1. PROXY POLICIES AND PROCEDURES INVESCO ADVISERS

Applicable to	All Advisory Clients, including the Invesco Funds
Risk Addressed by Policy	Breach of fiduciary duty to client under Investment Advisers Act of 1940 by placing Invesco personal interests ahead of client s best interests in voting proxies
Relevant Law and Other Sources	Investment Advisers Act of 1940
Last	October 21, 2014

¨ **Reviewed** þ **Revised**

by Compliance for Accuracy	
Policy/Procedure Owner	Advisory Compliance
Policy Approver	Invesco Advisers, Inc., Invesco Funds Board
Approved/Adopted Date	October 21, 2014

The following policies and procedures apply to all institutional and retail funds and accounts that have explicitly authorized Invesco Advisers, Inc. to vote proxies associated with securities held on their behalf (collectively, Clients).

A. GUIDING PRINCIPLES

Public companies hold meetings for shareholders, during which important issues, such as appointments to the company s board of directors, executive compensation, and the selection of auditors, are addressed and, where applicable, voted on by shareholders. Proxy voting gives shareholders the opportunity to vote on issues that impact a company s operations and policies without attending the meetings.

Invesco views proxy voting as an integral part of its investment management responsibilities and believes that the right to vote proxies should be managed with the same high standards of care and fiduciary duty to its Clients as all other elements of the investment process. Invesco s proxy voting philosophy, governance structure and process are designed to ensure that proxy votes are cast in accordance with Clients best interests, which Invesco interprets to mean Clients best economic interests, and Invesco s established proxy voting policies and procedures.

The primary aim of Invesco s proxy policies is to encourage a culture of performance among the companies in which Invesco invests on behalf of Clients, rather than one of mere conformance with a prescriptive set of rules and constraints. Rigid adherence to a checklist approach to corporate governance issues is, in itself, unlikely to maximize shareholder value.

The proxy voting process at Invesco, which is driven by investment professionals, focuses on the following

- maximizing long-term value for Clients and protecting Clients rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders;

- reflecting Invesco s belief that environmental, social and corporate governance proposals can influence long-term shareholder value and should be voted in a manner where such long-term shareholder value is maximized; and

- addressing potential conflicts of interest that may arise from time to time in the proxy voting process.

B. OPERATING PROCEDURES AND RESPONSIBLE PARTIES

Proxy Administration In General

Guided by its philosophy that proxy voting is an asset that is to be managed by each investment team, consistent with that team s view as to the best economic interest of Clients, Invesco has created the Invesco US Proxy Advisory Committee (IUPAC). The IUPAC is an investments -driven committee comprised of representatives from each investment management team and Invesco s Head of Proxy Administration. IUPAC provides a forum for investment teams to monitor, understand and discuss key proxy issues and voting trends within the Invesco complex, and to vote proxies where Invesco as a firm has a conflict of interest with an issuer or an investment professional has a personal conflict of interest with an issuer whose proxy he or she is charged with voting. Absent a conflict of interest, the IUPAC representative for each investment team, in consultation with his or her team, is responsible for voting proxies for the securities the team manages. In addition to IUPAC, the Invesco mutual fund board of trustees provides oversight of the proxy process through quarterly reporting and an annual in-person presentation by the Head of Proxy Administration. IUPAC and Invesco s proxy administration, compliance and legal teams regularly communicate and review Invesco s proxy policies and procedures to ensure that they remain consistent with Clients best interests, regulatory requirements and industry best practices.

Use of Third Party Proxy Advisory Services

Representatives of the IUPAC have direct access to third party proxy advisory analyses and recommendations (currently provided by Glass Lewis (GL) and Institutional Shareholder Services, Inc. (ISS)), among other research tools, and use the information gleaned from those sources to make independent voting decisions.

Invesco s proxy administration group performs extensive initial and ongoing due diligence on the proxy advisory firms that it engages. When deemed appropriate, representatives from the firms are asked to deliver updates directly to the mutual fund board of trustees. IUPAC conducts semi-annual, in-person policy roundtables with key heads of research from ISS and GL to ensure transparency, dialogue and engagement with the firms. These meetings provide Invesco with an opportunity to assess the firms capabilities, conflicts of interest and service levels, as well as provide investment professionals with direct insight into the advisory firms stances on key governance and proxy topics and their policy framework/methodologies. Invesco s proxy administration team also reviews the annual SSAE 16 reports for, and the periodic proxy guideline updates published by, each proxy advisory firm to ensure that their guidelines remain consistent with Invesco s policies and procedures.

If Invesco becomes aware of any material inaccuracies in the information provided by ISS or GL, Invesco s proxy administration team will investigate the matter to determine the cause, evaluate the adequacy of the proxy advisory firm s control structure and assess the efficacy of the measures instituted to prevent further errors.

ISS and GL provide updates to previously issued proxy reports when necessary to incorporate newly available information or to correct factual errors. ISS also has a Feedback Review Board, which provides a mechanism for stakeholders to communicate with ISS about issues related to proxy voting and policy formulation, research, and the accuracy of data contained in ISS reports.

Proxy Voting Platform and Administration

Invesco maintains a proprietary global proxy administration platform, supported by the Head of Proxy Administration and a dedicated team of internal proxy specialists. The platform streamlines the proxy voting and ballot reconciliation processes, as well as related functions such as share blocking and issuer/shareholder engagement. Invesco believes that managing these processes internally, as opposed to relying on third parties, gives Invesco greater quality control, oversight and independence in the proxy administration process.

The platform also includes advanced global reporting and record-keeping capabilities regarding proxy matters (including reporting by business unit, issuer or issue) that enable Invesco to satisfy client, regulatory and management requirements. Historical proxy voting information, including commentary by investment professionals regarding the votes they cast, is stored in order to build institutional knowledge over time across the Invesco complex with respect to individual companies and proxy issues. Investment professionals also use the platform to access third-party proxy research.

C. Proxy Voting Guidelines (the Guidelines)

The following guidelines describe Invesco s general positions with regard to various common proxy issues. The guidelines are not intended to be exhaustive or prescriptive. As noted above, Invesco s proxy process is investor-driven, and each investment team retains ultimate discretion to vote proxies in the manner they deem to be the most appropriate, consistent with the proxy voting principles and philosophy discussed above. Individual proxy votes therefore will differ from these guidelines from time to time.

I. Corporate Governance

Management teams of companies are accountable to the boards of directors and directors of publicly held companies are accountable to shareholders. Invesco endeavors to vote the proxies of companies in a manner that will reinforce the notion of a board s accountability. Consequently, Invesco generally votes against any actions that would impair the rights of shareholders or would reduce shareholders influence over the board.

The following are specific voting issues that illustrate how Invesco applies this principle of accountability.

Elections of directors In uncontested director elections for companies that do not have a controlling shareholder, Invesco generally votes in favor of slates if they are comprised of at least a majority of independent directors and if the boards key committees are fully independent. Key committees include the audit, compensation and governance or nominating Committees. Invesco s standard of independence excludes directors who, in addition to the directorship, have any material business or family relationships with the companies they serve. Contested director elections are evaluated on a case-by-case basis.

Director performance Invesco generally withholds votes from directors who exhibit a lack of accountability to shareholders, either through their level of attendance at meetings or by adopting or approving egregious corporate-governance or other policies. In cases of material financial restatements, accounting fraud, habitually late filings, adopting shareholder rights plan (poison pills) without shareholder approval, or other areas of poor performance, Invesco may withhold votes from some or all of a company s directors. In situations where directors performance is a concern, Invesco may also support shareholder proposals to take corrective actions, such as so-called clawback provisions.

Auditors and Audit Committee members Invesco believes a company s audit committee has a high degree of responsibility to shareholders in matters of financial disclosure, integrity of the financial statements and effectiveness of a company s internal controls. Independence, experience and financial expertise are critical elements of a well-functioning audit committee. When electing directors who are members of a company s audit committee, or when ratifying a company s auditors, Invesco considers the past performance of the committee and holds its members accountable for the quality of the company s financial statements and reports.

Majority standard in director elections The right to elect directors is the single most important mechanism shareholders have to promote accountability. Invesco supports the nascent effort to reform the U.S. convention of electing directors, and generally votes in favor of proposals to elect directors by a majority vote.

Staggered Boards/Annual Election of Directors Invesco generally supports proposals to elect each director annually rather than electing directors to staggered multi-year terms because annual elections increase a board s level of accountability to its shareholders.

Supermajority voting requirements Unless required by law in the state of incorporation, Invesco generally votes against actions that would impose any supermajority voting requirement, and generally supports actions to dismantle existing supermajority requirements.

Responsiveness of Directors Invesco generally withholds votes for directors who do not adequately respond to shareholder proposals that were approved by a majority of votes cast the prior year.

Cumulative voting The practice of cumulative voting can enable minority shareholders to have representation on a company s board. Invesco generally supports proposals to institute the practice of cumulative voting at companies whose overall corporate-governance standards indicate a particular need to protect the interests of minority shareholders.

Shareholder access On business matters with potential financial consequences, Invesco generally votes in favor of proposals that would increase shareholders opportunities to express their views to boards of directors, proposals that would lower barriers to shareholder action and proposals to promote the adoption of generally accepted best practices in corporate governance. Furthermore, Invesco generally votes for shareholder proposals that are designed to protect shareholder rights if a company s corporate governance standards indicate that such additional protections are warranted.

II. Compensation and Incentives

Invesco believes properly constructed compensation plans that include equity ownership are effective in creating incentives that induce management and employees of companies to create greater shareholder wealth. Invesco generally supports equity compensation plans that promote the proper alignment of incentives with shareholders long-term interests, and generally votes against plans that are overly dilutive to existing shareholders, plans that contain objectionable structural features, and plans that appear likely to reduce the value of the Client s investment.

Following are specific voting issues that illustrate how Invesco evaluates incentive plans.

Executive compensation Invesco evaluates executive compensation plans within the context of the company s performance under the executives tenure. Invesco believes independent compensation committees are best positioned to craft executive-compensation plans that are suitable for their company-specific circumstances. Invesco views the election of independent compensation committee members as the appropriate mechanism for shareholders to express their approval or disapproval of a company s compensation practices. Therefore, Invesco generally does not support shareholder proposals to limit or eliminate certain forms of executive compensation. In the interest of reinforcing the notion of a compensation committee s accountability to shareholders, Invesco generally supports proposals requesting that companies subject each year s compensation record to an advisory shareholder vote, or so-called say on pay proposals.

Equity-based compensation plans Invesco generally votes against plans that contain structural features that would impair the alignment of incentives between shareholders and management. Such features include the ability to reprice or reload options without shareholder approval, the ability to issue options below the stock s current market price, or the ability automatically to replenish shares without shareholder approval.

Employee stock-purchase plans Invesco generally supports employee stock-purchase plans that are reasonably designed to provide proper incentives to a broad base of employees, provided that the price at which employees may acquire stock is at most a 15 percent discount from the market price.

Severance agreements Invesco generally votes in favor of proposals requiring advisory shareholder ratification of executives severance agreements. However, Invesco generally opposes proposals requiring such agreements to be ratified by shareholders in advance of their adoption. Given the vast differences that may occur in these agreements, some severance agreements are evaluated on an individual basis.

III. Capitalization

Examples of management proposals related to a company s capital structure include authorizing or issuing additional equity capital, repurchasing outstanding stock, or enacting a stock split or reverse stock split. On requests for additional capital stock, Invesco analyzes the company s stated reasons for the request. Except where the request could adversely affect the Client s ownership stake or voting rights, Invesco generally supports a board s decisions on its needs for additional capital stock. Some capitalization proposals require a case-by-case analysis. Examples of such proposals include authorizing common or preferred stock with special voting rights, or issuing additional stock in connection with an acquisition.

IV. Mergers, Acquisitions and Other Corporate Actions

Issuers occasionally require shareholder approval to engage in certain corporate actions such as mergers, acquisitions, name changes, dissolutions, reorganizations, divestitures and reincorporations and the votes for these types of corporate actions are generally determined on a case-by-case basis.

V. Anti-Takeover Measures

Practices designed to protect a company from unsolicited bids can adversely affect shareholder value and voting rights, and they potentially create conflicts of interests among directors, management and shareholders. Except under special issuer-specific circumstances, Invesco generally votes to reduce or eliminate such measures. These measures include adopting or renewing poison pills , requiring supermajority voting on certain corporate actions, classifying the election of directors instead of electing each director to an annual term, or creating separate classes of common or preferred stock with special voting rights. Invesco generally votes against management proposals to impose these types of measures, and generally votes for shareholder proposals designed to reduce such measures. Invesco generally supports shareholder proposals directing companies to subject their anti-takeover provisions to a shareholder vote.

VI. Environmental, Social and Corporate Responsibility Issues

Invesco believes that a company s response to environmental, social and corporate responsibility issues and the risks attendant to them can have a significant effect on its long-term shareholder value. Invesco recognizes that to manage a corporation effectively, directors and management must consider not only the interest of shareholders, but also the interests of employees, customers, suppliers and creditors, among others. While Invesco generally affords management discretion with respect to the operation of a company s business, Invesco will evaluate such proposals on a case-by-case basis and will vote proposals relating to these issues in a manner intended to maximize long-term shareholder value.

VII. Routine Business Matters

Routine business matters rarely have the potential to have a material effect on the economic prospects of Clients holdings, so Invesco generally supports a board s discretion on these items. However, Invesco generally votes against proposals where there is insufficient information to make a decision about the nature of the proposal. Similarly, Invesco generally votes against proposals to conduct other unidentified business at shareholder meetings.

October 2014

D. EXCEPTIONS

Client Maintains Right to Vote Proxies

In the case of institutional or sub-advised Clients, Invesco will vote the proxies in accordance with these Guidelines unless the Client retains, in writing, the right to vote or the named fiduciary of a Client (e.g., the plan sponsor of an ERISA Client) retains in writing the right to direct the plan trustee or a third party to vote proxies.

Voting for Certain Investment Strategies

For proxies held by certain Client accounts managed in accordance with fixed income, money market and index strategies, Invesco will typically vote in line with the majority of the rest of the shares voted by Invesco outside of those strategies (Majority Voting). In this manner Invesco seeks to leverage the expertise and comprehensive proxy voting reviews conducted by teams employing active equity strategies, which typically incorporate analysis of proxy issues as a core component of the investment process. Portfolio managers for accounts employing Majority Voting still retain full discretion to override Majority Voting and to vote the shares as they determine to be in the best interest of Clients, absent certain types of conflicts of interest, which are discussed elsewhere in these policies and procedures.

Proxy Constraints

In certain circumstances, Invesco may refrain from voting where the economic or other opportunity cost of voting a company s proxy exceeds any anticipated benefits of that proxy proposal. In addition, there may be instances in which Invesco is unable to vote all of its Clients proxies despite using commercially reasonable efforts to do so. Particular examples of such instances include, but are not limited to, the following:

- When securities are participating in an Invesco securities lending program, Invesco determines whether to terminate the loan by weighing the benefit to the Client of voting a particular proxy versus the revenue lost by terminating the loan and recalling the securities.

- In some countries the exercise of voting rights requires the Client to submit to share-blocking. Invesco generally refrains from voting proxies in share-blocking countries unless the portfolio manager determines that the benefit to the Client(s) of voting a specific proxy outweighs the Client s temporary inability to sell the security.

- An inability to receive proxy materials from our Clients custodians with sufficient time and information to make an informed voting decision.

- Some non-U.S. companies require a representative to attend meetings in person in order to vote a proxy. In such cases, Invesco may determine that the costs of sending a representative or signing a power-of-attorney outweigh the benefit of voting a particular proxy.

In the great majority of instances Invesco is able to vote U.S. and non-U.S. proxies successfully. It is important to note that Invesco makes voting decisions for non-U.S. issuers using these Guidelines as its framework, but also takes into account the corporate governance standards, regulatory environment and generally reasonable and governance-minded practices of the local market.

E. Resolving potential conflicts of interest

Firm Level Conflicts of Interest

A potential conflict of interest arises when Invesco votes a proxy for an issuer with which it also maintains a material business relationship. Examples could include issuers that are distributors of Invesco s products, or issuers that employ Invesco to manage portions of their retirement plans or treasury accounts.

Invesco generally resolves such potential conflicts in one of the following ways: (1) if the proposal that gives rise to the potential conflict is specifically addressed by the Guidelines, Invesco may vote the proxy in accordance with the predetermined Guidelines; (2) Invesco may engage an independent third party to determine how the proxy should be voted; or (3) Invesco may establish an ethical wall or other informational barrier between the persons involved in the potential conflict and the persons making the proxy-voting decision in order to insulate the potential conflict from the decision makers.

Because the Guidelines are pre-determined and crafted to be in the best economic interest of Clients, applying the Guidelines to vote Client proxies should, in most instances, adequately resolve any potential conflict of interest. As an additional safeguard against potential conflicts, persons from Invesco s marketing, distribution and other customer-facing functions are not members of IUPAC.

Voting of Proxies Related to Invesco Ltd. In order to avoid any appearance of a conflict of interest, Invesco will not vote proxies issued by, or related to matters involving, Invesco Ltd. that may be held by Clients from time to time.

Personal Conflicts of Interest If any member of IUPAC has a personal conflict of interest with respect to a company or an issue presented for voting, that IUPAC member will inform IUPAC of such conflict and will abstain from voting on that company or issue. All IUPAC members shall sign an annual conflicts of interest memorandum.

Funds of Funds Some Invesco Funds offering diversified asset allocation within one investment vehicle own shares in other Invesco Funds. A potential conflict of interest could arise if an underlying Invesco Fund has a shareholder meeting with any proxy issues to be voted on, because Invesco s asset-allocation funds or target-maturity funds may be large shareholders of the underlying fund. In order to avoid any potential for a conflict, the asset-allocation funds and target maturity funds vote their shares in the same proportion as the votes of the external shareholders of the underlying fund.

F. RECORDKEEPING

The Investments Administration team will be responsible for all Proxy Voting record keeping.

G. Policies and Vote Disclosure

October 2014

I.1 - 8

A copy of these Guidelines and the voting record of each Invesco Retail Fund are available on Invesco s web site, www.invesco.com. In accordance with Securities and Exchange Commission regulations, all Invesco Funds file a record of all proxy-voting activity for the prior 12 months ending June 30th. That filing is made on or before August 31st of each year. In the case of institutional and sub-advised Clients, Clients may obtain information about how Invesco voted proxies on their behalf by contacting their client services representative.

October 2014

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.
The following individuals are jointly and primarily responsible for the day-to-day management of the Trust:

William Black, Portfolio Manager, who has been associated with Invesco and/or its affiliates since 2010. From 1998 to 2010, Mr. Black was associated with Van Kampen Asset Management and/or its affiliates in an investment management capacity.

Thomas Byron, Portfolio Manager, who has been associated with Invesco and/or its affiliates since 2010. From 1981 to 2010, Mr. Byron was associated with Van Kampen Asset Management and/or its affiliates in an investment management capacity.

Mark Paris, Portfolio Manager, who has been associated with Invesco and/or its affiliates since 2010. From 2002 to 2010, Mr. Paris was associated with Van Kampen Asset Management and/or its affiliates in an investment management capacity.

James Phillips, Portfolio Manager, who has been associated with Invesco and/or its affiliates since 2010. From 1991 to 2010, Mr. Phillips was associated with Van Kampen Asset Management and/or its affiliates in an investment management capacity.

Robert Stryker, Portfolio Manager, who has been associated with Invesco and/or its affiliates since 2010. From 1994 to 2010, he was associated with Van Kampen Asset Management and/or its affiliates in an investment management capacity.

Julius Williams, Portfolio Manager, who has been associated with Invesco and/or its affiliates since 2010. From 2000 to 2010, Mr. Williams was associated with Van Kampen Asset Management and/or its affiliates in an investment management capacity.

Robert Wimmel, Portfolio Manager, who has been associated with Invesco and/or its affiliates since 2010. From 1996 to 2010, Mr. Wimmel was associated with Morgan Stanley Investment Advisors Inc. in an investment management capacity.

Portfolio Manager Fund Holdings and Information on Other Managed Accounts

Invesco s portfolio managers develop investment models which are used in connection with the management of certain Invesco Funds as well as other mutual funds for which Invesco or an affiliate acts as sub-adviser, other pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals. The Investments chart reflects the portfolio managers investments in the Funds that they manage. Accounts are grouped into three categories: (i) investments made directly in the Fund, (ii) investments made in an Invesco pooled investment vehicle with the same or similar objectives and strategies as the Fund, and (iii) any investments made in any Invesco Fund or Invesco pooled investment vehicle. The Assets Managed chart reflects information regarding accounts other than the Funds for which each portfolio manager has day-to-day management responsibilities. Accounts are grouped into three categories: (i) other registered investment companies, (ii) other pooled investment vehicles and (iii) other accounts. To the extent that any of these accounts pay advisory fees that are based on account performance (performance-based fees), information on those accounts is specifically broken out. In addition, any assets denominated in foreign currencies have been converted into U.S. Dollars using the exchange rates as of the applicable date.

Investments

The following information is as of February 28, 2015 (unless otherwise noted):

Portfolio Manager	Dollar Range of Investments in each Fund[1]	Dollar Range of Investments in Invesco pooled investment vehicles[2]	Dollar Range of all Investments in Funds and Invesco pooled investment vehicles[3]
Invesco California Value Municipal Income Trust			
William Black[4]	None	N/A	\$500,001 - \$1,000,000
Thomas Byron	None	N/A	\$100,001 - \$500,000
Mark Paris[4]	None	N/A	\$500,001 - \$1,000,000
James Phillips[4]	None	N/A	\$100,001 - \$500,000
Robert Stryker	None	N/A	\$100,001 - \$500,000
Julius Williams	None	N/A	\$50,001 - \$100,000
Robert Wimmel	None	N/A	\$100,001 - \$500,000

Assets Managed

The following information is as of February 28, 2015 (unless otherwise noted):

Portfolio Manager	Other Registered Investment Companies Managed		Other Pooled Investment Vehicles Managed		Other Accounts Managed	
	Number of Accounts	Assets (in millions)	Number of Accounts	Assets (in millions)	Number of Accounts	Assets (in millions)
Invesco California Value Municipal Income Trust						
William Black[4]	2	\$ 7,422.8	None	None	None	None
Thomas Byron	14	\$ 8,607.0	None	None	None	None
Mark Paris[4]	2	\$ 7,422.8	None	None	None	None
James Phillips[4]	2	\$ 7,422.8	None	None	None	None
Robert Stryker	14	\$ 8,607.0	None	None	None	None
Julius Williams	5	\$ 1,100.4	None	None	None	None
Robert Wimmel	14	\$ 8,607.0	None	None	None	None

Potential Conflicts of Interest

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one Fund or other account. More specifically, portfolio managers who manage multiple Funds and/or other accounts may be presented with one or more of the following potential conflicts:

The management of multiple Funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each Fund and/or other account.

[1] This column reflects investments in a Fund s shares beneficially owned by a portfolio manager (as determined in accordance with Rule 16a-1(a) (2) under the Securities Exchange Act of 1934, as amended). Beneficial ownership includes ownership by a portfolio manager s immediate family members sharing the same household.

[2] This column reflects portfolio managers investments made either directly or through a deferred compensation or a similar plan in Invesco pooled investment vehicles with the same or similar objectives and strategies as the Fund as of the most recent fiscal year end of the Fund.

[3] This column reflects the combined holdings from both the Dollar Range of Investments in Invesco pooled investment vehicles and the Dollar Range of Investments in each Fund columns.

[4] The portfolio manager began serving on the Fund effective March 6, 2015. Information for the portfolio manager has been provided as of February 28, 2015.

The Adviser and each Sub-Adviser seek to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline. Most other accounts managed by a portfolio manager are managed using the same investment models that are used in connection with the management of the Funds.

If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one Fund or other account, a Fund may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible Funds and other accounts. To deal with these situations, the Adviser, each Sub-Adviser and the Funds have adopted procedures for allocating portfolio transactions across multiple accounts.

The Adviser and each Sub-Adviser determine which broker to use to execute each order for securities transactions for the Funds, consistent with its duty to seek best execution of the transaction. However, for certain other accounts (such as mutual funds for which Invesco or an affiliate acts as sub-adviser, other pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals), the Adviser and each Sub-Adviser may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, trades for a Fund in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security or the execution of the transaction, or both, to the possible detriment of the Fund or other account(s) involved.

Finally, the appearance of a conflict of interest may arise where the Adviser or Sub-Adviser has an incentive, such as a performance-based management fee, which relates to the management of one Fund or account but not all Funds and accounts for which a portfolio manager has day-to-day management responsibilities.

The Adviser, each Sub-Adviser, and the Funds have adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

Description of Compensation Structure

For the Adviser and each affiliated Sub-Adviser

The Adviser and each Sub-Adviser seek to maintain a compensation program that is competitively positioned to attract and retain high-caliber investment professionals. Portfolio managers receive a base salary, an incentive bonus opportunity and an equity compensation opportunity. Portfolio manager compensation is reviewed and may be modified each year as appropriate to reflect changes in the market, as well as to adjust the factors used to determine bonuses to promote competitive Fund performance. The Adviser and each Sub-Adviser evaluate competitive market compensation by reviewing compensation survey results conducted by an independent third party of investment industry compensation. Each portfolio manager s compensation consists of the following three elements:

Base Salary. Each portfolio manager is paid a base salary. In setting the base salary, the Adviser and each Sub-Adviser s intention is to be competitive in light of the particular portfolio manager s experience and responsibilities.

Annual Bonus. The portfolio managers are eligible, along with other employees of the Adviser and each Sub-Adviser, to participate in a discretionary year-end bonus pool. The Compensation Committee of Invesco Ltd. reviews and approves the amount of the bonus pool available considering investment performance and financial results in its review. In addition, while having no direct impact on individual bonuses, assets under management are considered when determining the starting bonus funding levels. Each portfolio manager is eligible to receive an annual cash bonus which is based on quantitative (i.e. investment performance) and non-quantitative factors (which may include, but are not limited to, individual performance, risk management and teamwork).

Each portfolio manager s compensation is linked to the pre-tax investment performance of the Funds/accounts managed by the portfolio manager as described in Table 1 below.

Table 1

Sub-Adviser	Performance time period[5]
Invesco[6]	One-, Three- and Five-year performance against Fund peer group
Invesco Deutschland	
Invesco Hong Kong[6]	
Invesco Asset Management	
Invesco- Invesco Real Estate[6,7]	Not applicable
Invesco Senior Secured[6,8]	
Invesco Canada[6]	One-year performance against Fund peer group
	Three- and Five-year performance against entire universe of Canadian funds
Invesco Japan[9]	One-, Three- and Five-year performance

High investment performance (against applicable peer group and/or benchmarks) would deliver compensation generally associated with top pay in the industry (determined by reference to the third-party provided compensation survey information) and poor investment performance (versus applicable peer group) would result in low bonus compared to the applicable peer group or no bonus at all. These decisions are reviewed and approved collectively by senior leadership which has responsibility for executing the compensation approach across the organization.

Deferred / Long Term Compensation. Portfolio managers may be granted an annual deferral award that allows them to select receipt of shares of certain Invesco Funds with a vesting period as well as common shares and/or restricted shares of Invesco Ltd. stock from pools determined from time to time by the Compensation Committee of Invesco Ltd. s Board of Directors. Awards of deferred/long term compensation typically vest over time, so as to create incentives to retain key talent.

Portfolio managers also participate in benefit plans and programs available generally to all employees.

5 Rolling time periods based on calendar year-end.

6

Portfolio Managers may be granted an annual deferral award that vests on a pro-rata basis over a four year period and final payments are based on the performance of eligible Funds selected by the portfolio manager at the time the award is granted.

7 Portfolio Managers for Invesco Global Real Estate Fund, Invesco Real Estate Fund, Invesco Global Real Estate Income Fund and Invesco V.I. Global Real Estate Fund base their bonus on new operating profits of the U.S. Real Estate Division of Invesco.

8 Invesco Senior Secured s bonus is based on annual measures of equity return and standard tests of collateralization performance.

9 Portfolio Managers for Invesco Pacific Growth Fund s compensation is based on the one-, three- and five-year performance against the appropriate Micropol benchmark.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

ITEM 11. CONTROLS AND PROCEDURES.

(a) As of February 12, 2015, an evaluation was performed under the supervision and with the participation of the officers of the Registrant, including the PEO and PFO, to assess the effectiveness of the Registrant s disclosure controls and procedures, as that term is defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the Act), as amended. Based on that evaluation, the Registrant s officers, including the PEO and PFO, concluded that, as of February 12, 2015, the Registrant s disclosure controls and procedures were reasonably designed to ensure: (1) that information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Registrant is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

(b) There have been no changes in the Registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Registrant s internal control over financial reporting.

ITEM 12. EXHIBITS.

12(a) (1) Code of Ethics.

12(a) (2) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.

12(a) (3) Not applicable.

12(b) Certificationsof principal executive officer and principal financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: Invesco California Value Municipal Income Trust

By: /s/ Philip A. Taylor
Philip A. Taylor
Principal Executive Officer

Date: May 8, 2015

Pursuant to the requirements of the Securities and Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Philip A. Taylor
Philip A. Taylor
Principal Executive Officer

Date: May 8, 2015

By: /s/ Sheri Morris
Sheri Morris
Principal Financial Officer

Date: May 8, 2015

EXHIBIT INDEX

12(a) (1)	Code of Ethics.
12(a) (2)	Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
12(a) (3)	Not applicable.
12(b)	Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.